

Views on the proposed draft to review of the EU Taxonomy Climate delegated act

Energy Efficiency for Europe (formerly EFIEES) is the voice of private energy service companies (ESCOs) and their national associations across Europe. Our members represent over 100.000 professionals committed to the design and implementation of energy efficiency measures in public and private buildings, industrial facilities, as well as to the efficient operation of district heating & cooling networks.

Energy Efficiency for Europe supports the Commission's efforts to simplify the EU Taxonomy and address the practical challenges posed by certain technical screening criteria in the Climate Delegated Act. While the Taxonomy stands as a cornerstone of the EU's environmental policy framework, and a key instrument for channelling investment into energy efficiency and decarbonisation projects, its initial years of implementation have revealed inconsistencies, legal ambiguities, and overly complex technical requirements. These challenges underscore the need for targeted revisions to ensure the Taxonomy fully aligns with, and effectively supports, the EU's climate ambitions. Energy Efficiency for Europe wishes to highlight the following critical elements within the proposed draft:

A necessary and positive revision of Activity 9.3 (Annex I) to further enhance industrial energy efficiency and decarbonisation

The draft revision of the Taxonomy Climate Delegated Act proposed by the European Commission, currently open to public consultation, introduces a highly significant revision to Activity 9.3 (Annex I) by explicitly **incorporating professional services related to energy efficiency in industry** alongside those linked to the energy performance of buildings. This constitutes **a particularly welcome and forward-looking development**. It more **accurately reflects the reality of energy efficiency projects**, which often extend beyond the traditional building envelope and may involve industrial installations whose classification as "buildings" can be unclear or contested.

By broadening the scope of this activity, the draft revision also enables more coherent, practical, and consistent reporting of integrated or "mixed" projects such as those combining energy efficiency improvements in industrial processes or sites, with building renovation measures and recovery/reuse of process heat. Such projects are increasingly common and represent very

impactful opportunities for energy savings in the industry sector. Overall, this revision removes unnecessary administrative ambiguity and will facilitate the deployment and recognition of energy efficiency services in industry, strengthen investment signals, and support the scaling up of high-impact projects. Ultimately, this will contribute not only to accelerating industrial decarbonisation efforts but also to enhancing European competitiveness and reinforcing energy security across the European Union.

Some welcome modifications to Activities 4.15, 4.18 and 4.22 supporting the decarbonisation of the heating & cooling sector

The proposed modifications and additions to Activity 4.15 appropriately update the reference to the definition of Efficient District Heating and Cooling Systems, referring to the 2023 recast of the Energy Efficiency Directive (EED) and incorporating decarbonisation plans. Moreover, the **inclusion of connections to waste heat or cold sources**, as well as renewable energy sources, rightly acknowledges the important role that waste heat and cold recovery can play in the EU's energy transition. As **a cost-effective and underutilised energy efficiency solution**, waste heat and cold recovery has indeed significant potential to support the decarbonisation of the energy system. Industries, data centres, and urban infrastructure generate substantial amounts of excess heat that can and should be captured and reused. Recognising waste heat on an equal footing with renewable energy within this activity can provide strong and effective support to energy efficiency and clean heating projects.

Moreover, the technical screening criteria for Activities 4.18 and 4.22 on geothermal energy have been simplified in the proposed draft, with the removal of the unnecessary life-cycle assessment requirement and the 100 g CO₂e/kWh GHG emissions threshold. We welcome this important revision, which will help alleviate bottlenecks, foster a level playing field, and strengthen the Taxonomy's role as a clear investment guide. These improvements should enable the Taxonomy to more effectively advance, and better support, the transition to clean heating and cooling.

Several revisions that risks distorting cogeneration and clean heat investments

On another hand, the proposed changes to the titles of certain activities (4.8, 4.20 and 4.24) related to cogeneration and bioenergy risk introducing more complexity and additional administrative burden, thereby missing the objective of the revision. Rather than improving clarity, these modifications may create ambiguity and potential implementation challenges, while also discouraging efficient solutions.

Moreover, the proposed draft excludes from several activities (4.8, 4.19, 4.20, 4.23, and 4.24) the blending of bioenergy with fossil fuels. While the ambition to achieve a carbon-neutral system by 2050 is both necessary and commendable, the proposed changes risk undermining the very transition they seek to accelerate, particularly when it comes to safety-critical infrastructure. Indeed, the draft's provisions notably overlook technical necessities faced by essential facilities,

such as hospitals, which must maintain emergency backup systems powered by natural gas to ensure uninterrupted operations. Similarly, they fail to take into account the need to use minimal natural gas amount to start some clean energy installations in certain infrastructures.

A concerning deletion of Activity 4.16 on Installation and operation of electric heat pumps

The Commission's draft delegated act proposes the removal of Activity 4.16, which covers the installation and operation of electric heat pumps. While regulatory simplification is welcome and while related activities, such as Activity 7.6 (Installation, maintenance, and repair of renewable energy technologies), remain included, this deletion creates an oversight. In fact, Activity 7.6 does not address energy production from heat pumps, nor does it account for their role in district heating and cooling systems. This omission leaves a significant gap in the regulatory framework, undermining efforts to fully decarbonise the district heating and cooling sector.

Electric heat pump technology is indeed a cornerstones of the transition to efficient district heating, especially in regions where biomass or deep geothermal energy are not viable due to logistical challenges or resource limitations. Heat pumps also enable the recovery of waste heat from wastewater treatment plants, fostering synergies between urban infrastructures and advancing sustainable heat production and distribution.

In light of these considerations, Energy Efficiency for Europe recommends retaining Activity 4.16 in the Delegated Act. Doing so will provide investors and operators with the regulatory certainty needed to scale up heat pump deployment and accelerate the decarbonisation of district heating and cooling systems.