



**DET KONGELIGE  
FINANSDEPARTEMENT**

*Royal Ministry of Finance*

European Commission

Your ref

Our ref

Date

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## **Taxonomy – Norway’s response to the consultation on the draft delegated regulation**

We refer to the European Commission’s consultation on a draft delegated Commission regulation supplementing Regulation (EU) 2020/852.

The Norwegian Government welcomes the leadership of the European Commission in the area of sustainable finance. We have endorsed the objectives of the sustainable finance action plan launched in 2018, and in March this year Norway joined the International Platform on Sustainable Finance (IPSF).

The EU taxonomy can help channel private capital flows to the environmentally sustainable investments that are needed to set Europe on a pathway towards a climate-neutral and climate-resilient economy. Ambitious, science-based technical screening criteria are necessary in order for the taxonomy to be a credible list of sustainable activities. In order to ensure that the technical screening criteria are in line with the principles of the Taxonomy Regulation, Norway recommends amending the draft criteria for some activities, see below. Detailed comments and specific suggestions for changes to the draft criteria are enclosed in the annex to this letter.

We note that the delegated act currently on consultation is only the first step towards creating a full taxonomy for sustainable activities, and that its scope will be broadened in the future. The seafood sector (wild capture fisheries and aquaculture) is among the sectors for which criteria are yet to be developed. Sustainable fisheries and aquaculture can contribute substantially to the environmental objectives of the Taxonomy Regulation. In our view, the sector should be included in the delegated act covering the remaining four environmental objectives and when further criteria for substantial contribution to climate mitigation and adaptation are developed in

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the future. Norway looks forward to the outcome of the work of the Platform on Sustainable Finance in this regard.

Norway also wishes to briefly mention the Agreement on the European Economic Area (EEA) as the cornerstone of our cooperation. Given our shared values and high degree of integration, Norway and the EU have a strong common interest in promoting European competitiveness and a level playing field. This contribution should be read in this context, and at the same time without prejudice to the scope of the EEA Agreement.

### **Specific comments on the draft criteria**

#### *Hydropower*

The IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation refers to hydropower as one of six renewable energy sources contributing to climate change mitigation.<sup>1</sup> With this in mind, Norway wishes to comment on the criteria relating to hydropower in the Taxonomy draft delegated act.

Norway supports that the criteria should be in line with relevant existing legislation, but also recognizes that renewable energy production can entail environmental effects that need to be accounted for to be in line with, inter alia, the Water Framework Directive and the DNSH requirements in article 17 in the Taxonomy Regulation.

Hydropower plays a decisive role in the European energy transition, as it is the second largest renewable energy source accounting for a third of all renewable energy production in the EU. In several European countries hydropower is the backbone of the national energy systems, and stands for over two thirds of the electricity consumed in Sweden (69%), Austria (77%) and Norway (87%)<sup>2</sup>. Hydropower is capital intensive, as most forms of renewable energy. Notably, hydropower has a particular long technical life, and requires periodic reinvestments to maintain and improve efficiency and environmental performance. Therefore, potential impacts on the financing costs of hydropower is of vital interest to countries with a large share of hydropower in the national energy mix.

Hydropower plays a crucial role in the interplay between renewable electricity technologies, by balancing other renewable intermittent energy sources in the electricity markets. For example, Nordic hydropower contributes with storage capacity of approximately 120 TWh and helps balance intermittent wind energy in northern Europe. The power exchange between the Nordics and continental Europe contributes to cost-effective and environmentally sustainable growth of industries, and the European Green Deal.

Norway underline our concerns regarding some of the technical screening criteria for hydropower in the draft delegated regulation. The technical screening criteria set for hydro power appear to have been drafted without considering relevant aspects of the European hydropower system. The criteria should in our view be thoroughly reviewed to ensure the

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<sup>1</sup> IPCC, 2011: [Summary for Policymakers. In: IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation](#) [O. Edenhofer, R. Pichs-Madruga, Y. Sokona, K. Seyboth, P. Matschoss, S. Kadner, T. Zwickel, P. Eickemeier, G. Hansen, S. Schlömer, C. von Stechow (eds)], Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

<sup>2</sup> [Wind and water provide most renewable electricity - Product - Eurostat \(europa.eu\)](#)

principle of technology neutrality between hydropower and other renewable energy, and they should be easy to use, as referred to in the Taxonomy regulation Article 19.

