

EU presses on with green label for gas, nuclear

February 2 2022, by Alex Pigman



France is pushing for nuclear power to win a "green" label from the EU while Germany is backing gas.

The EU will face the fury of opponents to nuclear and gas energy on Wednesday when it proposes new criteria for a "green label" for

investment projects intended to help fight climate change.

The fight over the European Union's classification of power sources is the latest dust-up in discussions between the 27 member states on how to achieve a net zero-carbon economy by 2050.

Brussels had high hopes that the EU's so-called "[energy](#) taxonomy" would help set a global standard on determining sustainable projects and direct big flows of Wall Street money towards saving the planet.

But it is now mired in controversy because of the inclusion of gas and nuclear projects as suitable investments, with opponents of each warning the European Commission that the label lacks credibility.

EU member states often have widely differing energy mixes, with France, for example, proudly reliant on [nuclear power](#)—which has negligible carbon emissions once built—for its electricity needs.

Germany, meanwhile, is highly dependent on [natural gas](#) piped in from Russia and leads a small group of nations that passionately believe nuclear energy is unsafe while gas could help coal-hungry economies like Poland's to turn the page.

Berlin and Paris were adamant that their chosen energy industries are fit to receive the Green label and the commission—the EU executive—was handed the politically poisonous task of reconciling the positions.

On Wednesday, the European Commission is expected to adopt its proposal after it carried out a short burst of consultations with member states and other stakeholders.

An early version of its plan was released discreetly on December 31, and little is expected to have changed.

To win the label, gas and [nuclear projects](#) will be given constraints: projects must be approved by 2030 and 2045 respectively, as well as meet a long list of sector-specific criteria.

'Gold standard'

Four more EU member states on Tuesday came out firmly against the inclusion of gas projects, arguing that the taxonomy's promise to become a "gold standard" for investors was compromised.

Even with conditions, calling gas sustainable "is largely incompatible" with the goals of the Paris climate agreement, said a letter to the commission from Denmark, Sweden, Austria and the Netherlands.

Opponents of nuclear energy have been just as vocal. In a rare move, Austria's representative to the commission threatened to vote against his colleagues when the label comes for approval.

That proposal will then be subject to a possible veto by a super majority of member states or by the European Parliament, though insiders believe this is unlikely.

Meanwhile, the head of the European Investment Bank, an EU institution, last month said his bank may sidestep the bloc's taxonomy given the widespread opposition to gas and nuclear amongst Green investors.

"If we lose the trust of the investors by selling something as a green [project](#), which turns out to be the opposite, then we cut the feet on which we are standing when it comes to financing the activities of the bank," said EIB President Werner Hoyer.

In January, the Institutional Investors Group on Climate Change, which

includes the investment arms of JPMorgan and Goldman Sachs, said the inclusion of gas would "undermine the EU's ambitions to set the international benchmark for credible, science-based standards for classifying sustainable economic activities."

Internationally, other so-called taxonomy proposals have faced similar battles. In South Korea, the government last month faced pushback for including gas in its green label; nuclear energy was not included but will remain under review, according to the Bloomberg news agency.

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