September 2019

weCARE Position Paper in response to the European Commission's Call for Feedback on the TEG Report on Taxonomy for Sustainable Finance

Dear Sir/Madam,

weCARE is pleased to provide its views in response to the Commission's call for feedback on the report of the Technical Expert Group on "Taxonomy for Sustainable Finance". weCARE is concentrating specifically on the energy aspects of the report.

Sustainability is at the core of weCARE's concerns and activities. weCARE's understanding of sustainability is consistent with the definition used in the Brundtland Report of 1987: "Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

There are two main underlying features in this definition: the first is the intergenerational balance of interests, the second is the broad scope of what is meant by “development”. When focusing on the energy aspects, weCARE’s approach is therefore to go beyond the sole “environmental protection” dimension, and to seek for a balance between the three pillars of a “sustainable” energy policy: environment, economy and security of supply. Energy supply must, as far as possible, be clean, affordable and reliable, in order to meet the needs of the present generation while preserving resources for future generations. In other words, environmental sustainability is only one dimension of the wider social sustainability of energy, which should cover all three pillars mentioned above and balance the benefits for the society of today and the society of tomorrow.

Complying with the nowadays well recognized and supported urgency for climate change mitigation, weCARE is promoting the use of a mix of very low carbon primary energy sources, notably both renewable and nuclear energy sources, noting that there is no silver bullet or magic perfect solution but believing that a mix of the two is the only way currently to preserve security of supply without excessive recourse to fossil fuels.

If indeed, as declared at political level internationally and in the EU, the central priority is to limit GHG emissions quickly and to the maximum extent possible, recourse to all fossil fuels, including fossil gas, should be drastically reduced as soon as possible. At a minimum, any lock-in of new fossil fuel power plants has to be avoided at all costs – in particular investment in any new fossil plant should not benefit from sustainable financing tools. Carbon Capture Use and Storage might help in the longer term, but its practical, technical and economic demonstration has still to be performed, and this will not happen overnight.

Because there is today also no clarity on future cost-effective ways of storing large amounts of electricity over extended periods, to compensate for the variability of wind and solar power, it seems logical and necessary to ensure that nuclear energy continues, for the foreseeable future, to be part of the portfolio of low carbon energy sources.

Nuclear energy is today the largest source of low carbon, reliable and cheap electricity in the EU. The levelized cost of electricity is the lowest in member states relying massively on nuclear energy, and this including the fee for waste management and decommissioning. Long term operation of existing plants, as long as they are considered safe by the independent national safety authorities, is without doubt the best option to fulfil the three pillars of energy sustainability mentioned above – clean, affordable and reliable energy. The International Energy Agency (2019) confirms that extending the lives of existing nuclear plants produces electricity on average at only around half the cost of offshore wind or solar.
For the longer term, renewables and new nuclear power plants should be retained as the best options, while CCS/U, massive electricity storage and power-to-gas (hydrogen) are further developed and assessed in terms of their potential contribution to a cost-effective and reliable energy mix. The cost of newly built nuclear plants needs to be reduced to compete with the lowering costs of wind and solar plants, but all costs, and in particular full life-cycle system costs and externalities, need to be properly taken into account in the analyses. Series production of nuclear plants, alternative financing arrangements such as the Regulated Asset Base model used in the UK, or the deployment of Small Modular Reactors are examples of ways new build costs can be reduced.

weCARE notes that nuclear energy has been treated by the TEG on Sustainable Finance from two angles.

The first is related to the contribution to lowering GHG emissions and reducing climate change. For weCARE, the report is satisfactory from this side, in that it recognizes the role nuclear energy plays today and can further play in the future for decarbonisation.

The second is related to the DNSH criterion (Do No Significant Harm). From that side, the report concludes that the unknowns of long term nuclear waste management do not allow, at this stage, nuclear energy to be included in a portfolio eligible for sustainable financing. The TEG report recommends further analysis and the demonstration of the viability and effectiveness of solutions for the long term storage of nuclear waste, before drawing a conclusion.

weCARE does not agree with this aspect of the TEG report. All EU countries, both with and without nuclear power, are currently managing their radioactive waste safely; a large fraction of this waste has already been disposed of in authorized disposal sites. Three countries, all three member states of the EU (Finland, Sweden and France), are in the final stages of design and construction of deep geological repositories for their high level nuclear waste. Finland is the most advanced with a target of emplacing the first encapsulated spent fuel in 2025. It means that radioactive waste management is not lacking a solution nor only a “possibility” anymore; it is a real, large ongoing industrial project. It follows more than four decades of research, development and demonstration, with comprehensive consultation of all stakeholders. This research and demonstration has benefitted from extensive support from the Euratom Research Framework Programme, involving a large number of European scientific experts, research labs and underground facilities. As a result, there is today enough demonstrated scientific evidence that deep geological disposal of high level nuclear waste is a safe long term solution, which is already under implementation in EU member states. For the TEG report to suggest that further demonstration of viability and effectiveness is needed is clearly out of line with reality and should be amended.

A contrario, what could be further demonstrated is the possibility for partitioning and transmutation of the minor actinides contained in nuclear waste, with the prospect to reduce the radiotoxicity and lifetime of the waste, allowing then a further reduction of the volumes of the ultimate waste to be put in deep geological repositories.

In conclusion, weCARE considers that nuclear energy meets the requirements of sustainable energy production. Nuclear projects (long term operation of existing plants, new build, associated fuel cycle and geological disposal facilities) should therefore be fully eligible for sustainable finance, alongside renewable energy projects. Nuclear research, development and demonstration projects for advanced nuclear technologies (advanced generation IV and SMR plants, advanced fuel cycle and partitioning and transmutation facilities) should also be eligible for sustainable funding schemes for RD&D programmes. All this without specific privilege, but on equal

footing with other low carbon energy sources.

weCARE hopes that the European Commission will take a further opportunity to revisit the issue of the contribution of nuclear energy to societal sustainability, to allow an informed, technologically neutral decision-making process on the eligibility of nuclear energy projects to benefit from sustainable financing schemes.

Yours faithfully,

Marc Deffrennes and Richard Ivens
weCARE

weCARE is a Brussels-based alliance of NGOs campaigning in Europe for Clean, Affordable and Reliable Energy. The weCARE website (http://www.wecareeu.org/) describes the aims and specific activities of the alliance and lists the current member organisations.

weCARE is listed in the EU Transparency Register under number 473723535459-78.