Taking into account that the technical screening criteria shall respect the principle of technological neutrality, cf. art. 19.1.a of the Taxonomy Regulation, the potential environmental effects should be decisive when establishing criteria for renewable energy production.

The principle of technological neutrality can be safeguarded by introducing the same threshold across renewable technologies. The technical screening criteria for electricity generation from wind power are considerably less substantial than what is the case for electricity generation from hydro power, which in turn could create disincentives for certain renewable energy activities. The Commission should consider making sure that technical screening criteria for all kinds of renewable energy production provide for an evaluation on equal terms. Several environmental challenges/objectives are relevant in this regard; circular economy (i.e. re-use of materials), greenhouse gas emissions (i.e. location of the economic activity on carbon-intensive land) and protection of ecosystems (i.e. irreversible damage/ land-use change, negative influence on important ecosystems and wildlife/wildlife areas). In our view this should be followed up by establishing criteria that to a greater extent take these considerations into regard.

Criteria for sustainability should reflect the objectives and definitions of existing legislation, as the Renewables Directive and Water Framework Directive. The Taxonomy Regulation should not be an instrument to put constraints on the future financing of renewable and flexible hydropower. This flexibility of hydropower is of great value to the European power system. However, the proposal does not include a category for the mechanical storage of energy. We propose to include such a category, which could also include e.g. pressurised air storage and flywheels.

For further comments on the technical screening criteria and DNSH criteria for hydropower, please see the enclosed annex.

#### *Hydrogen and Carbon Capture and Storage (CCS)*

Hydrogen production is a strategically important area of common interest for the EU and Norway. We view the taxonomy as an important contribution to enhance both hydrogen production and consumption in Europe. We support the technology-neutral approach related to hydrogen production in the proposed taxonomy criteria, part 3.9 of Annex I. The phasing in of hydrogen produced from low-carbon technologies, like natural gas with CCS (blue hydrogen), is likely to be an important contribution to ensure sufficient volumes of low-emission hydrogen.

The criteria for manufacture of hydrogen should be interpreted in line with the Commission's communications "Powering a climate-neutral economy: An EU Strategy for Energy System Integration" and "A hydrogen strategy for a climate-neutral Europe", as well as the European Green Deal. These initiatives may, inter alia, provide much needed predictability for commercial stakeholders considering making investments with considerable sunk costs. These initiatives will thus help solve the coordination problem of demand and supply in a still immature market.

We would ask the Commission to clarify the evaluations and due diligence behind the proposed emission threshold value of 2,256tCO<sub>2</sub>eq/th<sub>2</sub>. We believe it is important to make sure that the climate mitigation criteria for CO<sub>2</sub> emissions from the manufacturing of hydrogen be ambitious, but still realistic and obtainable by using the at any given time best available techniques. If the technical screening criteria are tightened too excessively at this stage, it could have the impact of delaying and hamper the emergence of a sustainable hydrogen market.

When it comes to sources of hydrogen, we believe it is essential to take a technology neutral approach. Whether based on electrolysis or low-carbon technologies like natural gas reforming with CCS, the main goal should be to produce sufficient volumes of clean hydrogen in the most efficient way possible. This should apply not only in the medium term but also in the long term. For large scale production of hydrogen, steam reforming of gas with CCS is estimated to be cheaper than electrolysis. With the present energy mix in the energy system, scaling up of hydrogen production and demand must have a system approach.

Carbon Capture and Storage (CCS) is a vital technology to reach the temperature goal in the Paris Agreement. The taxonomy should consider all activities that fall under the emission thresholds as substantially contributing to climate change mitigation regardless if this is achieved by the use of environmentally safe CCS or other low-emission technologies.

