

**From:** [REDACTED]  
**Subject:** FW: Follow up: European Aluminium on draft Taxonomy Delegated Acts on climate mitigation  
**Date:** vendredi 28 mai 2021 11:33:51  
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[image036.png](#)  
[image040.png](#)

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**From:** [REDACTED]  
**Sent:** Monday, February 8, 2021 4:01 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
[REDACTED]  
[REDACTED]  
**Subject:** RE: Follow up: European Aluminium on draft Taxonomy Delegated Acts on climate mitigation

Dear [REDACTED]  
Well received, many thanks.

Regarding the secondary production –  
If no thresholds or definitions are present, we will struggle to find the arguments about what hypothetical aluminium production adding 1- 2% of scrap to primary root should be called – primary or secondary. How do we define secondary production if % of scrap is not the way for you? In other words, if the goal is to avoid blatant greenwashing, what would be your way to define secondary aluminium production?

Best,  
[REDACTED]

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**From:** [REDACTED] >  
**Sent:** Monday, February 8, 2021 3:10 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
**Subject:** Follow up: European Aluminium on draft Taxonomy Delegated Acts on climate mitigation

Dear [REDACTED]

Further to our call last Friday, I discussed internally about the sustainable finance delegated act. Please see below.

Thank you as always for your efforts and happy to further discuss at your best convenience.

Best,



\*\*\*\*\*

### **Primary Aluminium Production**

- Our **biggest concern is the DNSH climate mitigation thresholds for the climate adaptation objective (also [summarised in our consultation response](#)):**
  - As discussed previously, using a value based on the sum of direct emissions based on the ETS benchmark (now at 1.514 tCO<sub>2</sub>/t Al) and indirect emissions (derived from the 270gCO<sub>2</sub>/kW multiplied by the average energy efficiency of aluminium manufacturing 15.5 MWh/t Al) will label as significantly harming the environment the majority of smelters in the EU 27 which already perform well below the global average! and sets the precedent for excluding them from accessing the recovery fund
    - -> we therefore support the value of 13.5 t CO<sub>2</sub>/t which was suggested by the Commission in earlier drafts of the proposal
- **Regarding the thresholds for the climate mitigation objective**, if the ASI threshold of 8t CO<sub>2</sub>/tAl is not acceptable, we can support the compromise proposal outlined in our [reaction to the TEG Recommendations](#):
  - The ETS benchmark threshold must not be used as a compulsory criterion. Instead, the TSC should allow for the possibility **to freely choose which two out of the [three thresholds](#) originally proposed by the TEG to comply with:**
    - **1 - ETS Benchmark**
    - **2 - Energy Efficiency for the electrolysis;**
    - **3- Average carbon intensity of the electricity that is used for primary aluminium production (electrolysis)**
- In the TSC for climate mitigation, the TEG (see p. 172 [here](#)) originally recommended that *“Mitigation measures are eligible provided they are incorporated into a single investment plan within a determined time frame (5 or 10 years) that outlines **how each of the measures in combination with others will in combination enable the activity to meet the threshold defined below actions**”*

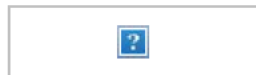
- -> this provision making investments aimed to achieve the very ambitious threshold should be included in the Delegated Regulation to ensure that investments aimed to meet the ambitious thresholds qualify

### **Secondary Aluminium production**

- **There should be no thresholds secondary aluminium production, as recommended by the TEG and in the draft delegated act proposed by FISMA and that was proposed for the public consultation. This is because:**
  - Recycling aluminium only require 5% of the energy used compared to primary and entails significantly less emissions
  - From a technological perspective, it is impossible to establish a minimum reference value for emissions for each plant. This is because of the heterogeneity of the processes. This was also why (compared to steel) there is no ETS product benchmark for secondary aluminium production
  - From a legal perspective, the Delegated Act is about climate mitigation and recycling aluminium saves CO2. Therefore this should be reflected in the delegated act



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**From:** [redacted]

**Sent:** Thursday, 10 December 2020 15:53

**To:** [redacted]

**Cc:** [redacted]

[redacted]

[redacted]

**Subject:** RE: European Aluminium on draft Taxonomy Delegated Acts on climate mitigation

Dear [redacted]

Thank you for reaching out.

I attach a first **confidential** draft of our response to the consultation on the draft Delegated Act. We will share with you the final version as soon as finalised.

Members have time until tomorrow noon to submit comment, but you can already find at page 2 some argumentation along the lines we discussed (see section 2 on “The thresholds for electricity consumption (indirect emissions)”.

Our biggest concern is the new **DNSH climate mitigation thresholds for the adaptation objective based on the sum between the median value of the data collected in the context of establishing the EU ETS industrial benchmarks** for the period of 2021-2026 (direct emissions) and the 4.185 tCO<sub>2</sub>/t Al threshold (indirect emissions derived from the 270gCO<sub>2</sub>/kW multiplied by the average energy efficiency of aluminium manufacturing 15.5 MWh/t Al).

**This approach is at odds with what the [TEG recommended](#) on climate adaptation and would basically label as unsustainable the majority of primary production in the EU 27. What they proposed was more acceptable:**

*“GHG emissions have to be (1) proven to be aligned with an internationally recognised method for determining low carbon transition pathway or (2) that are lower than the average global emissions (based on emission performance standard determined by internationally recognised data) for that economic activity.*

Instead, DG FIMSA proposed a “median” threshold based on the ETS benchmark, which is not at all an internationally recognised method for determining low carbon transition pathway.

Do not hesitate to get back to us If you have any further questions on the above and thank you as always for your efforts on this.

