

## **Liquid Gas Europe submission to the European Commission Call for Evidence on the review of the EU Taxonomy Climate and Environmental Delegated Acts**

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Liquid Gas Europe (LGE) represents distributors, producers and equipment manufacturers of liquid gases, including LPG, renewable LPG and renewable DME, which are primarily used for heating in rural and off-grid areas, as well as in transport and industrial applications.

This Call for Evidence seeks input on how to improve the clarity, usability, proportionality and coherence of the Taxonomy framework, including the functioning of technical screening criteria (TSC) and the application of “Do No Significant Harm” (DNSH) requirements. It also reflects growing recognition that the practical implementation of the Taxonomy has revealed complexity, inconsistencies with existing EU legislation, and barriers to real-world deployment of decarbonisation solutions. In practice, applying DNSH criteria remains complex and can create uncertainty for operators, particularly where compliance overlaps with existing EU environmental and product legislation.

From the perspective of the liquid gas sector, this review is particularly important. Liquid gases — including renewable and low-carbon variants — play a critical role in Europe’s energy system, especially in decentralised, off-grid and hard-to-electrify applications such as rural heating, industrial process heat and agricultural energy use. Approximately 137 million Europeans are not connected to the gas grid, and a significant share of buildings and industrial processes cannot be electrified cost-effectively in the short- to medium-term.

In these segments, renewable liquid gases provide an immediate, scalable and infrastructure-compatible pathway to reduce emissions. They are used by households, SMEs, farmers and industrial operators — particularly in off-grid and rural areas, as well as in sectors such as agriculture, manufacturing and transport where alternatives remain limited or not yet cost-effective. In these applications, they replace more carbon-intensive, polluting fuels and provide an immediately deployable solution for reducing emissions.

LPG plays a critical role in heating across Europe, particularly for households, SMEs and public buildings in off-grid and rural areas where access to the gas network is not available and electrification can be technically or economically constrained. It is widely used for space heating, hot water and cooking, as well as in small industrial and agricultural applications. In these contexts, LPG replaces more carbon- and pollution-intensive fuels such as coal, heating oil or inefficient solid fuels, delivering both greenhouse gas emissions reductions and significant air quality benefits. Compared with solid fuels such as coal or traditional biomass,

switching to LPG can reduce particulate matter (PM) emissions by 80–90%, with corresponding reductions in other pollutants such as sulphur dioxide and nitrogen oxides.

The progressive introduction of renewable LPG (bioLPG) enables the decarbonisation of these existing uses without requiring changes to appliances or infrastructure. This allows end-users to transition to lower-carbon energy solutions in a cost-effective and practical way, while maintaining energy affordability and security of supply. As such, LPG and its renewable counterparts represent an important pathway for reducing emissions in buildings and heat applications that are difficult to electrify in the near term.

Liquid gases also play a significant role in the transport sector, particularly through autogas (LPG for transport), which is one of the most widely used alternative fuels in Europe. Autogas is already deployed at scale, supported by an extensive refuelling infrastructure and a large vehicle fleet, providing an immediately available lower-emission alternative to conventional fuels. The increasing availability of renewable LPG (bioLPG) enables the progressive decarbonisation of this segment, delivering lifecycle emissions reductions without requiring changes to vehicles or infrastructure. This is particularly relevant for existing vehicle fleets and in regions where the uptake of zero-emission vehicles remains constrained.

Against this background, LGE's contribution focuses on how the Taxonomy can better align with existing EU lifecycle methodologies, sustainability frameworks and real-world deployment, while maintaining a high level of environmental ambition. In the current geopolitical context, where reducing dependence on imported fossil fuels has become a central EU priority, domestically produced renewable liquid gases also contribute to energy security and strategic autonomy alongside their climate benefits.

Given that Taxonomy criteria define investment signals over multi-year periods, ensuring that they reflect current technological developments and real-world decarbonisation pathways is particularly important.

## **Recognising renewable liquid gases in real-world decarbonisation pathways**

Renewable liquid gases provide a clear example of solutions that are already contributing to emissions reductions but are not always adequately reflected in the current Taxonomy framework.

Evidence from LGE and its members shows that renewable liquid gases can deliver lifecycle GHG reductions of up to 80% compared to conventional LPG, depending on feedstock and production pathway. These fuels are already deployed across heating, agriculture, industry and decentralised energy systems, particularly in off-grid contexts where alternatives remain limited.

