



Equinor Response to Roadmap Consultation on Commission Delegated Regulation on a Climate Change Mitigation and Adaptation Taxonomy

Equinor welcomes the EU's ambition to develop a taxonomy that will set out a common language to define environmentally sustainable economic activities, helping investors and businesses mobilise and reorient investments towards more sustainable technologies. We support the EU's ambition to become climate neutral by 2050 and believe that providing clarity to the financial sector is a crucial step towards achieving that goal.

We also welcome the final compromise text of the Taxonomy Regulation agreed by the co-legislators and the progress made by the Technical Expert Group and we appreciate this opportunity to provide further input.

An Operational Taxonomy

First and foremost, in order to quickly and successfully unlock investment towards sustainable activities, it is key that the Taxonomy is operational and easy-to-use by those for whom disclosure is required. Equinor, wishes to actively contribute to enhancing the information that investors have at their disposal. To further facilitate reporting, it is important that EU policies and the technical criteria set out by the delegated acts are aligned, and that some of the ambiguities regarding what falls into some of the categories and certain incoherent thresholds of the current TEG proposal are removed.

In order to ensure the usability of the Taxonomy, we recommend that the criteria set by the delegated acts are coherent across all such acts. It is also important to keep a flexible approach that takes the dynamic evolution of technology into consideration.

Furthermore, in order to prevent incompatible and contradicting reporting, and in accordance with Article 14 of the Taxonomy Regulation, the technical screening criteria must take into account existing European regulation and should look into harmonising existing standards rather than establishing new ones. The link between the taxonomy and other EU legislation should be strictly defined by the delegated acts. Harmonising standards and legislation will facilitate implementation and comparison of activities across various policy frameworks and prevent confusion and unnecessary barriers to implementation.

Finally, to help create a level playing field for global companies, we support the Commission's ambition to align the criteria internationally, as companies already report on a wide range of information as part of their financial and non-financial reporting obligations. Global standards also allow for investors to compare across markets.

Technology neutrality should be the guiding principle of the EU Taxonomy

The taxonomy should consider all low carbon technologies on an equal basis, considering their actual life-cycle emissions performance and therefore, the real climate change mitigation potential. Threshold levels proposed should be technology-neutral, based on GHG emission reductions and not on technology types, allowing all energy sources that meet the threshold to be accepted.

We fully support the view expressed in the TEG Report that “electrification of the energy sector will not be sufficient to fulfil the EU’s net-zero by 2050 target”. Molecule-based energy will continue to have a role to play in the future energy supply. This is particularly pertinent for supporting the uptake of hydrogen - with an enormous capacity to decarbonise the electricity, transport and manufacturing sectors. Hence, it is important that the taxonomy includes not only retrofitting of existing natural gas pipelines, but also the construction of new, dedicated hydrogen pipelines.

As total system decarbonisation is the target, the use of complementary technologies may be essential and should be reflected in the way life cycle considerations are made to compare.

For low-emissions gas projects (like gas to power with CCS or hydrogen reforming from natural gas with CCS) or for industry CO₂ capture projects (e.g. cement, steel and waste incineration with CCS), it is important that the Taxonomy recognises that the residual GHG emissions may be addressed by integrating projects with Negative Emissions Technology (NET), namely BECCS or DAC, such that the total project emissions are negative. Such concepts are currently being developed at the Klemetsrud (Norway) and Drax (UK) CCS projects, and are likely to play a significant role in decarbonising energy and industrial sectors in Europe.

It should be noted that energy sources like electricity and gas, and technologies based on these sources, are exposed to competition in the internal energy market. An EU framework with certificates of origin could facilitate diverse sets of technology to comply with life-cycle requirements while ensuring competition and a level playing field.

CCS is a proven technology necessary to achieve the EU’s 2050 climate neutrality objective

We are pleased to note that Carbon Capture and Storage (CCS) was one of the technologies specifically included under Article 6 of the Taxonomy Regulation as substantially contributing to climate change mitigation, and we very much agree with the TEG that “*without CO₂ transport and storage infrastructure, Europe will not achieve its climate objectives*”. In this regard, the EU Taxonomy can play an important role in advancing the deployment of CCS in Europe at the necessary scale.

Equinor strongly supports the inclusion by the TEG of all CO₂ transportation modalities as eligible and encourages the Commission to maintain this approach. All transport solutions are needed to provide the necessary flexibility to reach multiple carbon emission points across Europe and therefore develop a full-scale CCS value chain that facilitates the scale-up of this technology.

We are however concerned about a statement made by the TEG in its technical annex, in which it is declared that “*long-term lack of geological containment of the reservoirs, central issues regarding the monitoring and the interrelation of carbon with physical, chemical and geological conditions in the reservoir is still a debated argument*”¹. We take this opportunity to stress that CCS technologies are proven and commercially available today; they have been in operation since the 1970s with 19 large-scale CCS facilities currently operating globally. Moreover, global estimates show that there are vast storage resources to meet the highest requirements for CCS to achieve climate change targets.²

We also endorse the TEG’s recognition of the role CCS can play in decarbonising European industry while maintaining its productivity, both through the manufacturing of low-carbon hydrogen and through the capturing of CO₂ emitted by energy-intensive industries such as steel, cement or electricity production.

To conclude - as a broad European energy company with considerable investments in low carbon solutions, Equinor takes interest in contributing to a sound EU taxonomy. To become an effective and widely applied tool, the taxonomy should follow some key principles:

- It should be technology-neutral, which implies that the EU should endorse an approach to sustainable investments that incentivises all activities that have a significant impact in terms of climate change mitigation.
- In order to encourage reporting on sustainable activities, the taxonomy should have easy-to-follow rules for reporting.
- The taxonomy should aim for international alignment and coordination. As an international energy company, we recommend that the EU works with international institutions and jurisdictions to standardise the application and deployment.
- It is important for the functioning of the market to ensure that the taxonomy does not result in unintended market distortions.

¹ Taxonomy Report: Technical Annex, March 2020. Section 5.12 - *Permanent Sequestration of Captured CO₂*, pages 319 and 543

² [2019 Global Status of CCS Report](#), Global CCS Institute, 2019.