In the current draft the use of CCS is mentioned explicitly as an abatement technology for activities such as cement, iron and steel and power generation. CCS could also be applied in other industries and sectors. It should therefore be clarified, and explicitly mentioned, that the use of CCS to reduce emissions, regardless of sector, below the thresholds is a valid technology in order to classify an activity as contributing substantially to climate change mitigation.

We would also ask the Commission to confirm that all modalities for transport of captured CO<sub>2</sub> are included in the description of the activity (e.g. vessels, vehicles etc.), in addition to construction and operation of pipelines and gas networks.

### *Transport*

Norway welcomes the inclusion of sea and coastal transport activities in the annexes to the draft regulation. However, a too narrow definition of what is considered a dedicated vessel for the transportation of fossil fuels, could potentially provide disincentives to a green transition in the sector. We see the need for the Commission to clarify some aspects of the draft technical screening criteria, including how to interpret the criterion of vessels not being “dedicated to the transport of fossil fuels” and the criterion for hybrid vessels.

### *Construction and real estate*

We recognise that defining technical screening criteria for buildings that both take into account regional differences, and can also be made operational at the European level, is a challenging task. However, if the technical screening criteria are based on the national NZEB definition as proposed by the Commission, projects in some Member States will face significantly stricter requirements to qualify as environmentally sustainable for the purpose of the taxonomy than projects in other Member States. We therefore question whether the approach chosen by the Commission is in line with the objective of harmonization of criteria at the EEA level.

*Forestry*

Sustainable forest management have been on the European agenda for decades, and Pan-European criteria and indicators have been established. It is important for Norway that the do no significant harm criteria in the taxonomy is consistent with the work done through Forest Europe, national legislation, and certification schemes with wide approval, such as PEFC and FSC, taking into account the overall goals in the Taxonomy Regulation art. 17.

Yours sincerely,

Geir Åvitsland  
Director General

Marius Østli  
Deputy Director General

*This document has been signed electronically and it is therefore not signed by hand.*

## Annex: Taxonomy draft delegated regulation – detailed comments from Norway

### 1. Hydropower

#### Specific comments on technical screening criteria for hydropower

Article 10 of the Taxonomy Regulation refers to renewable energy production under the Renewables Directive as an economic activity that shall qualify as contributing substantially to climate change mitigation.<sup>3</sup> Despite this clear guidance, the technical screening criteria for electricity generation from hydropower demands comprehensive and detailed requirements to be met, which is not the case for other renewable technologies such as wind and solar.

The technical screening criteria requires electricity generated from hydropower to either meet a power-density threshold, or to have life-cycle GHG-emissions lower than 100 gCO<sub>2</sub>e/kWh, in order to qualify as environmentally sustainable. In a technical report from 2017, carried out by the European Joint Research Centre (JRC) and assisted by DG ENER, suggests 6 gCO<sub>2</sub>e/kWh as a default emissions factor for hydroelectric power generation<sup>4</sup>. The Association of Issuing Bodies, responsible for developing and promoting the European Energy Certificate System, also uses an emission factor of 6 gCO<sub>2</sub>e/kWh for all European hydropower based on life-cycle analysis where all upstream and downstream effects in the whole value chain for power production are included<sup>5</sup>.

Therefore, the proposed requirement seems, for most cases, to be unnecessary in European contexts and European installations and may represent a cost to hydropower companies with little to no added value. Imposing this administrative burden on hydropower, which is not imposed on other renewable technologies, runs contrary to the principle of technological neutrality laid down in article 19 1(a) of the Taxonomy Regulation. We therefore suggest substantially simplified reporting requirements for projects that with a high degree of certainty are well below the 100g/KWh threshold.

The proposed power-density factor also raises challenges, as it does not consider the complexity of hydropower. Often one reservoir supplies water to several power plants. Data to calculate the correct power density is difficult to retrieve.

