

22.3.2021

To:

Mr Valdis Dombrovskis, Executive Vice-President for An Economy that Works for People  
Ms Mairead McGuinness, Commissioner for Financial Services  
Ms Kadri Simson, Commissioner for Energy  
Ms Jutta Urpilainen, Commissioner for International Partnerships

**ROLE OF GAS-FIRED POWER GENERATION IN MAINTAINING THE RELIABILITY OF ELECTRICITY SUPPLY BY CONTRIBUTING TO GRID STABILITY**

Dear Vice-President Dombrovskis; dear Commissioner McGuinness; dear Commissioner Simson; dear Commissioner Urpilainen,

With the European Green Deal, the EU has committed itself to an ambitious, cost-effective, and just transition to climate neutrality by 2050. At the heart of this transition is the European energy sector, as the production and use of energy accounts for more than 75% of the EU's annual greenhouse gas (GHG) emissions. Decarbonising the energy sector in a rapid and cost-effective manner while maintaining grid stability and supply security will also have a substantial contribution to the decarbonisation of other sectors, including hard-to-abate transport modes and energy-intensive industries.

Wärtsilä thus welcomes the Commission's reported consideration of adding criteria for flexible gas-powered generation technologies aimed at maintaining grid reliability of electricity supply by contributing to grid stability, recognising the importance of flexible gas generation for system-level optimisation. We are aware of the ongoing debate surrounding the role of gas in the clean energy transition and would like to see the sustainable finance taxonomy framework providing for an ambitious, cost-effective, and just transition for all EU citizens and regions. The proposed inclusion of grid stability activity for flexible gas generation would be a step to right direction.

In short, an annual emissions threshold of 820kg CO<sub>2</sub>e/kW would constitute a practical solution to enable controlled decarbonisation and improve the usability of the taxonomy for the energy sector and energy-intensive industries. Investing in flexible gas generation to support intermittent renewables will lower system-level emissions in line with the climate transition. It will also enable and encourage the uptake of low-carbon alternatives such as biogas and hydrogen once commercially available.

As a global leader in complete lifecycle power solutions for the energy and maritime sectors, Wärtsilä provides competitive and sustainable products on flexible gas power technologies and global shipping to enable the clean energy transition in the EU Member States and beyond. We have been a long-standing, active, and committed partner to the EU in energy, mobility, and industrial policymaking to realise the common 2020, 2030 and 2050 energy

and climate targets. With this in mind, we would like to provide you with our view on the proposal under consideration:

- The growing share of intermittent renewable energy sources in the EU's power mix also increase the need for an adequate capacity of dispatchable and flexible energy sources for hours of peaking demand and low renewables production. This **enables the accelerated integration of renewables** into the energy system to decarbonise faster in line with the raised 2030 target. Combined with the ambitious green hydrogen production targets, even more renewable generation will be added to the energy mix.
- The incorporation of flexible gas balancing in the power system is also **cost-effective**, as it reduces the need to over-build renewable energy capacity to reach high shares of renewable energy penetration in the system.
- By not arbitrarily capping the maximum annual operating hours to a specific threshold, the flexible generation criteria can also **support the uptake of sustainable low-carbon fuels, such as hydrogen and biogas**, as operators transition to cleaner fuels would be rewarded with additional operating hours.
- Without **flexibility in the energy system**, the use of renewable power generation cannot be maximised and emissions reduction potential cannot be met. This is already the case in some Member States today.

**It is important that the critical role of flexible gas balancing is acknowledged as a substantial contribution to climate change mitigation** with an ambitious and technologically feasible criteria. These criteria could then be adjusted in line with the transition and commercial availability of alternative low-carbon fuels to ensure that the taxonomy best supports a just transition to climate-neutrality by 2050. Creating a new activity category for maintaining grid stability and supply security would also help to differentiate the modern flexible electricity generation from the static baseload activities.

For these reasons, we call on the European Commission to see that the first delegated act includes the sustainability criteria for flexible gas-fired power generation to maintain supply security and grid stability when the act is adopted on 21 April.

Thank you for your attention. We remain at your disposal for any further assistance.

Yours sincerely,

WÄRTSILÄ CORPORATION

