IOGP Europe response to the EU Taxonomy – review of Climate and Environmental Delegated Acts consultation

Executive Summary

IOGP Europe welcomes the review of the Climate and Environmental Delegated Acts. We support the Commission's objective to simplify the EU Taxonomy in line with the Competitiveness Compass and the Omnibus I simplification package, and we provide evidence focused on improving clarity, legal certainty and proportionality. **This submission responds to the Commission's call for evidence on the review of both the Climate and Environmental Delegated Acts.**

Experience applying the Technical Screening Criteria (TSC) shows that many elements remain difficult to operationalize, especially where requirements are granular, ambiguous or based on assumptions that do not reflect how projects are assessed, permitted or managed in jurisdictions with different regulatory systems. Companies also face disproportionate administrative burdens in Do No Significant Harm (DNSH) assessments, in particular in early project stages when data is limited and also on small scale/geographically distributed assets and activities that are not core to business operations or significant to environmental impact. For example, early-stage Life Cycle Assessments (LCAs) and long-term climate projections (e.g. estimating conditions in 2050 or 2060) are often not feasible at the early stages of a project, such as during conception or permitting stages. This also affects activities with a very small environmental footprint, such as individual charging points, which are subject to the same criteria as large low-carbon public transport infrastructure (such as tram or metro systems) under Activity 6.15, despite their non-comparable impact.

Addressing these issues through clearer, more proportionate criteria aligned with established national frameworks would improve consistency and reduce unnecessary complexity while maintaining environmental integrity. These challenges reflect consistent implementation issues, where overly detailed criteria and unclear expectations increase compliance risks without delivering better environmental outcomes.

This submission outlines practical adjustments to strengthen usability, support investment, and ensure alignment with evolving EU legislation. We focus on improving interoperability with strong non-EU regulatory systems and on ensuring that the criteria reflect how energy and industrial projects are planned, permitted and operated in practice across different regions and technologies. We recommend clearer guidance on Minimum Safeguards applied at the reporting-entity level and a more explicit proportionality principle to avoid disproportionate requirements for activities incidental or peripheral to an undertaking core business. We also strongly encourage the Commission to ensure technology neutrality across activities, avoiding selective criteria that create inconsistent burdens.

Recommendations

This review is an opportunity to ensure the EU Taxonomy remains robust while becoming more workable in practice. We call for the Commission to focus on the recommendations below, which are set out in more detail in the following sections:

1) **Clearer definitions and evidence expectations**

   Introduce clearer definitions for terms such as "feasible" to ensure consistent application across activities.

2) **More outcome-based criteria instead of prescriptive checklists**

Shift DNSH and TSC requirements toward outcome-based objectives to support consistent interpretation and practical implementation.

3) **Proportionality according to scale and materiality**

Clarify that activities that are incidental or immaterial to an undertaking's core business, do not require the same level of DNSH assessment as large operational sites and may be exempted entirely from EU Taxonomy reporting.

4) **Adopt principle-based activity boundaries**

Allow inclusion of activities at any stage of the value chain where they materially contribute to the environmental objective being pursued, such as early-stage design, permitting and carbon capture within the CCS value chain.

5) **Minimum safeguards to be assessed at entity level**

Confirm that Minimum Safeguards are assessed at the level of the reporting entity using existing external disclosures, and avoid activity-level checks that duplicate established governance and compliance processes.

6) **Recognition of equivalent third-country regulatory systems and clearer equivalence pathways**

Allow permits and regulatory approvals from jurisdictions with robust environmental and safety rules to serve as evidence of compliance with EU environmental objectives, and provide clear, practical methods for demonstrating material equivalence with national rules on pollution, circularity and biodiversity – particularly for globally operated assets.

7) **Better alignment with EU (and non-EU) legislations prevailing in the reported year**

Ensure the TSC align with the legislations applicable to the reporting period, including RED III, the Gas and Hydrogen Package and the evolving EU framework for CO_2 transport and storage, to avoid conflicting thresholds or definitions. It's imperative that activities are assessed against the rules in force at the time the project is granted a permit/ or that the investment decision is approved and are not subject to retrospective reassessment when legislations changes.

