

European Commission consultation on delegated regulation

A Eurelectric response 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.

Sustainable finance is a key building block of a European decarbonisation roadmap. To be an integrated part of this strategy, consistency with the EU acquis (i.e. Clean Energy Package when it comes to the energy sector) and the EU long-term decarbonisation objectives should be ensured.

The EU electricity industry is striving to achieve carbon-neutral electricity by 2045 and serve as a solution-maker towards the achievement of the EU climate objectives. **A regulatory framework for Sustainable Finance should catalyse investments in long-term innovation and enable rapid deployment of the best available solution for the decarbonisation, electrification and digitalisation of the economy.**

Therefore, financial benchmarks reflecting environmental, social & governance (ESG) factors are strategic to directing financial and capital flows to green investments, by reflecting the contributions of single technologies to the climate target (providers of flexibility, integration of other RES, climate adaptation and mitigation, etc.) . Indeed, according to our [Decarbonisation Pathways study](#), a significant ramp-up of investments is required to reach 80-95% EU economy decarbonisation before 2050. Around 100 EUR bn average investment will be needed per year from 2020 to 2045.

In this context, the EU electricity industry **supports the EC draft delegated regulation on financial benchmarking and the objective to streamlining the framework of sustainable benchmarks.** Indeed, many companies are currently facing an increasing number of green benchmarks based on different data and standards. The multiplication of available benchmarks and their substantial differences in the methodology and considered criteria make the comparability of ESG standards very difficult. It also conveys a challenging situation when it comes to managing these benchmarks. Thus, streamlining the framework on sustainable benchmarks and disclosure would contribute to aligning, to the extent possible, the existing market practices and indicators.

Considering the above, the delegated regulation on financial benchmarking should take into account the following elements:

- **Consistency within the existing financial framework and reuse of data.** The EC draft delegated relation on financial benchmarking should consider the ongoing revision of the Non-Financial Reporting Directive (NFRD) to ensure consistency in the definition of a regulatory framework for Sustainable Finance. Disclosure requirements under the delegated regulation on financial benchmarking should reflect the information requirements under the NFRD to ensure the reuse of data. In this regard, information becoming mandatory or *de facto* recommended data according to the NFRD should also be the basis for sustainable benchmarks, which would allow companies to provide the same information to fulfil the requirements of the NFRD and the financial benchmarking.
- **Only disclosure of generic ESG information should be mandatory.** Considering that the objective of the delegated regulation on financial benchmarking is to simplify the terminology used, improve the level of comparability among benchmark and provide clarity for investors, the EU electricity industry strongly recommends considering the disclosure of generic information instead of sector-specific information. Indeed, sector-specific data would not be relevant and appropriate for all macro-sectors. In contrast, generic data would cover all types of corporates and sectors, while fulfilling the objective to improve meaningful comparisons between sustainable benchmarks.

- **Unnecessary administrative burden should be avoided.** The administrative costs of financial and non-financial reporting obligations of companies should not increase. In particular, ESG disclosures requirements in the benchmark statement should not add significant additional administrative costs on companies. Indeed, comparability the ESG indicators financial benchmarks should minimize the costs for all (the corporates and the investors), instead of increasing it.

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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