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The current taxonomy settings are completely disadvantageous for nuclear energy, which plays and will continue to play a key role in the Czech Republic's energy mix. The delegated act classifies nuclear energy in the taxonomy for a limited period only and subjects it to many restrictive conditions. A similar situation applies to gas sources, which will be crucial for the Czech Republic's energy transition and for maintaining security of supply.
The Czech Energy Association therefore proposes to maintain favourable financing conditions for gas and nuclear sources for a longer period than that specified in the current taxonomy rules. In this context, it is necessary to postpone the deadlines for existing/new nuclear energy from 2040/2045 to 2060/2065. Alternatively, the inclusion of nuclear technologies among sustainable investments could be considered. For gas sources, it is necessary to postpone the deadlines for building permits (currently set for the end of 2030) and the deadline for the mandatory transition to 100% replacement of natural gas and the combustion of sustainable and renewable gases. The current deadline of the end of 2035 is unrealistic, partly due to the slower development of the hydrogen market, therefore natural gas will be difficult to replace in the Czech Republic after the current deadline.

Additionally, tightening the rules for the construction of new gas pipelines (4.14) with the requirement that they be used exclusively for renewable or low-carbon gases is difficult to implement in the Czech Republic and may jeopardize investments in the transition from coal to gas, even though natural gas is recognized as a transitional fuel. These rules may exclude needed infrastructure projects that temporarily transport natural gas, even if they are fully prepared for hydrogen. Operators themselves cannot influence the availability of commodities such as hydrogen or biomethane, as the development of the renewable gas market depends on production and supply chains. Until these are secured, the temporary use of natural gas is unavoidable. We also recommend including H2/CH4 blends into the scope of hydrogen storage activities, at least temporarily. The storage facilities need substantial investments enabling hydrogen readiness, and they represent the key element in safeguarding the security of gas supply, especially in landlocked countries.

We recommend including the screening of one economic activity for Manufacturing of biogas and biomethane for all sustainable feedstocks compliant with RED III and independent from end use. This requires separating activities between manufacture of biogas and of biofuels and bioliquids by deleting the reference to biogas in the current activity and creating a new specific activity for the Manufacture of biogas and biomethane.

We suggest updating TSC for Activity 4.15 of the Climate Delegated Act with current definition. This provides the forward-looking and legally binding definition of efficient district heating and cooling.

According to the Czech Energy Association, lowering the thresholds may discourage investment in energy projects that are currently necessary for the transition to a low-carbon economy. The *Sustainable Platform* has not provided any assessment of the impact of lowering the thresholds. Specifically, we believe that the proposed reduction to 45 g/kWh (2027) and then to 25 g/kWh (2031), which would apply to the energy sector, is technically unfeasible and jeopardizes a successful energy

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Brumlovka – budova Beta, Vyskočilova 1481/4, 140 00 Praha 4; IČO: 18631584 DIČ: CZ18631584
Spolkový rejstřík vedený u Městského soudu v Praze, oddíl L, vč. 1812; Bankovní spojení: Česká spořitelna, a.s., č.u.1931384369/0800
tel. sekretariát: +420 222 250 320; e-mail: info@svazenergetiky.cz; **www.svazenergetiky.cz**

transition. This also applies to the tightening of DNSH thresholds to 270 g/kWh, which is not technically feasible.
The strict reduction of thresholds also fails to take into account the importance of a gradual transition, which allows for a more flexible approach that could support a wider range of sustainable projects and investments over time.
We can relate that applying the DNSH criteria for pollution prevention and control is highly challenging, given that a heating network consists of a vast number of components and spans thousands of kilometres, making it technically impossible to create an inventory of all equipment. Nevertheless, applying the criteria only to new installations would also be equally problematic, as these will almost always be built only in combination with existing infrastructure.

Demanding of LCAs should be revisited, as it frequently poses burdensome process and the compliance with taxonomy could be declared through current data. Also, the auditors should not be the "judges" demanding often more strict compliance than intended, adding to the administrative burden. There should be a clear guidebook for them.

The EIA process is disproportionate for projects of which the effects will in no case exceed the threshold of significance. We therefore propose this definition of screening:"The procedure through which the competent authority determines whether projects listed in Annex II to Directive 2011/92/EU is to be made subject to an environmental impact assessment (as referred to in Article 4(2) of that Directive). Including an option for company to use reference to scoping thresholds, which are defined by national legislation."

Regarding hydropower, the DNSH should be interlinked with the Water Framework Directive (WFD), as implemented in each member state. DNSH alignment should be proven sufficiently by complying with the WFD. The same should apply to pumped-hydropower storage connected to a river body.

The EU should avoid putting lithium production under the taxonomy rules or set very strict limits on greenhouse-gas emissions, because this would go against Europe's own strategic interests. If the EC makes the rules too strict, investors may avoid building new mining and processing projects in Europe, which are already competing with cheaper and less regulated producers abroad. EU should actively support domestic (european) lithium production and off-take.

Electric boilers should become as a Taxonomy-eligible activity with following TSC, Substantial contribution to climate change mitigation:

- The installation and operation of electrical boilers complies with either of the following criteria:

1. Heat production in electric boilers shall be considered as substantially contributing to climate change mitigation if the verified emission intensity of electricity consumed is below a threshold in [gCO_2eq/kWh] as verified by an independent third party.

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2. The operator must demonstrate low-carbon electricity sourcing through alternative means, such as (i) Power Purchase Agreements (PPAs) with renewable energy producers; (ii) Guarantees of Origin (GoOs) certifying renewable electricity use.