8) **Phased evidence requirements, especially for LCAs and DNSH documents**

Introduce a phased or simplified LCA approach for early project stages and allow DNSH documentation to build over time, reflecting how engineering and investment decisions are made.

9) **Introduce proportional and risk-based DNSH criteria**

Limit DNSH assessments to material hazards and risks and remove duplicative requirements already addressed in permitting frameworks.

10) **Ensure Environmental Impact Assessment (EIA) alignment with national systems**

Clarify that EIAs should be required only where mandated by applicable law and that alignment with national EIA frameworks is sufficient evidence of compliance.

11) **Enhance clarity and consistency in the TSC for transition activities**

Improve the clarity and practical usability of the activity descriptions and TSCs for CCS, low carbon fuels, biogas and bioliquids, and other industrial decarbonization pathways. Activity titles and descriptions should be simplified so that these technologies are not restricted to narrow use cases or single parts of the value chain. For example, biogas and bioliquids can reduce emissions across a wider range of industrial and heat applications than those currently recognized in the activity descriptions, and CCS requires recognition of all value-chain steps, including capture, collection and processing.

12) **Ensure rules for Research, Development and Innovation (RD&I) are practical and flexible**

Introduce proportional evidence expectations for lower-Technology Readiness Level (TRL) research and remove the strict TRL 6 threshold to ensure early-stage innovation is not excluded.

13) **Apply technology-neutral criteria across all sectors**

Remove selective requirements such as the CO_2 threshold and mandatory LCA for geothermal projects, which are not applied to other renewable technologies.

14) **Set feasible and technology-neutral thresholds for energy activities**

Ensure that emissions thresholds and calculation methods for power and heat generation remain technically achievable and consistent across technologies. Thresholds and methodologies should support decarbonization pathways such as plant upgrades, flexible generation and CCS, and not be limited to blending renewable or low-carbon gases.

These adjustments would align the EU Taxonomy with the European Commission's objective to simplify criteria, improve coherence and reduce disproportionate reporting burdens. They would also help ensure credible reporting and direct investment toward activities that contribute meaningfully to climate and environmental objectives.

1. Usability and clarity of the Technical Screening Criteria

Many of the practical challenges with the EU Taxonomy stem from the usability of the TSC. Experience across sectors shows that ambiguous wording, unclear evidence of expectations and inconsistent interpretations create administrative burdens without improving environmental outcomes. Addressing these issues would strengthen legal certainty and improve the consistency of implementation.

1.1. Ambiguous terminology and inconsistent interpretation

Criteria remain difficult to apply due to granular language and ambiguous terms that lead to inconsistent interpretations. Experience shows that undefined terms such as "feasible" create inconsistent expectations amongst auditors and expand documentation requirements, even for low-risk or small-scale activities. This includes areas such as LCA scope in manufacturing and the use of Best Available Techniques – Associated Emission Level (BAT-AEL) references in non-EU energy assets. In manufacturing, unclear LCA references have produced inconsistent interpretations, while EU-specific methodologies like BAT-AELs are interpreted differently for non-EU assets.

1.2. Unclear evidence expectations and excessive documentation

Companies also struggle to understand what evidence is required to demonstrate compliance, particularly in DNSH sections where expectations vary. Undefined terminology often leads companies to produce exhaustive documentation as a protective measure, even where this adds no environmental value. Clearer definitions and guidance would reduce uncertainty and administrative burden.

1.3. Proportionality and scale

A recurring issue is proportionality. Activities of very different scale face the same evidentiary requirements even where environmental relevance differs. Requirements designed for large installations are often applied to small or incidental assets. For example, individual EV charging points undergo the same circularity and waste checks as large rail or transit systems despite the immaterial footprint of a single charge point relative to a transport network. A clearer proportionality principle should confirm that immaterial, low-impact or ancillary assets do not require the same TSC depth as core operational sites.

1.4. Activity boundaries and enabling steps

Activity descriptions would benefit from a more principles-based interpretation. Where a description covers a value chain, related steps that contribute directly to the environmental objective should be included rather than excluded based on narrow interpretations. This is particularly important for carbon capture, early design and permitting activities, and the wider use of sustainable fuels, where narrow interpretations create gaps and inconsistent auditor decisions.

