

**From:** [REDACTED] [euofer.eu](mailto:euofer.eu)>  
**Sent:** Friday, March 12, 2021 12:57 PM  
**To:** SAMSOM Diederik (CAB-TIMMERMANS) [REDACTED]  
**Subject:** EUROFER on taxonomy delegated act on climate mitigation and adaptation

Dear Mr Samsom,

On 17 December 2020 we have sent the attached letter explaining our severe concerns with regard to the draft delegated act setting the technical screening criteria against which an operation's climate mitigation and adaptation ability is evaluated. The draft negatively impacts the transition of our industry towards carbon neutrality. To date we still have no indication received whether these flaws in the draft have been solved. Please could you consider these vital elements for our industry with urgency in case the respective necessary adaptations to the delegated act have not yet been made:

- Using the principles of **standard EN 19694-2** – developed with a mandate from the EU Commission – to assess the relative performance of steel production. This standard should be used instead of the EU ETS benchmarks as these are not able to evaluate the combined environmental impact of the activities of the European steel industry. Using the EU ETS benchmark would not be in line with the Regulation on Sustainable Finance Taxonomy.
- **Alternatively**, should the EN standard not be adopted into the delegated act, a footnote should be added in the Taxonomy Climate Screening Criteria, Delegated Act: Annex 1 (p78) and Annex2 (p66) with regard to the waste gas export correction:

The activity manufacturing one of the following:

- a. Iron and steel with GHG (footnote\*) lower than the following values applied to the different manufacturing steps.

Footnote\*: corrected for export of waste gases, so all emissions of the installation are covered, with the methodology adding the median emissions (2016-2017) of waste gases leaving the perimeter of the benchmark at natural gas equivalent.

The justification for this is, that the emissions intensity used for the calculation of the hot metal and coke benchmark exclude a part of the waste gases generated in the installation. The use of the EU ETS benchmarks without correction of exported waste gases would be a counter productive criterium for this aim for the steel sector, contrary to other sectors. It would mean a different treatment of sectors and discrimination of the steel sector which would legally not comply with the aim of this legislation.

All other sectors have all of their emissions included in their benchmark. Adjusting the figures by adding the emissions of waste gases leaving the perimeter of the installation permit a fair and equal treatment. This would also avoid that decarbonisation projects are artificially disqualified.

In addition, on the data and methodology, the median permit to mitigate the effect of the lower and highest “contributors” can be used. All data required for this correction can be calculated by the COM with data already submitted in the NIMs by the member states.

- Using a more integrated **lifecycle approach**, taking into account that steel is an enabler for CO2 mitigation in multiple value chains.
- Allowing the eligibility of EAF steel production without excluding certain steel qualities for which the proposed threshold of at least 90% scrap sourced iron content in final products would be technically unachievable, like for **stainless steel and high alloy steel**.
- Adding **Carbon Capture and Usage (CCU)** to the list of low carbon breakthrough technologies and acknowledging alternative sources of hydrogen production.
- Acknowledging as screening criteria the mitigation measures incorporated into an **investment plan** that lead the activity to meet the threshold.

Should there not be sufficient time to develop the screening criteria in a realistic fair way for steel, we would then ask this to be developed later on in an additional process.

We thank you for your kind consideration of the above.

Yours sincerely,



--



Avenue de Cortenbergh 172  
1000 Brussels, Belgium  
[www.eurofer.eu](http://www.eurofer.eu)

