Fossil methane does not have a role in the EU’s Sustainable Finance Taxonomy Regulation

We do not support the European Commission’s proposal to include gas for electricity generation in the EU Sustainable Finance Regulation. It is woefully misleading to classify a fossil fuel as sustainable, even on a temporary basis.

Furthermore, using the taxonomy rules to establish a new indirect fossil fuel subsidy conflicts with the fundamentals of the EU Green Deal, the Paris Agreement as well as the EU’s efforts to end fossil fuel subsidies globally. To guarantee security of supply and resilience of the energy system, greater support should be provided to geothermal electricity and combined heat and power on the following grounds:

1. **Geothermal is a baseload and flexible power generation resource** meaning it provides the services that are being used to justify the inclusion of fossil methane. It already provides back-up grid management services to intermittent renewable energy sources in Germany and Italy. Geothermal has the highest average load factor of any electricity generation source – renewable or not – with more than 80% of availability.

2. **Renewable grid management:** Technologies such as geothermal combined heat and power, geothermal heat pumps, underground thermal energy storage and batteries produced from geothermal lithium are best suited to manage seasonal variability and provide further flexibility resources to the energy system.\(^1\)

3. **There must not be special rules for fossil methane:** If gas must be there, only for electricity supply but not for heating, it must follow the same rules as renewables. The life cycle principle and criteria such as load factor the must be applied fairly. Otherwise, it is not a “sustainable” investment. The proposed 244 gCO2eq/kWh and special framework to allow conventional gas power plants to be considered “sustainable” if they only run one quarter of the year directly impedes upon geothermal energy and other renewables which have a more stringent 100 gCO2/kWh criteria to comply to.

We recommend the exclusion of fossil methane.

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\(^1\) The [Geosmart](https://www.geosmart-project.org/) project is notably looking at the wider implementation of such flexible geothermal plants. The [EGEC factsheet on flexibility](https://www.egec.org/2021/04/20/egec-factsheet-on-flexibility/) from geothermal power plants contains further information.