Activity titles and descriptions should also be simplified where they unintentionally restrict technologies to narrow use cases. For example, biogas and bioliquids can reduce emissions across a wider range of industrial and heat applications than those currently recognized in the activity descriptions, and CCS requires recognition of all value-chain steps, including capture, collection and processing. Broadening the scope of activity descriptions to reflect real deployment pathways would avoid excluding credible transition technologies.

Electricity marketing activities, which promote decarbonized power and support demand-side flexibility, should also be treated as enabling steps within the electricity value chain. These activities facilitate consumer access to renewable and low-carbon electricity, support load management and improve grid efficiency. Recognizing them would ensure consistent treatment of all functions that materially support system decarbonization.

1.5. Minimum safeguards at entity level

Minimum safeguards compliance should be demonstrated at the reporting-entity level using existing external financial and non-financial disclosures, avoiding unnecessary activity-level checks.

2. Interoperability and alignment with EU and Third Country legislation

Interoperability remains a core implementation challenge. The criteria rely on EU-specific permitting processes and technical references that do not translate easily to non-EU regulatory systems which create duplication, uncertainty, and inconsistent compliance outcomes for globally operated assets. A clearer and more flexible approach is needed to reflect the way environmental and safety obligations are already managed in jurisdictions with strong regulatory frameworks. Strengthening interoperability and improving alignment with both EU and non-EU frameworks would make the criteria more workable in practice while maintaining environmental standards.

2.1. Interoperability challenges for globally operated assets

The criteria assume the use of EU permitting systems, BAT-AELs and ISO standards, which are not always applicable outside Europe. This creates duplication and uncertainty for companies operating global assets. Experience across the sector shows that applying EU BAT-AELs to facilities in countries such as the US, Australia, or the UK requires extensive technical reconciliation with local requirements even though these jurisdictions have well-established permitting regimes that already control emissions, water use and chemical management. For example, reconciling EU BAT-AELs with US state-level emissions permits for organic basic chemicals can require hundreds of pages of cross-mapping, and biofuels facilities in Australia must document equivalence to EU GHG methodologies even when certified under recognized national schemes. Hydrogen facilities in the UK, for instance, must compare national emissions limits with BAT-AEL ranges despite licenses already requiring continuous emissions monitoring.

Recognizing equivalent national standards in countries with strong regulatory frameworks and allowing permits issued under those systems to serve as evidence would remove unnecessary reconciliation exercises and align with equivalence practices used across other EU instruments. Operators should also be permitted to demonstrate "material equivalence" where their management systems achieve the same environmental and safety objectives as ISO-based processes under established national regulatory frameworks. This is particularly relevant for CCS, chemicals, hydrogen, biofuels and other activities where ISO requirements are not practicable or not recognized in the host jurisdiction. For example, CO_2 transport operators in the US and Australia already apply national leak detection and pipeline integrity rules that achieve outcomes comparable to ISO standards.

2.2. Alignment with updated EU legislation

The screening criteria are not fully aligned with several updated EU instruments, which results in inconsistent thresholds, definitions, and technical expectations. Ensuring coherence with the EU ETS, RED III, the Gas and Hydrogen Package, industrial permitting rules and the evolving framework for CO_2 transport and storage would improve legal certainty and reduce conflicting compliance requirements.

A clear example of this is the hydrogen lifecycle GHG reduction threshold, where the Taxonomy requirement of 73.4% does not align with the 70 % benchmark set in RED III and the Gas and Hydrogen Package. Aligning these thresholds would avoid distortions in investment planning and support the scale-up of renewable and low-carbon hydrogen.

RED III also introduces updated sustainability thresholds for bioenergy that do not directly align with the EU Taxonomy's narrower transport-only focus. Similarly, CCS transport and storage rules under the Gas and Hydrogen Package include definitions and pipeline categorizations not reflected in the current Taxonomy framework, which creates interpretive inconsistencies.