A defining feature of renewable liquid gases is their compatibility with existing infrastructure and equipment. This allows for immediate emissions reductions without requiring major system transformation or new network investment — a characteristic particularly relevant in rural areas and decentralised energy systems.

Recent market data confirms that these solutions are scaling. Renewable liquid gas production capacity in Europe increased from approximately 300,000 tonnes per year in 2023 to 480,000 tonnes per year in 2024, with further growth expected. In parallel, related renewable fuel markets are expanding rapidly, with renewable diesel reaching around 21 billion litres in 2024 and sustainable aviation fuel demand increasing by over 80% year-on-year, reinforcing the availability of renewable propane as a co-product. In some Member States, renewable LPG demand has more than doubled within a single year, and projections indicate that it could cover 20–55% of heating demand in certain markets by 2040.

However, where Taxonomy criteria are framed in a way that favours specific technologies rather than measurable environmental performance, this can create a disconnect between the framework and real-world decarbonisation pathways. In particular, approaches that rely predominantly on single metrics—such as tailpipe emissions—may not fully capture the overall climate impact of solutions whose emissions performance depends on the fuel used and its lifecycle characteristics. This under-recognises activities that deliver substantial, verifiable greenhouse gas reductions under existing EU methodologies. In practice, such misalignment influence investment signals and the classification of activities under sustainable finance frameworks, thereby affecting the availability of capital for solutions that already deliver measurable emissions reductions. A more consistent approach, based on lifecycle performance and aligned with established EU sustainability and verification frameworks, would better reflect actual emissions outcomes while maintaining a high level of environmental ambition.

A more consistent approach would ensure that activities are assessed based on verified lifecycle emissions reductions, allowing different technological pathways to qualify where they meet equivalent environmental outcomes.

### **Lifecycle performance is measurable and already embedded in EU law**

A central question in the Taxonomy review is how to ensure that environmental performance is assessed in a way that is both robust and consistent across EU legislation.

In this respect, the Renewable Energy Directive provides an established framework for lifecycle greenhouse gas accounting, including harmonised methodologies, fossil fuel comparators and minimum greenhouse gas savings thresholds. These elements enable the assessment of fuels based on their overall emissions performance. At the same time, it is important that such frameworks continue to enable accurate, differentiated reflection of emissions across fuel types and pathways, in line with evolving methodologies and available data.

These rules are not theoretical. They are operational across the EU market through certification systems, traceability requirements and independent verification, ensuring that lifecycle emissions performance is measurable, auditable and comparable.

Indicative data further illustrates the relevance of this approach. Lifecycle emissions for liquid gases vary depending on the specific fuel, feedstock and production pathway, and can differ significantly across methodologies and underlying assumptions. Renewable propane pathways, in particular, can achieve substantially lower emissions depending on feedstock and production route. The key point for Taxonomy design is that such performance differences are measurable and can be assessed using established EU sustainability and certification frameworks.

In this context, reliance solely on tailpipe emissions metrics in certain areas of the Taxonomy risks creating misalignment with existing EU law. A more coherent approach would allow lifecycle performance — where already defined and verified — to be taken into account alongside other criteria.

This is consistent with broader stakeholder positions emphasising the importance of technology-neutral, performance-based assessment, while maintaining high environmental standards.

### **Building on existing EU sustainability and verification systems**

The Commission's objective of simplifying the Taxonomy and improving usability can be directly supported by building on existing EU frameworks.

Renewable fuels placed on the EU market must already comply with:

- sustainability and lifecycle GHG criteria under the Renewable Energy Directive;
- detailed verification rules under Implementing Regulation (EU) 2022/996;
- recognised certification schemes ensuring traceability, auditing and comparability.

In practice, this means that companies already generate robust, standardised and independently verified data on sustainability and emissions performance.

Introducing additional or parallel verification requirements under the Taxonomy would duplicate these processes without improving environmental outcomes. It would also increase administrative burden, particularly for decentralised supply chains.

A more proportionate approach would be to take these existing frameworks into account when assessing compliance, thereby improving consistency across EU legislation and supporting the Commission's objective of reducing complexity and enhancing auditability.

This approach is consistent with positions previously expressed by LGE and its members, as well as broader industry contributions, which highlight the need for coherence between sustainable finance rules and sector-specific legislation.

