



Royal Norwegian Ministry of Energy
Royal Norwegian Ministry of Climate and Environment
Royal Norwegian Ministry of Finance
The Ministers

Commissioner Maria Luís Albuquerque
Commissioner Jessica Roswall
Commissioner Dan Jørgensen

Date
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Review of the EU Taxonomy – concerns regarding hydropower

We would like to raise an issue of concern related to the EU Taxonomy which, in our view, has adverse consequences for our shared objective to promote clean and sustainable renewable energy. In a time of an emerging energy crisis, it is more important than ever to mobilise investment for an accelerated energy shift.

The Taxonomy is a vital tool for financing renewable energy projects. Many new hydropower projects have low profit margins and being Taxonomy-aligned can therefore be crucial. If the proposed amendments to the criteria for hydropower are adopted, a substantial share of Norwegian hydropower production might not meet the criteria. In Norway alone, significant investments amounting to billions of euros, are planned in the coming years. In our view, adopting the proposed amendments to the criteria would be a missed opportunity for facilitating new and needed investments in hydropower across Europe.

Hydropower plays a vital role in the Nordic and European energy system, and accounts for around 90 percent of Norwegian electricity production. With the increasing share of renewable energy such as solar and wind in the European energy mix, the importance of hydropower for baseload power and flexibility is increasing. Hydropower is of strategic interest for energy independence and the competitiveness of Europe.

The Clean Energy Investment Strategy and the upcoming Electrification Action Plan address the imperative need to accelerate the shift to homegrown, clean and affordable energy. Hydropower, due to its qualities as baseload power and flexibility in the energy system, is decisive for Europe's ability to execute this shift.

We support the Commission's work to simplify the Taxonomy and to ensure alignment with relevant EU legislation, such as the Water Framework Directive. However, the proposed amendments do not fully align with the Water Framework Directive, as it seemingly does not allow for derogations to "less stringent objectives" (LSO) consistent with the Directive. Derogations are an integral part of the Water Framework Directive, allowing for well justified considerations of socio-economic elements, and limited to be used only when stringent conditions are met.

Norway would argue that 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. We propose that 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." The objective would not be to weaken the environmental ambitions of the Taxonomy but to remove unjustified and time-consuming barriers of hydropower investments.

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.

Yours Sincerely



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