



## **EFIEES' Feedback to the Taxonomy Consultation**

### ***in view of first delegated act on climate change mitigation and adaptation***

Brussels, 27<sup>th</sup> April 2020

EFIEES, the **European Federation of Intelligent Energy Efficiency Services**, is the voice of energy service companies (ESCOs) and their national associations in 12 EU Member States. Our members represent over 130.000 professionals engaged in the design and implementation of energy-efficiency solutions in public and private buildings as well as industrial facilities. In some countries, they operate district heating & cooling networks.

We welcome the Regulation on Sustainable Finance as agreed in December 2019 and the latest TEG Report of March 2020, proposing updated technical screening criteria for climate change mitigation and adaptation.

The process conducted by the TEG over the past two years, in which EFIEES has been actively engaging, has resulted in a report that will constitute the basis of the first delegated act supplementing the Regulation. To guarantee its success and effectiveness, **we feel that a number of key issues still need to be better addressed and further clarified.**

We would hence put forward the following remarks and recommendations, notably with respect to **activities substantially contributing to climate change mitigation**:

1. We understand that **activities that are compliant with the thresholds required by the Taxonomy** at time when they are evaluated as eligible, **can be considered as environmentally sustainable throughout their life-time.** This point should be explained and stated in a clearer way, as a key element to provide companies and investors with the necessary stability and certainty they need.
2. The Taxonomy was initially conceived just as a tool for financial market participants. The extension of the Taxonomy obligations to companies, notably in terms of non-financial reporting (NFR), risks to penalise early movers that put in place activities which were considered as environmentally sustainable before the Taxonomy was established (e.g. by national support schemes or programmes), but which currently fail to meet the thresholds.

In order to avoid penalising companies that started early actions, with assets to be reported for long years in NFR, **it is crucial to consider and explore the possibilities to set up an ad-hoc 'inclusion' regime for sustainable activities implemented a few years before the entry into force of the Taxonomy, which however fail to meet the relevant Taxonomy-thresholds,** while still considerably contributing to climate change mitigation.

3. The **Heating & Cooling (H&C) sector**, representing about half of the EU energy consumption and where decarbonisation efforts are particularly challenging, is now addressed in the final TEG report in a way that reflects that **thermal solutions can effectively lead to decarbonising this sector and hence fully support a carbon neutral economy**. Nevertheless, some adjustments still need to be done in the Taxonomy, **by making eligible a number of energy efficiency solutions, both for H&C production and distribution, and allowing for full eligibility of waste heat recovery from any origin and for any user**.
4. More generally, **the impact of metrics and thresholds recently revised by the TEG, based on feedback from 2019, should be evaluated and adapted so that the Taxonomy could fulfil its role as an incentive for mobilising green investments, even in the post-Covid-19 economic context**. For the Taxonomy to mobilise investments in a far less favourable situation, the EU legislator must carefully assess the level of ambition and adapt the first necessary steps to the new economic situation.
5. **We welcome the inclusion of energy efficiency services, such as energy management and energy performance contracts, among the eligible professional services in buildings** and we strongly recommend their further inclusion, which should also cover **industry**, in the forthcoming delegated act.
6. In setting technical criteria for climate change mitigation, we finally recommend the application of **“Energy Efficiency First”** as the guiding principle for emissions’ reduction.