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## FORTUM'S FEEDBACK ON THE REVISION OF THE TAXONOMY CLIMATE DELEGATED ACT

### General comments/feedback

Fortum appreciates the work done by the Commission to streamline the taxonomy criteria. We strongly support the goal of the revision to make the framework simpler and easier to use. Fortum agrees with the conclusion that the EU Taxonomy Regulation is a cornerstone of the EU's sustainable finance framework, steering investments towards sustainable projects.

It's essential that the revision doesn't jeopardize the taxonomy alignment of existing plants and new investments but rather improves the usability of the taxonomy by simplifying and clarifying the current criteria where this is needed. The changes should support the competitiveness and simplification agenda of the Commission.

The usability of the taxonomy criteria can be improved by linking the criteria to existing regulations and ensuring that the criteria aren't too detailed. The more detailed the criteria without direct connection to existing regulation, the harder it is to create a coherent concept for different stakeholders, such as investors. Undertakings should be able to meet the taxonomy criteria with the help of existing data or research findings.

If an undertaking has done the taxonomy assessment systematically and provided evidence, this should be enough and sufficient for the auditors, limiting their role to verifying that the assessment process has been conducted consistently. It is important that those responsible for overseeing the auditors, give instructions for the auditors regarding this.

**Fortum mainly supports the proposals by the Commission, however, we still see that certain amendments would improve the usability of the criteria and the alignment with existing legislation.** There are especially certain DNSH criteria where the requirements go beyond the current regulatory environment and thus cannot be translated into operational assessment. More details of our proposals can be found in the activity-specific comments.

**We strongly support the proposal not to change the emission thresholds.** It wouldn't be appropriate to make changes to the thresholds when the implementation process is still in progress. Companies have set up their evaluations and reporting practices, changes to the thresholds would add the reporting burden and would therefore be against the simplification agenda.

### Comments to the generic criteria

In appendix D, Generic criteria for DNSH to protection and restoration of biodiversity and ecosystems, there is a new proposal that for sites/operations likely to have a significant negative impact on biodiversity-sensitive areas, activities that require compensatory measures to offset significant negative impacts on habitats or species identified in the assessment do not comply with Appendix D. **This new criterion could have a significant negative impact on new investments and the green transition.** It could also set a negative precedent for the acceptance of compensation measures in other contexts. **We therefore propose to remove this addition.**

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## Activity-specific comments/feedback

### 4.5. Electricity Generation from Hydropower

We appreciate the work done by the Commission to streamline the criteria for hydropower. We mainly support the proposed amendments, however, we still propose some amendments that in our view would streamline the criteria further and ensure alignment with existing legislation.

For hydropower, as for other technologies, it's very important that the revision doesn't jeopardize the taxonomy alignment of existing plants and new investments.

We also find it important that clarifications in the FAQs aren't moved to the criteria, and that FAQs aren't used to make the criteria more detailed. This would make the usability of the criteria more complex.

**We support the conclusion in recital 24 of the draft delegated act**, that given that the Water Framework Directive provides robust safeguards for hydropower activities, the DNSH criteria should be simplified and aligned with those safeguards.

The PEF recommendation requirement in the proposed technical screening criteria for the LCA is stricter than in the current criteria, that also referred to ISO standards. We find it important that already conducted LCAs according to e.g. ISO standards, are accepted. **To clarify this, the criteria should state that LCAs conducted in accordance with the current delegated act before the entry into force of the revised delegated act, are acceptable.**

In the subsection 'Do no significant harm ('DNSH')', point (3), Sustainable use and protection of water and marine, **we support the simplified proposal in criterion 1, however, we propose to add a clarification to the criteria:**

*1. The activity complies with the achievement of good status or good ecological potential of water bodies in the sense of Directive 2000/60/EC **as implemented by Member States.***

Justification: The safeguards for hydropower activities mentioned in recital 24 and how they are implemented/used in Member States should be taken into account. Compliance should be assessed against the water body specific objectives that are legally applicable under national implementation of the Water Framework Directive, as reflected in the relevant river basin management plans.

In the subsection 'Do no significant harm ('DNSH')', point (3), **we support the simplified criteria for new facilities in criterion 2, however, we propose to add "where relevant" to the following sentence, in line with the current criteria.**

*2. For new electricity generation facilities, this implies demonstration that a prior assessment has been carried out and that a permit has been granted further to justification in accordance with Article 4(7) of the Directive 2000/60/EC where relevant. This implies that, **where relevant**, continuity restoration is carried out within the same river basin district to compensate for the disruption and avoid an increased fragmentation of water bodies in that district. This compensation starts prior to the execution of the project. The facility does not permanently compromise the achievement of good status/potential in any of the water bodies in the same river basin district.*

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In the subsection ‘Do no significant harm (‘DNSH’), point (3), criterion 3, we agree with the proposal to refer to the permit and authorisation process, that defines the relevant measures needed. However, since every water body is unique, the needed measures should be defined case by case in the permit/authorisation. A detailed list of measures would go beyond the requirements of the Water Framework Directive and should therefore not be included in the criteria. We therefore propose to delete the last part of the proposal.