2.3. Proportionality and timing of compliance assessments

Compliance should be assessed against requirements applicable at the time of permitting rather than through retrospective reassessments. Experience shows that backward-looking DNSH checks, particularly for CCS storage, geothermal, and manufacturing activities, generate uncertainty without improving environmental outcomes. A forward-looking approach aligned with engineering practice and permit conditions would improve feasibility and reduce unnecessary duplication.

For instance, CCS storage projects in third country jurisdictions must demonstrate retroactive compliance with EU-specific leakage detection expectations, even though leak detection infrastructure is installed only in late-stage project phases.

Manufacturing projects must provide early-stage LCAs even though sourcing routes and process efficiencies are not fixed until much later.

3. Proportional and practicable DNSH requirements

DNSH criteria remain a major source of complexity and administrative burden. Many requirements are highly detailed or duplicative, and in some cases not proportionate to the environmental risks associated with certain activities.

Article 19(1)(k) of Regulation 2020/852 (EU Taxonomy) requires that technical screening criteria be easy to use and verifiable. Referencing this principle explicitly would support a more proportionate approach, ensuring that DNSH expectations focus on material impacts rather than exhaustive documentation with limited environmental value.

Several obligations replicate requirements already addressed through project permitting or established company processes, and this leads to parallel documentation exercises without improving environmental safeguards. Clearer guidance on what constitutes sufficient evidence and explicit recognition of technical and commercial feasibility would improve implementation. This includes conditions such as requiring detailed waste management plans for very small assets or imposing full chemical screenings in activities where only trace quantities of substances are present.

3.1. Climate adaptation (Appendix A)

Long-term climate projections over an asset's full lifetime are often not feasible. A rolling assessment using a shorter timeframe, updated periodically, would align with engineering practice and provide more meaningful information. A 5–10-year rolling horizon better reflects established practice for basis-of-design updates and avoids producing speculative long-term climate projections with limited value. Risk assessments should focus on relevant hazards rather than covering an exhaustive list, with proportional documentation for small or low-impact sites. For example, companies operating extensive EV charging networks report that individually assessing thousands of charging points for every Appendix A hazard is not workable given their negligible exposure.

For companies managing large numbers of small, dispersed, or individually immaterial sites, site-specific assessments are impractical, and a materiality-based approach is needed. A clearer distinction between "hazard" and "risk", aligned with engineering terminology, would also improve consistency.

3.2. Pollution prevention and control (Appendix C)

Evidence from implementation shows persistent uncertainty regarding which substances are in scope. Despite recent revisions to Appendix C, the scope of substances remains unclear. Stakeholders continue to face uncertainty about which chemicals are covered, which leads to inconsistent interpretations and disproportionate compliance work across activities with very different chemical profiles. For example, manufacturing activities using only ancillary chemicals must still cross-check long lists of substances, while hydrogen production facilities must reconcile national chemical approvals with EU lists that do not always map directly.

Further clarity is also required on the updated list of substances, particularly for complex industrial processes where scope boundaries are unclear.

Applying EU emission limit methodologies to non-EU assets is particularly challenging. Facilities outside the EU often undertake extensive and duplicative technical work to reconcile local permitting rules with EU reference documents, even where national systems already regulate emissions effectively. A clearer way to demonstrate equivalence with national rules would ensure good environmental outcomes without disproportionate technical work. This is especially relevant in sectors such as biofuels, where US and Australian schemes already impose stringent GHG and pollutant controls that are not mapped directly to EU BAT standards.

We also encourage the Commission to ensure that Appendix C does not go beyond REACH or create obligations that duplicate chemical restrictions already regulated under EU law. Such alignment would avoid unintended inconsistencies between EU chemical regimes and the DNSH framework.

3.3. Biodiversity and ecosystems (Appendix D)

Environmental Impact Assessment (EIA) requirements should apply only where legally mandated. This would avoid unnecessary studies in jurisdictions where EIAs are not required for certain activities. We recommend clarifying the text to read "EIA... has been conducted (if required by and) in accordance with Directive 2011/92/EU", to avoid unintentionally creating additional assessment obligations for activities where local law does not mandate an EIA. This clarification would prevent unintended creation of new assessment obligations in third countries and ensure the DNSH test reflects established legal frameworks. Clear alignment with national EIA systems would also reduce unnecessary evidence of requests.

