

## EUROGAS FEEDBACK ON TARGETED CONSULTATION ON THE ESTABLISHMENT OF AN EU GREEN BOND STANDARD

Eurogas would like to welcome the consultation looking at the establishment of an EU Green Bond Standard, and the possibility to provide input at this stage.

As part of the Action Plan, the European Commission committed to developing standards and labels for green financial products and instruments, including an EU Green Bond Standard (EU GBS). We share the view that a supportive financial instrument, allowing the financing of assets needed for the low-carbon transition and, at the same time, to face the COVID19 crisis, is required, and that the EU should lead in this respect.

Eurogas considers the TEG report as a first step towards the establishment of an EU Green Bond Standard and important input towards setting up a GBS in the broader context of the European Green Deal investment Plan. In this regard, we would like to give our feedback on TEG report's proposals and our input to enhance the effectiveness and the efficiency of this financial tool.

Considering the above, we believe that certain points could be further emphasized:

- Eurogas notes the TEG proposal for the principle of a GBS **alignment with taxonomy**, in order to stimulate green investments and to foster transparency, **sustainability** and clarity in the market. Nevertheless, the technical screening criteria, as currently proposed by the TEG, could prove too restrictive in some of its parts which would considerably reduce the list of technologies available to effectively decarbonize Europe's energy mix in a dynamic way across different geographies. In light of the current crisis, we believe that a strict set of criteria would jeopardise the effectiveness of national recovery plans and impede funding routes. In this regard, it will be crucial to **define a core set of criteria** to identify sustainable activities that are coherent with the objectives of the EU energy transition, with attainable thresholds that remain significant for the decarbonization pathway without overly challenging benchmarks that would stifle investment in the decarbonisation process. **Flexibility, to ensure the most vulnerable countries and citizens are not the hardest hit, should therefore remain possible.**
- Building on the above, we encourage the Commission to assure the **coherence between the Green Bond Standard and the principles put forward in the Recovery Fund**. As rightly mentioned in the consultation, the ongoing COVID-19 outbreak shows the critical need to strengthen the sustainability and resilience of our societies and the importance of integrating social issues and objectives into the broader functioning of our economies, aligning them to the climate targets set into the Green Deal. The alignment with parallel transition routes is pivotal to assure the synergy between different financial tools proposed in the Sustainable Finance package. This should be done in a broader perspective of transitioning away from more polluting activities and solid fossil fuel use, to technologies providing more cost-efficient abatement routes. Ensuring that a balance can be reached in this respect, particularly in trying times of economic and sanitary crises such as these, are paramount for the success of socially compatible energy transition.
- We share the TEG report's view on the necessity of a verification scheme for the Green Bond Framework and an allocation report, but we would like to suggest **avoiding unnecessary additional administrative burden creating redundant reporting requirements**. Furthermore, it is important to build up a verification system assuring transparency and enhancing investors' confidence, without falling into a costly and burdensome reporting process without clear benefits for both parties. A verified final allocation report and a final environmental impact report after full allocation of the proceeds should suffice.

We wish to underline that Eurogas and its experts remain available for any further questions or clarification and that we look forward to providing feedback