

EU Taxonomy – Review of Climate and Environmental Delegated Acts

A Eurelectric consultation response paper

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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.

It is essential that revisions do not jeopardise the Taxonomy alignment of existing plants and new investments. Revisions should simply improve the usability of the Taxonomy by simplifying and clarifying the current criteria where needed.

On horizontal issues, TSC should be made less detailed, hence more interpretable, also for investors. Some TSC also go beyond the current regulatory environment. As a solution, TSC should directly refer to existing legislation or standards. This would also prevent inconsistencies and be aligned with the simplification agenda.

LCAs are an overly burdensome process. Undertakings should instead be able to demonstrate meeting the Taxonomy criteria through existing data or research findings.

Auditors should not be a source of complication and uncertainty. A proposed solution is to clarify that the auditors' role is to assess how the assessment process is conducted. This would also promote consistency and level playing field among all EU companies.

The EIA process is disproportionate for projects of which the effects will in no case exceed the threshold of significance. We therefore propose to clarify that a screening performed by the installation operator is accepted for demonstrating that the project does not need a full EIA.

We support the ambitious climate targets served by the Taxonomy. But a revision of the emission thresholds while the implementation process is still in progress would undermine the legal certainty needed by companies and investors. If emission threshold requirements are set, they should be justified by rigorous proof of evidence of additional benefits on other objectives.

On hydropower, DNSH criteria are overly specific, and unnecessarily more stringent than those of other water-related activities which simply refer to the Water Framework directive (WFD). We therefore recommend that the DNSH criteria of hydropower be based on adherence to the WFD as implemented in member states. Compliance with the WFD should be sufficient for DNSH alignment under Taxonomy also for pumped-hydropower storage.

Nuclear should no longer be considered as transitional, on the grounds of its contribution to climate change mitigation.

On bioenergy, the activity description should be clarified in line with the purpose of Taxonomy by removing the term "exclusively", which causes interpretative challenges among operators. Also, bioenergy criteria including the GHG emission thresholds should refer to RED.

On distribution grids, the substantial-contribution criteria should be simplified to avoid unnecessary justification and verification burden. For example, the notion of "Infrastructure dedicated to [...] a power production plan" should be clarified as electricity system operators are neutral market facilitators not discriminating among customers. In keeping with our above point on linking criteria to existing legislation, the requirement not to use PCBs could be clarified vis-à-vis of national limits.

On electric heat pumps, keeping the criteria in 4.16 is essential for district heating. A possible streamlining of the criteria must not have a negative impact on large scale district heating. Also keeping the criteria in 4.25. Production of heat/cool using waste heat is important.

The Taxonomy recognises the important contribution to climate mitigation of natural gas as a transitional solution towards decarbonised gas-fired power plants operated on renewable and low-carbon gases. It should however be acknowledged that the ramp-up of hydrogen

and renewable gases has not materialised yet as projected, putting pressure on the sunset clause. In this regard, it may be needed to conduct a thorough reality check of the prerequisites to reconcile security of supply, decarbonisation pathway and the sunset clause on natural gas.

More details are provided in the support annex, also including our proposal of electric boilers as a Taxonomy-eligible activity.

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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