

The Swedish Installation Federation's comments on the draft delegated regulation 2020/852 on Sustainable Finance - EU Classification System for Green Investments

General comments

We welcome the opportunity to express our views on the Draft Delegated Regulation on Sustainable Finance – EU classification system for green investments. The installation sector has an important role to play in the race towards a decarbonised European economy by 2050.

We wish to bring to your attention that the Taxonomy is failing to deliver on its promise. It is almost contradicting the important objectives of the EU Green Deal and the Renovation Wave Strategy. The regulation also lack technology-neutrality and we urge the adoption of technology-neutral criteria for all renewables to ensure a cost-effective path to carbon neutrality and well-functioning markets.

We would like to take this opportunity to share our specific comments on the Technical Screening Criteria (TSC) and Do No Significant Harm Criteria (DNSH) on specified topics.

- **3.4. Manufacture of energy efficiency equipment for buildings:** We urge the Platform on Sustainable Finance to regularly revise the list of energy equipment to ensure that new technology and equipment is included. This is necessary in order to promote innovation and new technology.
- **4.5. Electricity generation from hydropower:** We strongly recommend that the Taxonomy refer to the Water Framework Directive. Hydropower is an important renewable energy, not the least to balance the power system and enable the integration of other renewable electricity sources in a sustainable and cost-effective way.
- **4.8., 4.20., 4.24. Electricity, heating and cooling generation from bioenergy:** We propose that the criteria for bioenergy are in line with the Renewable Energy Directive (RED). Going beyond the RED and listing bioenergy as a transitional activity hampers research and development in the sector and Europe's transition to a green economy where bioenergy plays a major role.
- **7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings:** We encourage the Commission to include criteria on the 'smart readiness indicator' (SRI). By including the indicator, the activity will extend to assessing a building's ability to adapt to advanced technologies in terms of its performance capacity and energy flexibility.
- **7.6. Installation, maintenance and repair of renewable energy technologies:** We strongly encourage the Commission to include bioenergy systems in this activity. Bioenergy is vital for a green economy.
- **7.7. Acquisition and ownership of buildings:** We encourage the Commission to create a harmonized method across the Member States, to be able to prove which buildings are the top 15% of the local stock. We suggest that you follow TEGs recommendations. With a criterion on ownership and acquisition of existing buildings which is too strict, the Taxonomy will become counterproductive and hinder investments in energy efficiency of existing buildings.

3.4. Manufacture of energy efficiency equipment for buildings

Why problematic:

By specifying which technology and equipment is included the Commission risks excluding certain important equipment. Further, it may hamper innovation and new technology.

Suggested alternative

We urge the Platform on Sustainable Finance to regularly revise the list of energy equipment to ensure that new technology and equipment is included. Further we encourage the Commission to add “flow and volume metering under “(n) products for heat metering and thermostatic controls for individual homes connected to district heating systems and individual flats connected to central heating systems serving a whole building. We also urge the Commission to ensure that all sort of equipment for heat exchange is included in the list of equipment. This includes for example facade solutions with integrated ventilation ducts, heating of buildings in combination with heat storage in the framing etc.

4.5. Electricity generation from hydropower

Why problematic

Hydropower is an important renewable energy source in Northern Europe, not the least to balance the power system, which in turn is important to be able to integrate other renewable electricity sources, such as wind and solar power, in the Northern European power system in a sustainable and cost effective way. By extending the criteria on DNSH for “Sustainable use and protection of water and marine resources” beyond the Water Framework Directive (WFD), the Commission does not utilize the work done by the Member States in the hydropower sector to best balance local environmental values with hydropower’s potential to support the energy system transformation and electrification.

Suggested alternative

We strongly urge that the specific requirements listed under (3) “Sustainable use and protection of water and marine resources”, are removed and replaced by a reference to the WFD.

4.8. Electricity generation from bioenergy, 4.20. Cogeneration of heat/cool and power from bioenergy, 4.24. Production of heat/cool from bioenergy

Why problematic

Going beyond the RED Directive and listing Bioenergy as a transitional activity hampers Europe’s transition to a green economy where bioenergy plays a major role.

We also oppose bioenergy being listed as a transitional activity. This will for example hamper research and development in the sector which is crucial for a green transition.

Suggested alternative

We propose that the criteria for bioenergy under activity 4.8. Electricity generation from bioenergy, 4.20. Cogeneration of heat/cool and power from bioenergy and 4.24. Production of heat/cool from bioenergy are in line with the RED Directive. This means that, in line with Article 29.10 in the RED Directive, the criteria should be: “The greenhouse gas emission savings from the use of biofuels, bioliquids and biomass fuels taken into account for the purposes referred to in paragraph 1 shall be at least 70 % for electricity, heating and cooling production from biomass fuels used in installations starting operation from 1 January 2021 until 31 December 2025, and 80 % for installations starting operation from 1 January 2026.”. Further, all plants below 20 MW should be exempted in line with the RED Directive.

7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Why problematic

In addition to the PED, incorporating smart technologies and ICT in buildings can have many benefits, including better energy performance. By including the ‘smart readiness indicator’,

developed by the Commission, in the criteria, the activity will extend to assessing a building's ability to adapt to advanced technologies in terms of its performance capacity and energy flexibility.

Suggested alternative

We encourage the Commission to include criteria on the 'smart readiness indicator' in this activity.

7.6. Installation, maintenance and repair of renewable energy technologies

Why problematic

Bioenergy is an important renewable energy which is vital for a green economy. See comments under Activity 4.8

Suggested alternative

We strongly encourage the Commission to include installation, maintenance and repair of bioenergy systems and the ancillary technical equipment in this activity.

7.7. Acquisition and ownership of buildings

Why problematic

The criterion on acquisition and ownership of buildings (EPC class A) is set too high in the context of many European countries. For example, according to Boverket (National Board of Housing, Building and Planning), only 1-2% of Swedish buildings can meet this criterion. Further, there can be differences between the classifications of buildings within a country depending on when the energy performance certificate was issued.

With a criterion on ownership and acquisition of existing buildings which is too strict, the Taxonomy will become counterproductive and hinder investments in energy efficiency of existing buildings. Instead it will incentivize and steer capital towards building new properties which with a lifecycle perspective is not in line with the environmental objective. A criterion which takes the national building stock in consideration and aims for top 15% of the building stock is crucial for ensuring that sustainable investments in existing buildings are incentivized in all EU Member States.

Suggested alternative

We encourage the Commission to create a harmonized method across the Member States, which will ensure that owners of real estate can prove that they are the top 15% of the local stock. Before this is harmonized, we suggest that you follow TEGs recommendations and leave the burden of evidence on the energy performance certification schemes to identify which certificate is top 15 % of the local stock.

About the Swedish Installation Federation

The Swedish Installation Federation (IN) represent over 3 600 member companies with around 50 000 employees who install, optimize and control your heating, ventilation, water, electricity and telecommunications. Our members are entrepreneurs, employers and businessmen – active in the field of technical installations. We also represent the electric power entrepreneurs who provide the infrastructure for Sweden's electricity needs. We have a glowing passion for the installers' ability to create tomorrow's society.

IN is part of EuropeOn and GCP Europe. EuropeOn is the European voice of the electrical contracting industry. With 1.8 million professionals in over 300.000 businesses and with a turnover of over EUR 200 billion.

GCP Europe is the voice of the efficient building engineering services at EU level - heating & cooling, ventilation, air condition and plumbing systems in buildings, including smart controls, metering and system integration. With 17 member associations in 13 countries, GCP Europe is a powerful network in this sector in Europe.

Kind regards,

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