For example, wind and solar projects in non-EU jurisdictions often already undergo biodiversity screening under local wildlife or conservation laws, but are not legally required to complete EIAs for small-scale installations. Similarly, small modular infrastructure such as EV chargers or compression stations may have negligible ecological interaction yet to fall within the current EIA language, creating unintended administrative burden.

4. Sector-specific issues and priority amendments

Several sector-specific provisions create practical barriers or inconsistencies that limit the usability of the criteria. Addressing these issues would improve implementation while maintaining environmental ambition. Examples across CCS, bioenergy, geothermal and manufacturing demonstrate that these issues often stem from criteria that do not reflect actual project sequencing, national permitting practices or the technological realities of certain processes.

4.1. Carbon Capture and Storage (full value chain)

The current framework excludes carbon capture, although it is essential and capital intensive. Including capture is necessary to reflect the full value chain and ensure the Taxonomy aligns with EU climate objectives. Excluding capture undermines the viability of transport and storage activities, which cannot function without an integrated chain. This gap is particularly evident where storage and transport criteria reference ISO-based monitoring obligations while carbon capture assets are not recognized at all, even though they account for most of the investment and emissions reduction potential.

For transport and storage, criteria rely heavily on EU legislation and ISO standards that may not apply globally. Compliance through well-established national frameworks should be accepted where these deliver equivalent safety and monitoring outcomes. Operator systems delivering equivalent monitoring and safety performance should be recognized as materially equivalent to ISO requirements. For example, CO_2 pipeline operators in the US and Australia must already comply with national pipeline integrity rules, leak detection protocols and third-party inspection requirements. These achieve similar outcomes to ISO frameworks.

Requirements should reflect project phasing, recognizing that systems such as leakage detection are installed before operation rather than at early design stages. Compliance should be assessed against the requirements applicable at the time of permitting, rather than through retrospective reassessment which does not reflect actual project engineering sequencing. This supports feasibility and avoids unnecessary duplication without reducing environmental protection.

We also recommend clarifying that associated infrastructure (pipelines, compression units and related facilities) is needed to enable CCS to fall clearly within scope.

4.2. Bioenergy, biogas and low-carbon fuels

The criteria focus narrowly on transport uses and do not capture wider industrial decarbonization pathways. Broadening the scope and recognizing credible third country certification schemes would improve consistency. Industrial uses of biogas and biofuels already deliver significant emissions reductions in non-transport sectors, but these pathways are currently omitted despite being covered under RED III sustainability definitions.

It should also be clarified whether aligned output can be calculated proportionally, where only a share of production meets the criteria. Co-processing and non-anaerobic digestion projects need clearer treatment to avoid divergent interpretations and ensure that alternative technologies are not unintentionally excluded.

Criteria should also confirm how proportional calculation applies for blended feedstocks to ensure consistent interpretation across jurisdictions. This is relevant for facilities where bio-based and fossil feedstocks flow through shared upgrading units, which is common in biofuel and refinery operations.

4.3. Geothermal and other renewables

Geothermal projects face CO_2 thresholds and LCA requirements not applied to other renewables. Emissions are driven by geology rather than technology, and mandatory LCAs at early stages create barriers. Removing these specific thresholds and aligning geothermal with other low-emission technologies would support technology neutrality.

Broader geothermal activity definitions should also be considered to ensure the description captures relevant configurations that deliver low-emission heat or power and are not currently reflected in the drafting.

4.4. Manufacturing and chemicals

Early-stage LCAs are often not feasible, and a phased or simplified approach until operations begin would be more practical. The list of chemicals is rigid and should be updated through a flexible review mechanism. For example, manufacturers report that mandatory LCAs at concept stage are not workable because feedstock routes and process configurations are not fixed until commissioning.

A dynamic approach would avoid repeated revisions of the Delegated Acts and maintain relevance as product portfolios evolve. Clearer treatment of chemical recycling, compounding, and blended feedstocks is also required, along with alignment with ETS definitions for high-value chemicals.