Best wishes,

[Redacted]



[Redacted]

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**From:** [REDACTED] >  
**Sent:** 10 December 2020 15:05  
**To:** [REDACTED]  
**Subject:** RE: European Aluminium on draft Taxonomy Delegated Acts on climate mitigation

Dear [REDACTED]  
Any further reflections on PPAs and issues related to that?  
Thanks in advance,  
[REDACTED]

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**From:** [REDACTED]  
**Sent:** Friday, December 4, 2020 1:16 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
[REDACTED]  
**Subject:** European Aluminium on draft Taxonomy Delegated Acts on climate mitigation

Dear [REDACTED]

Thank you for your time earlier today.

As discussed, I will further investigate with members how to build up strong argumentation on the barriers in accessing low carbon electricity (for the indirect emissions) according to the very strict thresholds in the draft delegated act.

As explained, according to the text these are respectively the:

- **Climate mitigation threshold for indirect emissions:** *100gCO<sub>2</sub>/kWh multiplied by the average energy efficiency of aluminium manufacturing (15.5 MWh/t Al) and the*
- DNSH climate mitigation threshold under the **Climate Adaptation threshold** for indirect emissions: *270gCO<sub>2</sub>/kWh) multiplied by the average energy efficiency of aluminium manufacturing (15.5 MWh/t Al)]”.*

I provide below further explanation about why the approach chosen by FISMA has not changed compared to the TEG Report and our strong concerns on the DNSH threshold. In yellow the final values according to our understanding of the text.

### Climate mitigation ([Annex I](#)) :

- The Commission has **not removed the reference to the ETS benchmark, thus aligning with the TEG report recommendations**
- There is no numerical threshold. However, the draft act states in the footnote that the value will be based on the sum between:
  - *“The average value of the top 10% of installations based on the data collected in the context of establishing the EU ETS industrial benchmarks for the period of 2021-2026 and calculated in accordance with the methodology for setting the benchmarks set out in Directive 2003/87/EC*
- *“The substantial contribution to climate change mitigation criterion for electricity generation (100gCO<sub>2</sub>/kWh) multiplied by the average energy efficiency of aluminium manufacturing (15.5 MWh/t Al)"]*
- They must respect all of the the “Do Not Significant Harm” principles (DNSH) for each of the six environmental objectives. Of most importance:
  - The DNSH for “Transition to circular economy” objective is not yet developed
  - For climate adaptation, the activity complies with the criteria set out in “Appendix E” of the Annex. This makes a distinction between “new activities” and “existing processes”, requiring to undergo a “climate risk and vulnerability” assessment.
- Manufacturing of **secondary aluminium is eligible** under the climate change mitigation objective (without the need to meet any criterion or threshold).

### Climate adaptation ([Annex II](#)):

- The economic activity has implemented physical and non-physical solutions (‘adaptation solutions’) that reduce the most important physical climate risks that are material to that activity, (as outlined in “Appendix A”)
- The climate risk and vulnerability assessment must be proportionate to the scale of the activity and its expected lifespan, such that:
  - (a) for investments into adaptation solutions activities with an expected

lifespan of less than 10 years, the assessment is performed, at least by using downscaling of climate projections;

- (b) for all other activities, the assessment is performed using high resolution, state-of-the-art climate projections across a range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 years climate projections scenarios for major investments
- Here, the DNSH threshold for climate mitigation is defined as the sum between:
  - *“The median value of the data collected in the context of establishing the EU ETS industrial benchmarks for the period of 2021-2026 and*
  - *the DNSH to climate change mitigation criterion for electricity generation (270gCO<sub>2</sub>/kWh) multiplied by the average energy efficiency of aluminium manufacturing (15.5 MWh/t Al)]”.*

### Calculation of the expected values

- For both thresholds on **direct emissions** (e.g. the ETS benchmark) under the two objectives, the wording refers to the data collected to determine the new benchmark, which were 2016-2017 data. The exact value is still under definition but:
  - For climate mitigation it refers to the average value of the top 10%. Based on the expected reduction rate of the benchmark, this should be around 1.48 t CO<sub>2</sub>/t Al
  - For the DNSH for climate adaptation, it mentions the median value of the data collection for the definition of the ETS benchmark: we can assume that it won't be much higher than 1.55 tCO<sub>2</sub>/t Al
- On **indirect emissions**, the values should be:
  - For climate mitigation: 1.55 t CO<sub>2</sub>/t
  - DNSH threshold for climate adaptation: 4.2 tCO<sub>2</sub>/t Al for the DNSH
- As a consequence, the sum of directs and indirects should lead to the two values:
  - **Climate mitigation: 3.03 t CO<sub>2</sub>/t Al**
  - **DNSH threshold for climate adaptation: 5.75 t CO<sub>2</sub>/tAl**

### Assessment:

- The two new values are unachievable for the majority of smelters in the EU and unfortunately in line with the TEG Recommendations which said to follow the ETS benchmarks

methodology. Furthermore, the little flexibility that was introduced was taken out as well as the eligibility clause for investments to meet such thresholds. Allowing the choice of 2 out of 3 criteria without having a compulsory one would have been acceptable.

- The direct reference to the ETS benchmark methodology in the footnote and the upcoming update of the values (handled by CLIMA) is the main difference when compared to the leaked version of a couple of weeks ago. This indicated a value of 3.06 t CO<sub>2</sub>/tAl for the climate mitigation threshold. This was the sum of the current benchmark (1.514 )+ 1.55, the threshold above for indirect emissions according to the 100g CO<sub>2</sub>/KWh
- For climate adaptation, the new value is extremely lower than the leaked version to press which indicated 13.5 tCO<sub>2</sub>/tAl . A DNSH threshold of 5.75 t CO<sub>2</sub>/tAl risks to block green financing, funding under the national recovery plans and potentially future State Aid to the majority of smelters in Europe!

Thanks again for your time and speak to you soon.

Best,



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