On this background, Norway would strongly urge the European Commission to revise the technical screening criteria for renewable electricity generation technologies.

#### Specific comments on "do no significant harm" criteria for hydropower

Norway welcomes the clarification by the European Commission relating to hydropower projects that comply with the criteria in the Water Framework Directive article 4 (7). These are as a point of departure in compliance with the DNSH-criteria in the draft delegated act. This should be made explicitly clear in the text and not by paraphrasing the criteria in the Directive.

We propose to omit the detailed criteria echoing the Water Framework Directive, and to replace this with a reference to the Water Framework Directive. This means that the ecological status must be in accordance with the requirements set out in Article 4. In our

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<sup>3</sup> 2018/2001/EU.

<sup>4</sup> [jrc technical reports - com default emission factors-2017.pdf \(europa.eu\)](#)

<sup>5</sup> Multiconsult – Sparebanken Vest green hydropower portfolio (2019)

view, the purpose of the proposed criteria is met through the implementation of the directive and through national licensing procedures.

***Suggested amendments to the technical screening criteria relating to hydropower - Section 4.5 in ANNEX I***

**Technical criteria for hydropower should be aligned with other renewable electricity generation technologies**

*Draft delegated regulation:*

*Technical screening criteria*

*(1) Substantial contribution to climate change mitigation.*

*The activity complies with either of the following criteria:*

*(a) the life cycle GHG emissions from the generation of electricity from hydropower, including mixed pumped hydropower storage connected to a free-flowing water source are lower than 100gCO<sub>2</sub>e/kWh.*

*The life cycle GHG emissions are calculated using Commission Recommendation 2013/179/EU or, alternatively, using ISO 14067:2018, ISO 14064-1:2018 or the G-res tool<sup>250</sup>. Quantified life cycle GHG emissions are verified by an independent third party.*

*(b) the power density of the electricity generation facility is above 5 W/m<sup>2</sup>.*

*Proposed new text:*

*(Delete drafted technical specification and substitute with:)*

***[The activity generates electricity from hydropower.]***

*Justification:*

1. *The screening criteria are not technology neutral*

- Article 10 in (EU) 2020/852 states the general requirements for economic activities that shall qualify as contributing substantially to climate change mitigation. According to Article 10(1) letter a this includes generating renewable energy in line with Directive (EU) 2018/2001. Pursuant to this directive, 'renewable energy' means energy from renewable non-fossil sources, including hydropower.
- In addition, Article 19(1a) in (EU) 2020/852 requires the screening criteria to be "respecting the principle of technological neutrality". Furthermore, recital (5) of the preamble of the draft delegated act states that "In order to ensure a level playing field, the same economic activities should be subject to the same technical screening criteria for each climate objective."

- Accordingly, the technical screening criteria should be on the same level for all renewable generation technologies. For other renewable technologies, such as wind power, ocean energy and solar photovoltaic, the only criteria set is that the electricity is generated from renewable sources. The same standard should be made for hydropower.
- Stricter or more detailed and complex criteria for some technologies can have unforeseen consequences for the relative technical and economic potential for renewable electricity generation.
- We are concerned that the draft criteria can impact the profitability of hydropower installations in Europe. This could have negative consequences for hydropower as a renewable and reliable source of clean energy and flexibility for the European energy system.

