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Finnish Energy Response to the Public Consultation on the Revision of the EU Taxonomy Delegated Acts

We support Commission's proposal that for large companies within the future scope of CSRD (over 1,000 employees) with a net turnover up to €450 million, taxonomy reporting would be voluntary in the future. The taxonomy was originally intended as a voluntary framework designed to flexibly support the information needs of financiers and investors, thereby guiding investments towards more sustainable options.

We support increasing flexibility and the principle of materiality in the taxonomy and therefore endorse the Commission's proposal to introduce materiality thresholds, especially the 10% de minimis threshold. However, we believe that OpEx KPI reporting should be voluntary for all companies. We believe that EU Taxonomy indicators to disclose taxonomy alignment should be analyzed on their merits. The OpEx KPI is hardly relevant for investors and not cogent in steering the transition but instead imposes a significant reporting burden on companies. This is particularly evident in the power sector, which is a highly CapEx-intensive industry.

We support simplifying reporting requirements and reducing data requirements in general reporting templates, as well as removing redundant templates for fossil gas and nuclear energy. To maintain flexibility in reporting, the proposed modified reporting templates should not be mandatory for companies. There should be specific disclosure requirements that are mandatory, but the reporting format should be flexible.

It is positive that DNSH criteria are being simplified. However, in reviewing the DNSH criteria, it is essential to ensure fair competition conditions for companies across different Member States. The criteria must be technology neutral and should be based on existing legislation. The Commission's proposed amendments to Appendix C are a step in the right direction, and both options help clarify the criteria, with Option 1 potentially providing even greater clarity. The review of the DNSH criteria should take place transparently and in collaboration with relevant industrial sectors.

When any simplifications to the taxonomy criteria are made, it must also be ensured that the changes don't make requirements stricter, i.e. the simplifications shouldn't have a negative impact on the current taxonomy alignments that companies have reported.

The Sustainable Finance Platform has been working on updating the taxonomy's climate criteria simultaneously with the Commission's Omnibus initiative. We support the overall objectives of the taxonomy and ambitious climate targets, but it should be noted that the changes proposed by the Platform are in contradiction with the Omnibus initiative. We do not support tightening the substantial contribution thresholds (gCO₂e/kWh emission limit or GHG emission savings target for bioenergy) when the implementation process is still in progress and we find a linear reduction of the current

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thresholds problematic. At this stage, the focus should be on ensuring that the existing criteria are properly understood and correctly applied by different stakeholders (interpretation challenges are significant) so that the taxonomy can be implemented effectively and fulfill its intended purpose. The Commission aims to enhance the taxonomy's usability and clarity, and tightening thresholds would not support this goal. The Platform's proposal is overly complex, adding an unnecessary administrative burden on companies that have just adapted to current criteria. Stricter thresholds could hinder investments, slowing the transition to climate neutrality and increasing costs. Moreover, the proposal contradicts the Commission's objectives of boosting economic competitiveness and the Omnibus initiative. Any review of the Climate Delegated Act should first assess the impact of current thresholds before considering stricter criteria.

Finally, the delegated acts must be adopted early enough, companies should have enough time to adapt to the new legislation.

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