*3. For both existing and new electricity generation facilities, the activity is subject to, and controlled through, an authorisation or permit which sets out how to make it compliant with the achievement of the environmental objectives of good status or good ecological potential in the sense of Directive 2000/60/ EC of the specific water body it relates to.*

*The authorisation or permit requires the implementation of all technically feasible and ecologically relevant mitigation measures to reduce adverse impacts on water bodies as well as on protected habitats and species directly dependent on water.*

*~~Where relevant and depending on the ecosystems naturally present in the affected water bodies, this includes measures to:~~*  
*~~(a) ensure downstream and upstream fish migration;~~*  
*~~(b) ensure measures to achieve ecological flow or good ecological potential flow;~~*  
*~~(c) protect or enhance habitats.~~*

#### Nuclear energy activities 4.26, 4.27, 4.28

The PEF recommendation requirement for the LCA is stricter than in the current criteria, that also referred to ISO standards. We find it important that already conducted LCAs according to e.g. ISO standards, are accepted. **To clarify this, the criteria should state that LCAs conducted in accordance with the current delegated act, and before the entry into force of the revised delegated act, are acceptable.**

It should be ensured that possible changes to the nuclear taxonomy criteria don’t open a political debate on the inclusion of nuclear in the taxonomy. **We therefore agree with the proposal not to make any major changes to the nuclear criteria. However, we consider that certain adjustments would improve the usability and would therefore be warranted.**

- **Ideally, the transitional status of nuclear should be removed. Since we understand that this might be a more difficult issue to solve, we propose, as an interim solution, to prolong the sunset clauses from 2040 (modification of existing plants) and 2045 (new build projects) [by 20 years].**
- **We support adding flexibility to the deadline of the current criteria that the Member State must have a documented plan with detailed steps to have in operation, by 2050, a disposal facility for high-level radioactive waste.**
- **The Accident Tolerant Fuel (ATF) criteria should be removed and instead there should be a reference to the use of best available technologies.**

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#### 4.10. Storage of electricity

In case of using batteries as electricity storage, the proposal introduces a new requirement that those batteries comply with the technical screening criteria specified in section 3.4 of Annex I. We find the proposal highly problematic, since the technical screening criteria for the activity Manufacture of batteries aren't fit for purpose for large scale energy storage facilities. The proposed requirement would complicate the deployment of new energy storage solutions. It would also create legal uncertainty, especially for already installed equipment. We propose to remove this additional provision.

#### 4.16. Installation and operation of electric heat pumps (linked to 4.25)

The streamlining of the criteria for heat pumps by deleting activity 4.16, would exclude the operation of electric heat pumps from the taxonomy, since 4.16 is the only activity that includes the large-scale operation of electric heat pumps. This would have a very negative impact on district heating, and was not, to our understanding, the intention of the Commission.

**We propose to add the “Operation of electric heat pumps” to activity 4.25. (Production of heat/cool using waste heat) or alternatively reinstate activity 4.16 (including only the “Operation of electric heat pumps” in that activity).**

#### 4.20. Cogeneration of heat/cool and power from bioenergy

The wording “Simultaneous production of electricity and heating and cooling in cogeneration” in the biomass criteria is unclear. It would suggest that all three (electricity, heat, cooling) must be produced at the same time, which certainly can't be the intention with the proposal. **We propose to keep the current wording “Cogeneration of heat/cool and power from bioenergy”. It should also be clarified that the phases of pure condensing power production or pure heat production at CHP plants are still included in activity 4.20.**

#### GHG emission criteria for certain renewable energy activities (4.1, 4.2, 4.17 and 4.21)

**We support the decision not to propose life cycle SC threshold to other renewable energy activities including wind power and solar PV.**

#### Fossil gaseous fuels related activities 4.29, 4.30, 4.31

We agree with the proposal not to make any changes to the transitional status/period of the fossil fuel natural gas.

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Heat generation in electrical boilers

**We propose including the operation of electrical boilers for heat production in the climate change mitigation criteria. This could be done by adding the following description to the activity 4.11. Storage of thermal energy.**

- **“The activity includes the operation of electrical boilers for heat production.”**

Electric boilers reduce emissions in district heating and industrial steam production, particularly by supporting energy system flexibility and using low-carbon electricity.

**For additional information:** Fredrik Blomfelt, Senior Manager, ESG, Fortum Corporate Public Affairs, [fredrik.blomfelt@fortum.com](mailto:fredrik.blomfelt@fortum.com)