



## EASE Inputs to European Commission Public Consultation on Sustainable finance – EU classification system for green investments

18 November 2020

### EASE Feedback to the [Public Consultation](#):

EASE welcomes the development of a classification system for sustainable economic activities that can incentivise investments in clean energy technology and climate change mitigation and adaptation.

Energy storage solutions have an important role to play in the clean energy transition by integrating higher shares of vRES while supporting efficient system operation and security of supply. Therefore, it is positive that the technical screening criteria listed in the annex to the draft delegated regulation recognise ‘storage of electricity’, ‘storage of thermal energy’, and ‘storage of hydrogen’ as activities that contribute substantially to climate change adaptation.

However, EASE is concerned about the assessment of pumped hydro storage (PHS) facilities. PHS has played an important role for decades in providing flexibility services and PHS now makes up over 90% of the EU’s installed storage capacity<sup>1</sup>. Its importance will only increase as higher vRES shares will require more balancing and system and ancillary services. Also, PHS has proven benefits for supporting the energy transition in small isolated systems.

The draft technical screening criteria unfairly assess PHS and hydropower more broadly. The current draft is not based on existing legislation (notably the Water Framework Directive) and is not aligned with the proposals of the technical expert group, which took a fact-based approach to assessing PHS. The current “Do no significant harm” (‘DNSH’) criteria for hydropower, especially those for “Sustainable use and protection of water and marine resources” do not reflect the current water acquis but add additional barriers to the development of hydropower projects. Criteria should be set in accordance with existing EU law. We propose to return to the technical expert group (TEG) proposal.

The criteria for “Operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential” are unclear and do not appear to be based on technical criteria or existing EU legislation. The conditions for new hydropower

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<sup>1</sup> European Commission (2020): [Study on energy storage –Contribution to the security of the electricity supply in Europe](#).

plants are lengthy and similarly unclear. If not revised, these criteria will lead to significant uncertainty with regards to the treatment of PHS and hydropower plants in the taxonomy.

A more serious concern relates to the treatment of PHS within the category 'storage of electricity'. This category includes 'closed-loop pumped hydropower storage, defined as hydro plants with no natural water inflow into the upper reservoir, where the water that generates electricity was previously pumped uphill. Pumped storage connected to river bodies are not eligible'. This category is highly problematic. All PHS facilities are connected to a river or basin, whether or not they have a natural inflow into the upper reservoir. Therefore, the category listed in the technical screening criteria – closed-loop PHS which is not connected to a river or reservoir bodies – does not exist in practice. If this aspect is not amended, the criteria will exclude all PHS facilities from the taxonomy. This would result in an important technology which clearly supports the transition to a decarbonised energy system being placed on an unequal footing with regards to other flexibility providers.

A technology-neutral approach should be adopted for this regulation. Among other RES (such as wind, PV, ocean energy), hydropower is the only activity that has to comply with general technical screening criteria (to prove that lifecycle emissions are below the threshold of 100 g CO<sub>2</sub>eq/kWh). This does not make sense as hydropower is proven to be among the electricity generation technologies with the lowest lifecycle emissions.

Furthermore, applying a threshold of GHG emissions in gCO<sub>2</sub> per kWh produced to mixed PHS plants is inconsistent and not implementable in practice. Like all energy storage, PHS plants do not produce electricity, but consume electricity (the quantity of electricity consumed by pumping a given volume of water is greater than the quantity restored by its turbines). This is why the storage technologies referred to in § 4.10 are not subject to a GHG emissions criterion.

Finally, energy storage technologies, including PHS, are categorised as enabling activities only. They should be categorised as economic activities, making a substantial contribution based on their own performance.

**EASE therefore calls for a careful revision of the draft criteria related to energy storage, hydropower and PHS, particularly the categorisation of different types of PHS, to ensure a fact-based approach that recognises the important contribution of energy storage including PHS to the energy transition.**

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#### *About EASE*

*The European Association for Storage of Energy (EASE) is the voice of the energy storage community, actively promoting the use of energy storage in Europe and worldwide. It supports the deployment of energy storage as an indispensable instrument within the framework of the European energy and climate policy to deliver services to, and improve the flexibility of, the European energy system. EASE seeks to build a European platform for sharing and disseminating energy storage-related information and supports the transition towards a sustainable, flexible and stable energy system in Europe.*

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#### *Disclaimer*

*This response was elaborated by EASE and reflects a consolidated view of its members from an energy storage point of view. Individual EASE members may adopt different positions on certain topics from their corporate standpoint.*

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