### **Clarifying treatment in buildings and industry**

The treatment of renewable liquid gases in buildings and industrial applications is a key area where clarification is needed.

Activities such as the installation of energy efficiency equipment are already governed by EU product legislation (including Ecodesign and energy labelling) and national building frameworks, which define performance requirements in a largely technology-neutral manner.

In this context, it is important that Taxonomy criteria are applied in a way that does not inadvertently exclude high-efficiency systems using renewable and low-carbon fuels, where these systems meet applicable performance requirements and deliver measurable emissions reductions.

Ensuring consistency with existing frameworks would support effective and scalable decarbonisation pathways, particularly in off-grid and rural contexts, and align with the Commission's objective of improving the practical usability of the Taxonomy.

### **Application to transport: ensuring consistency with lifecycle-based approaches**

The implications of lifecycle-based assessment are particularly relevant in the transport sector, where current Taxonomy criteria rely on tailpipe emissions thresholds, including the requirement for zero tailpipe CO<sub>2</sub> emissions for certain vehicle categories.

While this approach reflects the role of zero-emission vehicles, it does not fully capture the emissions performance of solutions where greenhouse gas reductions are achieved through the use of certified renewable fuels. In such cases, lifecycle emissions — rather than tailpipe emissions alone — determine the overall climate impact.

This is particularly relevant for existing vehicle fleets and segments where rapid electrification remains constrained. In Europe, autogas (LPG used in transport) is already deployed at scale, with over 16 million vehicles in operation and a refuelling network of more than 46,000 stations across Europe, making it one of the most widely available alternative fuel infrastructures. Annual consumption of LPG in transport amounts to several million tonnes across the EU, reflecting its established role in the fuel mix. The increasing availability of renewable LPG (bioLPG) enables progressive decarbonisation of this fleet, delivering measurable lifecycle emissions reductions without requiring changes to vehicles or refuelling systems.

Under the Renewable Energy Directive, such fuels are subject to harmonised lifecycle GHG accounting and certification requirements, ensuring that emissions savings are robustly measured and verified. However, these reductions are not reflected where assessment is based solely on tailpipe metrics.

In this context, greater alignment between Taxonomy criteria and existing EU lifecycle methodologies would:

- improve consistency across EU legislation,
- ensure that verified emissions reductions are appropriately recognised, and
- support a technology-neutral, performance-based approach that complements electrification while maintaining high environmental ambition.

This approach does not lower environmental ambition; rather, it ensures that all solutions are assessed against the same stringent, verifiable emissions thresholds, regardless of the technology pathway.

### **Implications for Taxonomy design and simplification**

In LGE's view the Lifecycle emissions performance is already measurable, verifiable and regulated at EU level, and renewable liquid gases are already contributing to emissions reductions in sectors that are difficult to electrify.

Greater alignment between the Taxonomy and these existing frameworks would:

- improve consistency across EU legislation,
- support clearer and more practical implementation, and
- ensure that activities delivering verified emissions reductions are appropriately recognised.

This does not imply lowering environmental ambition. On the contrary, a performance-based approach maintains high standards by requiring all qualifying activities to meet strict, auditable thresholds, irrespective of the technology pathway.

In addition, extending the principle of relying on existing EU compliance frameworks — already present in parts of the Taxonomy — would help reduce duplication, simplify reporting requirements and enhance legal certainty.

Ensuring that the EU Taxonomy adequately reflects the realities of outermost, island and fully off-grid regions is not only a matter of technical accuracy, but also of territorial cohesion and fairness. A performance-based, lifecycle-oriented approach helps ensure that sustainable finance supports effective decarbonisation pathways across the whole Union, including regions facing the greatest structural constraints.

### **Conclusion**

The current review provides an opportunity to improve the coherence and effectiveness of the EU Taxonomy while maintaining its environmental integrity.

LGE therefore encourages the Commission to:

- recognise lifecycle GHG performance where EU methodologies already exist;
- ensure alignment with RED sustainability and verification frameworks;

- avoid excluding renewable liquid gases in buildings, industry and decentralised applications where they deliver verified emissions reductions; and
- simplify compliance pathways by building on existing EU legislation and reducing duplication.

Such an approach would ensure that the Taxonomy reflects real-world decarbonisation pathways, supports technology neutrality, and maintains a high level of environmental ambition.