

PSF Report on the four remaining environmental objectives of the EU taxonomy (Taxo4)

A Eurelectric position paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

investing in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

transforming the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

accelerating the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

embedding sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

innovating to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

Dépôt légal: -

WG Hydro

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KEY MESSAGES

- Eurelectric welcomes the proposal of the Platform on Sustainable Finance to allow the classification of restoration and conservation of habitats as substantially contributing to the biodiversity objective as outlined in chapter 8.2 of the report.
- In our view, any environmental refurbishment at sites related to industrial activity is covered by activity 8.2 “Restoration of biodiversity and ecosystems”.
- In the upcoming delegated act, two principles must be respected. First, the principle of technology neutrality to ensure a level playing field which shall be implied for all electricity generation – no technology shall be excluded. Second, compliance with the overarching regulation to provide a stable regulatory framework to foster investments in sustainable activities. Referencing existing law such as the Water Framework Directive provides clear guidance on environmental standards in the delegated act. However, the reference must be completely in line with existing law and should not exceed its scope.
- Hydropower supports the energy transition by providing renewable energy and storage, as well as flexibility and ancillary services. Additionally, it enables the integration of volatile RES like wind and solar. Thus, hydropower actively counteracts climate change, which remains a considerable threat to biodiversity.
- Furthermore, hydropower can significantly contribute to accelerating and strengthening European energy independence, as well as increasing security of supply – key goals highlighted in the REPowerEU communication by the European Commission.

Activity 3.1 “Environmental refurbishment of facilities that produce electricity from hydropower”

On 30 March, the European Commission’s advisory Platform on Sustainable Finance (PSF) published its final report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy. In general, Eurelectric welcomes the approach of the Platform that considers activities related to hydropower that substantially contribute to climate and biodiversity objectives.

Nevertheless, in our view, activity 3.1 “Environmental refurbishment of facilities that produce electricity from hydropower” is already comprehensively reflected by activity 8.2 “Restoration of biodiversity and ecosystems” (actually 9.2 in the report, but we assume this has been an error). This position is supported by the fact that a clear reference is made to activity 8.2 in terms of the Technical Screening Criteria for activity 3.1. In our opinion, any additional, technology-specific requirements that contain neither solid evidence nor logical argumentation sincerely endanger a level playing field for renewable energy and counteract positive developments related to the Taxonomy’s objectives.

We, therefore, consider it essential to point out that the Technical Screening Criteria do not follow the principles of technology neutrality laid down in the overarching regulation. According to the Treaty on the Functioning of the European Union (TFEU), a delegated act cannot go further than the parent regulation. We therefore strongly recommend a technology-neutral approach and the consideration of existing EU law in order to safeguard the main purpose of the taxonomy.

A closer look at the individual criteria shows that most of the criteria proposed for activity 3.1 clearly miss a sound scientific basis and are not defined as state of the art which would lead to unnecessary implementation hurdles. For example, several of the proposals that were not adopted during the Climate Delegated Act discussions due to a lack of justification are now being reintroduced, still without scientific backing. One example is the restriction that the activity can only be applied to plants larger than 10 MW. However, the effectiveness of environmental refurbishment is independent of plant size or electrical output. Therefore, there is no reason to exclude hydropower plants with a capacity of less than 10 MW as they can provide renewable energy, flexibility, and ancillary services to the power grid, and thus make an important contribution to the objectives of the taxonomy. In addition, new criteria are introduced that also lack scientific basis, such as the requirement to achieve 85% continuity for each migratory species. In this context, we would like to emphasise that hydropower is a highly site-specific, tailor-made technology and it is therefore not possible to generalise the effectiveness of measures without taking local biological and morphological conditions into account.

Based on above mentioned facts, Eurelectric therefore requests the deletion of activity 3.1 “Environmental refurbishment of facilities that produce electricity from hydropower”. This call is further supported by the fact that the Water Framework Directive (WFD) already provides clear guidance on environmental standards that must be fulfilled during refurbishment of, and reinvestment in, hydropower plants. The recommended criteria in the report, though, exceed those of the WFD and risk reducing renewable energy generation and storage. This reveals the lack of coherence between EU energy, environment, and climate policies. However, this issue needs to be resolved particularly against the backdrop of intense geopolitical situation, including the Russian invasion of Ukraine and related energy crisis, incentivising the European Union to accelerate and strengthen its energy independence, as highlighted in the European Commission’s REPowerEU Communication.

In this regard Eurelectric urges the Commission to take into consideration when drafting the new environmental delegated act that hydropower remains an important renewable source of electricity and, as the Climate Delegated Act highlights, one that can contribute substantially to mitigation and adaptation of climate change, which remains a considerable threat to biodiversity. The Environmental Delegated Act shall also be coherent with the recent RepowerEU Action Plan and legislative proposals that call for an even more ambitious EU RES target to which hydropower can contribute, taking into account the proposal for accelerated permitting that define RES (including hydropower) as overriding public interest.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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