



ESPO contribution – Draft Delegated Act establishing technical screening criteria for the EU Taxonomy

18 December 2020

The European Sea Ports Organisation (ESPO) welcomes the opportunity to give feedback to the draft Delegated Act establishing the technical screening criteria for the EU taxonomy in the area of climate mitigation and climate adaptation. As outlined in ESPO's statement on the process towards an EU taxonomy for sustainable investments¹, European ports support the initial aim of the EU taxonomy framework to encourage investors to prioritise green and sustainable investments by providing them a clear manual with common definitions.

The classification of sustainable projects and investments will be used not only to guide private investors, but is increasingly referenced as a basis for EU funding instruments and programmes. Since most funding and supporting mechanisms will mainly or exclusively be available to so called "sustainable" investments, the EU taxonomy will have a far-reaching impact. Therefore, European ports would like to highlight four outstanding concerns with the draft Delegated Act.

The important role of basic port infrastructure in promoting a modal shift to short-sea shipping

The draft Delegated Act states that "Technical screening criteria for the transport sector should focus on reducing the main emission sources from that sector, while also considering the need to shift the transport of people and goods to lower emission modes and for the creation of an infrastructure that enables clean mobility. Technical screening criteria for the transport sector should therefore focus on the performance within one transport mode, while also taking into account the performance of that transport mode in comparison with other transport modes." In addition, the new Sustainable and Smart Mobility Strategy recognises Short-Sea Shipping (SSS) as a sustainable transport mode. Therefore, investments and projects enabling a shift towards SSS should be reflected in the technical screening criteria in terms of climate change mitigation.

ESPO is concerned that Annex I of the draft Delegated Act does not include basic infrastructure as eligible under the technical screening criteria under 6.16 Infrastructure for water transport. European ports believe that investments in basic infrastructure necessary for short-sea shipping connections, as well as investments in infrastructure facilitating sustainable hinterland transport should be included among the technical screening criteria. Such investments are crucial to promote and deliver the modal shift to sustainable transport modes, making the European transport system more sustainable and helping to reduce congestion on the land-based network.

¹ <https://www.espo.be/views/espo-statement-on-the-process-towards-an-eu-taxonomy>

The provisions and priorities of sectoral legislation need to remain the basis for EU funding and financing instruments

ESPO understands that in the light of the Green Deal and Green Recovery plans, the EU taxonomy for sustainable finance will also be used as a basis for the EU and Member States when setting public measures or instruments. European ports believe, however, that the sustainability requirements and financing priorities put forward in sectoral legislation should remain the basis for EU funding and financing instruments. The Trans-European Networks in the fields of transport, energy and digital and the Connecting Europe Facility (CEF) are the outcome of a complex legislative process. The EU taxonomy should not create another layer on top of the priorities set in such sectoral legislation and should not overrule the established funding requirements and eligibility criteria for EU funded projects. As the CEF is increasingly moving towards blending of EU funds with private investments, the EU taxonomy will play a more dominant role. Therefore, European ports consider it crucial that the technical screening criteria do not add an additional layer of conditionality on top of the requirements stemming from the Connecting Europe Facility.

As the EU taxonomy will have a far-reaching impact, ESPO considers it important, that all stakeholders of those sectors for which technical screening criteria are defined and revised, are adequately represented in the relevant fora.

The zero-emission approach needs to be fit for purpose

In Annex I, it is not clear what the notion of zero direct (tailpipe) CO₂ emission entails, and by extension, there is therefore also a need to clarify what would be included under “zero tailpipe port operations”. The technical screening criteria for infrastructure and vessels must be coherent when it comes to requirements for low- or zero-carbon emissions. European ports can support the approach taken to invest in zero-emission technologies under the condition that this approach truly considers all emissions involved in these technologies. The draft Act explicitly mentions investments in electricity charging and hydrogen-based refuelling, both of which may produce, at this moment, significant emissions from a lifecycle perspective.

ESPO considers that a technology neutral approach is necessary, in order not to exclude the deployment of promising new fuels and technologies, including off-shore solutions. In order to ensure that the taxonomy truly delivers on its stated aim, the Delegated Act should support equivalent alternative solutions, and encourage investments in technologies that have the potential to significantly lower lifecycle emissions. By the same token, investments in connecting these technologies to a green grid should also be considered in the final Act.

As stated in the Sustainable and Smart Mobility Strategy, “Public and private investments [...] in more sustainable multimodal access [...] in waterborne transport must increase. Some of these investments would benefit from the establishment of relevant sustainable taxonomy criteria that covers the specificities of each mode, including during transition to zero emissions.” In the light of existing requirements placed on ports to provide LNG bunkering under the Alternative Fuels Infrastructure Directive, transitional activities should be enabled in coherence with this Directive.

Climate change adaptation investments are essential for European ports

Annex II of the draft Delegated Act addresses climate adaptation investments and projects. Ports are on the frontline when it comes to dealing with the impact of climate change. The ESPO 2020 Environmental Report finds that over half of European ports experience operational challenges related to climate change, and two-thirds of ports are currently taking steps to address this challenge by

strengthening the resilience of existing port infrastructure. Therefore, it is crucial that the final version of the Delegated Act adequately considers and includes key port investments, which might not be directly linked to the transport of goods or passengers, but are necessary to increase the port's resilience against the consequences of climate change. In order to promote climate adaptation in ports, the Delegated Act should therefore cover investments in adapting existing or constructing basic port infrastructure, to ensure that focused adaptive measures protecting the port are included.

The European Sea Ports Organisation believes these considerations are important to ensure that all relevant port infrastructure investments, those enabling more sustainable transport of goods and passengers and those ensuring the resilience of port infrastructure against the consequences of climate change, are reflected by the technical screening criteria of the EU taxonomy.
