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Sustainable Finance Disclosure Regulation (SFDR)

A Eurelectric consultation response paper

April 2026

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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.

WG Sustainable Finance
Markets & Investments Committee

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Eurelectric supports the Commission’s work to enhance the usability of the Sustainable Finance Disclosure Regulation (SFDR). Towards this end, we wish to contribute targeted recommendations to improve the new SFDR proposal.

The Transition category of the SFDR (Art.7) should follow the principle that companies engaged in the clean transition should be enabled to receive investors’ money for it, even if they still have natural-gas activities. In fact, excluding these companies from clean investments would have the opposite effect of locking in carbon-intensive assets.

The first step towards this principle is that SFDR should ensure maximum consistency with the other EU sustainable finance frameworks, namely, the Corporate Sustainability Reporting Directive, the ESMA fund naming guidelines, the Benchmark Regulation, EU Taxonomy and the European green bond standard.

Hence, EU green bonds should be classified as sustainable, regardless of the issuer. Issuer-level exclusions would unintentionally prevent investment in Taxonomy-aligned activities, especially use-of-proceeds instruments. The proposed exclusions risk disqualifying issuers with minor or regulated fossil-related activities, even when their EU green bonds directly finance transition projects.

Moreover, the Transition category does not need to go beyond references to the exclusions for EU Paris-aligned Benchmarks under Art.7(1)(b), which are already conceived to steer investments towards the clean transition. Specifically, the blanket exemptions for natural gas under Art.7(1)(c)(i) would constitute a diverging element in SFDR, creating regulatory fragmentation and exposing transition-engaged companies to unnecessary uncertainty.

In particular, exclusion on the grounds of “distribution” activities may cause collateral damage as DSOs have a legally binding obligation to connect new customers to the existing gas grid. The current prescriptive criteria would therefore exclude any gas DSO from the Transition category, even if it seeks to invest in Taxonomy-aligned activities, such as projects of new green H2 infrastructure. There should be no exclusion either on account of actions mandated by national governments and/or the EU for security requirements.

We also call for removing ambiguity by clarifying that “gaseous fuels” refers to fossil gas, or this may inadvertently slow or prevent the uptake of renewable and low-carbon alternatives. In the same spirit, also heat generation from coal or lignite should be excluded, not just power generation.

In addition to EU green bonds, other instruments issued in keeping with ICMA Principles and the new Climate Transition Bond Guidelines should be admitted. These instruments should be paired with credible transition trajectories. This would enable an internationally interoperable framework consistent with the EU market practice, avoid regulatory fragmentation and add to the credibility of the transition without increasing red tape.

These recommendations aim at serving the main function of SFDR, i.e., not allowing investments in nonTaxonomy-aligned projects, by excluding projects and not the companies doing the projects.

Some final remarks towards implementation: given that scope reductions do not require an implementation period, we propose that the exclusion of portfolio management and advisory services from the new SFDR scope take effect immediately upon the Regulation's entry into force, rather than after 18 months; it would also be important that the Commission commence the work on Level 2 technical and operational rules, to help stakeholders understand the new regime and provide informed feedback.

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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EU Transparency Register number: 4271427696-87