

Politics & Society

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Swedenergy is a non-profit industry and special interest organisation for companies that supply, distribute, sell, and store energy – mainly electricity, heating, and cooling. Swedenergy monitors and promotes the interests of its members and the Swedish energy sector. We gather nearly 500 companies, which include state-owned, municipal, and private companies, as well as associations within the energy sector.

Swedenergy's view on the proposed revisions to the EU Taxonomy criteria for hydropower (activity 4.5)

Swedenergy welcomes the intention to simplify the DNSH criteria for hydropower and align them with the WFD's robust safeguards (recital 24). The new criteria should focus on compliance with WFD obligations and permitting processes, rather than status outcomes beyond operators' control, and avoid adding complexity or legal uncertainty that could undermine existing and new hydropower investments.

Key message

- Life-cycle assessments conducted in accordance with recognised ISO standards should remain acceptable alongside PEF to ensure continuity, comparability and investment predictability.
- DNSH criteria should be based on compliance with Water Framework Directive obligations and permitting processes, rather than on achievement of ecological status outcomes beyond operators' control.
- Lawful outcomes under the WFD, including less stringent environmental objectives, should be considered taxonomy aligned.
- DNSH criteria should explicitly recognise that WFD safeguards are implemented through national permitting and river basin management frameworks.
- Basin-wide compensation and district-level non-compromise requirements go beyond the conditional and case-specific logic of Article 4(7) WFD.
- Mitigation measures must remain site-specific and permit-based; prescriptive lists in the taxonomy would undermine the Directive's flexibility.

The considerations outlined above are further developed in the sections below, following the same structure and providing additional detail.

Keep ISO-based LCAs

The proposed requirement to conduct life-cycle assessments exclusively in accordance with the Product Environmental Footprint (PEF) methodology is more restrictive than the current criteria, which also refer to recognised ISO standards. To safeguard regulatory continuity and investment predictability, LCAs carried out in accordance with ISO standards should remain acceptable for demonstrating taxonomy alignment.

Concerns with shifting from provision-based compliance to status-based achievement

Under the current taxonomy, compliance is assessed against adherence to WFD provisions, notably Article 4 [1], whereas the proposed new wording shifts towards an achievement-based requirement linked to good status or good ecological potential [2]. This raises two concerns:

- 1 An achievement-based approach risks holding individual hydropower activities accountable for environmental outcomes driven by multiple pressures beyond the control of a single operator, including diffuse pollution, historical modifications and other sectoral impacts, which is inconsistent with the WFD's river-basin-based governance logic [3].
- 2 The proposed shift raises questions whether water bodies lawfully subject to less stringent environmental objectives under Article 4(5) WFD can be considered taxonomy aligned. This would go beyond the WFD's own safeguards and undermine the stated objective of simplification and alignment [3] [4].

Clarification on national implementation needed

To reflect how WFD safeguards are operationalised in practice, DNSH-3 criterion 1 should explicitly recognise national implementation. We therefore propose the following addition:

“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.”

This clarification is consistent with recital 24 and acknowledges that compliance is assessed through national permitting and river basin management processes.

More realistic compliance for existing hydropower

For existing hydropower installations, the proposal introduces a potentially positive clarification by focusing on whether the activity is subject to, and controlled through, an authorisation or permit setting out how it is to become compliant with environmental objectives. This better reflects regulatory realities in Member States with ongoing modernisation and review processes.

Disproportionate requirements for new hydropower

The proposed criteria for new hydropower combine additional obligations with references to Article 4(7) WFD. Since not all new projects require a derogation under

Article 4(7), references to that provision should consistently be limited to cases where it is relevant.

Furthermore, the requirement that continuity restoration measures be implemented within the same river basin district to compensate for fragmentation, starting prior to project execution, as well as the requirement that the activity must not permanently compromise the achievement of good status or potential in any water body within the same district, raise several concerns:

- Basin-level compensation requirements are disproportionate and difficult to operationalise, particularly in large and heterogeneous districts.
- References to “any water body” within the district are overly broad and risk creating an unworkable compliance standard.
- The mandatory nature of compensation measures appears to go further than the conditional and case-specific logic of Article 4(7) WFD.

Avoid prescriptive mitigation measures

While the reference to authorisation and permitting processes in DNSH 3 criterion 3 is welcome, the taxonomy should refrain from prescribing detailed lists of mitigation measures. The measures required to protect ecological status or potential vary between water bodies and must be determined on a site-specific basis through permitting under the WFD. Hence, the last part of the proposal should be deleted:

~~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.~~

References

- [1] European Commission, “Commission Delegated Regulation (EU) 2021/2139,” 4 June 2021.
- [2] European Commission, “Draft Commission Delegated Regulation (EU) amending Delegated Regulation (EU) 2021/2139 as regards enhancing the usability of the technical screening criteria - Annex 1,” 17 March 2026.
- [3] “Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy”.
- [4] European Commission, “Draft Commission Delegated Regulation amending Commission Delegated Regulation (EU) 2021/2139,” 17 March 2026.