

Dear,

Commissioner Maria Luís Albuquerque
Commissioner Jessica Roswall
Commissioner Dan Jørgensen
Director-General John Berrigan
Director-General Eric Mamer
Director-General Céline Gauer

04.06.2026

Concerns regarding the status of hydropower in the EU taxonomy

On behalf of the Confederation of Swedish Enterprise (SN), the Movement of the Enterprises of France, the Confederation of Norwegian Enterprise (NHO), Renewables Norway, the Federation of Norwegian Industry and Finance Norway and Swedenergy-Energiföretagen, we would like to address an issue with great concern to us, the status of hydropower in the EU taxonomy.

The EU taxonomy aims to guide and enable investments towards more sustainable activities. However, both the current provisions as well as the draft revision of the Environmental Delegated Act risk having adverse consequences for hydropower. This particularly concerns how the taxonomy demands more stringent criteria than the Water Framework Directive (WFD). The WFD is designed to ensure that environmental measures are proportionate and cost-effective, including through derogations where appropriate. The derogations in the WFD include so-called less stringent objectives (LSO), in line with the objectives of good ecological status and good ecological potential. LSOs can only be used if stringent conditions are met. Use of LSOs are allowed where all practicable steps are taken to mitigate the adverse impact on the status of the body of water and the reasons for those modifications or alterations are of overriding public interest.

However, the proposed revision does not take into account these LSOs and introduces additional requirements which are not aligned with the WFD. Therefore, if the proposed amendments to the criteria for hydropower are adopted in the DNSH-3 criteria, a substantial share of European hydropower production risk not fulfilling the criteria.

This may have consequences both for future investments, hydropower's reputation as an important clean energy source in Europe and Europe's climate objectives.

In a time where Europe strives for increased energy independence, it is more important than ever to mobilise investments for an accelerated energy transition. Moreover, with an increasing share of renewable energy such as solar and wind in the European energy mix, the importance of hydropower and balancing power for flexibility is increasing.

Hydropower is a competitively priced, dispatchable technology of strategic interest for energy independence and the competitiveness of Europe, currently supplying 12 percent of the EU's electricity production and around 90 percent of electricity production in Norway.

Markets increasingly use the taxonomy as a baseline framework for where capital can safely flow. In the taxonomy delegated act, the objective is clear: Reduce GHG emissions. The “*do no significant harm*” criteria should therefore function as a baseline safeguard, not as a second, overly restrictive gold standard, which companies cannot reach on a voluntary basis, due to strict regulations in water management.

If interpreted too strictly, the taxonomy could therefore unintentionally exclude well-established, low-carbon assets such as European hydropower, which directly undermines its core purpose. Moreover, the current approach risks cutting across the logic of the Water Framework Directive. The WFD is designed to ensure that environmental measures are proportionate and cost-effective, including through derogations where appropriate. Investors see the taxonomy as a tool to identify activities and projects that contribute to the European climate and environmental goals. Ignoring this balance could lead to misallocation of resources, including for capital that would otherwise contribute more effectively to decarbonisation elsewhere.

Consequently, there is a strong case for further simplification of the Taxonomy criteria for hydropower. Our position is that hydropower activities in compliance with the Water Framework Directive should be considered Taxonomy-aligned and compliant.

Our proposal is therefore to only retain the first paragraph of the current criteria:

“The activity complies with the provisions of Directive 2000/60/EC, in particular with all the requirements laid down in Article 4 of the Directive.”

This change does not aim to weaken the environmental ambitions of the Taxonomy, but to remove unjustified and time-consuming barriers to investments in hydropower.

We understand that you are approaching a decision on amendments of the Taxonomy criteria, and we would therefore ask you to consider this matter carefully.

On behalf of,