To avoid interpretive gaps and support circular economy objectives, a new Taxonomy activity for "material recovery of non-hazardous waste using chemical recycling" should be considered. Recognizing chemical recycling as a complementary route to mechanical recycling would provide clarity for hard to recycle plastics and ensure consistent treatment of advanced recycling technologies across Member States.

There is continued uncertainty around LCA allocation methods for avoiding emissions in chemical recycling and the treatment of mixed feedstocks, and further guidance would support consistent application.

4.5. Transport and charging infrastructure

Multiple activity categories could be used to capture EV charging activities, creating inconsistent classification or potentially unsuitable DNSH criteria. For example, in Activity 6.15, DNSH criteria designed for large systems are not appropriate for small-scale charging points, which results in disproportionate requirements – a single EV charging point may need to demonstrate compliance with circularity and waste requirements that are more applicable to large scale projects such as rail or transit infrastructure, despite its immaterial scale. Experience shows that rigid circularity and biodiversity requirements are not proportionate for small-scale installations and should be applied flexibly.

A clearer distinction between scales and harmonization across the EU Taxonomy would reduce confusion. It would also support a principles-based approach that allows the use of equivalent third country's pollution, waste, and biodiversity rules where these provide comparable safeguards. In addition, criteria should avoid unintentionally excluding innovative or emerging charging technologies that support zero tailpipe emissions but fall outside the closed list of permitted configurations.

4.6. Construction and real estate

The activity descriptions for energy efficiency equipment and renewable technologies rely on closed lists that risk excluding innovative or sector-specific solutions. A more flexible approach is required to avoid penalizing technological development. Industrial applications of energy-efficiency equipment should also be included where they deliver material emissions reductions.

4.7. Research, Development and Innovation (RD&I)

The Technology Readiness Level (TRL) 6 threshold is restrictive and excludes early-stage innovation essential for long-term climate objectives. A more proportionate approach should allow simplified evidence at exploratory stages and recognize the value of lower-TRL projects. Current drafting imposes documentation requirements on RD&I activities that can exceed those applied to full-scale industrial projects, which is not proportionate for early-stage research.

Requirements that link Taxonomy eligibility to TRL 6 also risk excluding close-to-market RD&I where GHG reduction potential cannot yet be demonstrated at that maturity level, even though these activities may be critical to future decarbonization pathways. Additionally, this threshold does not reflect how RD&I budgets or P&L structures operate and adds unnecessary administrative complexity. A more inclusive approach that explicitly accommodates lower-TRL projects would ensure breakthrough solutions are not overlooked due to procedural thresholds.

4.8. Electricity and Heating Generation

Activities 4.29, 4.30, 4.31 include an alternative regime with lower GHG emissions thresholds (270 g CO_2e/kWh) for plants replacing existing high emitting activities using solid or liquid fossil fuel. However, this is associated with overly restrictive and non-neutral criteria that treat technologies unevenly.

The requirement to replace a coal facility benefits countries/operators that have not yet replaced their coal-powered facilities, creating a disadvantage for those that already operate gas-fired assets. To ensure technological neutrality and support the decarbonization of existing capacity, the alternative regime should apply not only to new plants but also to significant upgrades of less efficient units, irrespective of whether a coal asset is being replaced. The requirement for operation solely on renewable or low-carbon gases from 2035 is not achievable given the uncertainty on future availability in terms of volumes and usability for power generation. This condition should be adjusted to reflect realistic supply and system needs. The requirement to reduce emissions of at least 55 % GHG per kWh of output should apply only where coal facilities are being replaced.

The main regime for activities 4.29, 4.30, 4.31 recognizes the role of CCS to decarbonize electricity and heating generation. However, CCS is excluded from the alternative regime, which refers only to blending renewable and/or low-carbon gases. To restore technological neutrality and align with existing transitional criteria, CCS should also be permitted under the alternative regime.

More broadly, the current thresholds and the associated calculation methodology are not technically feasible for available generation technologies and do not support a technology-neutral approach. These elements should be revised to avoid the premature exclusion of viable transition pathways, including gas with CCS.

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