



European Federation of Intelligent Energy Efficiency Services

Mairead McGuinness, Commissioner for Financial Services, Financial Stability and Capital Markets Union
Kadri Simson, Commissioner for Energy

Brussels, 15 April 2021

EFIEES' Reaction to the Latest Draft Delegated Act on Sustainable Finance (Taxonomy)

Dear Commissioners,

EFIEES, the **European Federation of Intelligent Energy Efficiency Services**, has actively engaged in the process leading to the establishment of an EU-wide classification of sustainable activities, the EU Taxonomy, and it welcomes the significant improvements that should be introduced in the Delegated Act (DA) on Climate Change Mitigation and Adaptation.

As representatives of the energy services' sector, hence promoters of energy management solutions allowing to improve and keep energy performance over time (such as Energy Performance Contracts, EnPCs), **we are particularly pleased to see that the future DA will confirm the inclusion of a specific category of activities, covering key energy efficiency services in buildings: "Professional services related to energy performance of buildings" (Section 9.2).**

We also welcome the revision of some important provisions in the energy section, such as those relating to **bioenergy**, which is no longer considered as a transitional activity, and the confirmation of **criteria previously developed for thermal energy storage, district heating & cooling, heat and cool production from waste heat.**

However, **we believe that some issues still need to be better addressed by the DA, to ensure a full and complete application of the Energy Efficiency First principle across all sectors and in some critical activities, such as energy generation.** For this to happen, the list of eligible activities for climate change mitigation and their relevant technical screening criteria (in Annex I to the DA) should be reviewed, in order to integrate and reflect the following elements:

➤ **Energy Efficiency First should be fully recognised and applied to Industry.**

While the inclusion of the already mentioned section "*Professional services related to energy performance of buildings*" represents an important step forward to acknowledge the role of effective energy management in delivering actual and long-lasting energy savings in buildings, **we urge the Commission to fully ensure that energy management will also benefit the industrial sector**, in which Energy Service Companies (ESCOs) and their result-oriented solutions, such as EnPCs, have a high potential for efficiency and decarbonisation. We therefore recommend the **inclusion, in the *Manufacturing* section, of a new correspondent category of activities, encompassing "*Professional services related to energy performance in industry*".**

➤ **Energy Efficiency First should be prioritised and applied to the ICT sector too.**

A similar approach should also be taken in relation to the ICT sector, particularly data centers, which equally need to become more efficient and where effective energy management can help identify and

implement measures to optimise energy consumption in the long-term, reduce energy losses and facilitate energy recovery, where needed. **Technical screening criteria developed for “Data processing, hosting and related activities” should thus also include a specific reference to energy management services.**

➤ **Energy Efficiency First should be reflected in the criteria for energy generation activities.**

While fuel switching has an immediate impact on decarbonisation, especially when replacing solid or liquid fuel, consideration should nevertheless be given to activities that generate a significant efficiency improvement in gas generation, as long as the resulting level of emission and their economic lifetime are compatible with the 2050 decarbonisation roadmap.

Finally, as additional remarks on the overall functioning of the Taxonomy, we would like to reiterate that:

- To provide for the necessary certainty and stability to companies and investors, it is crucial to clarify that **activities that are compliant with the relevant technical screening criteria at the time they are evaluated, can be considered as Taxonomy-eligible throughout the economic lifetime of the related asset, with regard to financial and non-financial reporting rules.**
- To make the Taxonomy a really inclusive tool supporting the energy transition, it is essential to ensure that activities which in the past few years have been promoted or even supported in European policies considering their environmental contribution, **will remain considered as sustainable, also within the Taxonomy framework, even if they do not necessarily meet new specific thresholds that were or will be adopted after the deployment of a given investment or asset, for the duration of their residual economic lifetime .**

We hope our messages will be useful in view of the final revisions and finetuning of the DA and its annexes. We remain at your full disposal for any further clarification.

Yours sincerely,



Pascal Guillaume, EFIEES' President