## 2. Documentation of compliance is highly complicated and resource-intensive

- The technical screening criteria (a) requires that the life cycle GHG emissions from the generation of electricity from hydropower are lower than 100 g CO<sub>2</sub>e/kWh. In general life-cycle emissions due to hydropower installations in Norway are well-below this threshold. According to a report by Ostfold Research in 2019 the average LCA emissions from the hydropower plants included in the study was 3,33 g CO<sub>2</sub>e/kWh.<sup>6</sup> Retrieving and documenting information on LCA emission accurately for individual hydropower plants in Norway is highly resource-intensive with little added value.
- Article 19(1) letter k requires that screening criteria are “*easy to use and be set in a manner that facilitates the verification of their compliance*”. This is not the case for the proposed power density factor and methods for calculating the life cycle GHG emissions.
  - The power density factor is seemingly simple, but does not consider the complexity of hydropower. Often one reservoir supplies water to several power plants or one power plant is supplied by multiple reservoirs. In addition, hydro installations often serve multiple purposes beyond electricity production, such as flood control, drinking water and irrigation. These complicating factors have not been assessed in the TEG report nor in the drafted delegated regulation.
  - Data to calculate the correct power density is difficult to retrieve. Calculation requires subtracting the surface area before the regulation (pre-impoundment) from the surface area after regulation. This calculation would indicate the flooded area caused by the hydro installation and not the natural flooded lake before the regulation. However, data for pre-impoundment surface area are very difficult to obtain, as many hydro installations were established several decades ago. In the worst case, lack of such information could wrongly result in a power plant not being sustainable.

## **DNSH-criteria should correspond to the EU Water Framework Directive**

Draft delegated regulation:

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(3) *Sustainable use and protection of water and marine resources:*

1. *Operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential.*
2. *Construction of new hydropower plants*

3,5 pages of specifications

**Proposed new text:**

***[1. Operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential.***

***The activity complies with the requirements to achieve good ecological status or good ecological potential, set forth in Directive 2000/60/EC in Article 4.***

***2. Construction of new hydropower plants***

***The activity complies with the conditions in Article 4(7) in Directive 2000/60/EC.]***

**Justification:**

- The proposed criteria in Regulation (EU) 2020/852 goes beyond the criteria for achieving good ecological status/potential in water bodies according to Directive 2000/60/EC (WFD). According to recital 26 in Regulation (EU) 2020/852, “*The environmental objective of the sustainable use and protection of water and marine resources should be interpreted in accordance with relevant Union law, including (..) Directives 2000/60/EC ()*”.
- Article 17(1) letter c states that economic activity shall be considered to significantly harm the sustainable use and protection of water where that activity is detrimental to the good status or the good ecological potential of bodies of water. Accordingly, the DNSH criteria for protection and sustainable use of water in Regulation (EU) 2020/852, should match the criteria for good ecological status/potential in the WFD.

## **2. Forestry**

Forests and proper forest management have a key role in climate change mitigation and adaptation. Both in the uptake of carbon but also as an important role in substituting fossil resources. This applies for sustainable forest management (SFM) as a whole, and not just for selected activities such as those mentioned in the present proposal. Sustainable forest management have been on the European agenda for decades, and Pan-European criteria and indicators have been established. It is important for Norway that the do no significant harm (DNSH) criteria in the taxonomy is consistent with the work done through Forest Europe, national legislation, and certification schemes with wide approval, such as PEFC and FSC, taking into account the overall goals in the Taxonomy Regulation art. 17.

While aware that the taxonomy should identify sustainable front-runners, we are concerned that the screening criteria for DNSH to a large degree deviates from existing and common definitions, criteria and indicators for sustainable forest management (SFM). The screening criteria should be reviewed to be more consistent with existing frameworks supporting SFM.

As the sustainability requirements for forest management should be the same regardless of the purpose of selected activities, we see insufficient justification for introducing new criteria for DNSH on topics that are already covered in existing standards for SFM.

As an important part of SFM is about not doing harm on the multiple services and functions of the forest itself, in principle it should be sufficient to document SFM following national standards in line with the Pan-European criteria and indicators to fulfil the DNSH criteria.,

We will also raise concerns that the requirements for forest management plan are not well suited for countries that have a large amount of small private forest owners. In Norway, most of the forest area are under private ownership, and the forest management plans are private business documents. The proposed requirements for forest management plans can introduce unbalanced administrative burdens that may dissuade small forest owners from carrying out measures for enhancing climate contributions.

In our view, the heading "Improved forest management" should be renamed to "Forest management for enhanced climate change mitigation" to better reflect the content.

Enhanced uptake of carbon is important in climate change mitigation. The use of fertilisers within proper environmental considerations should in our opinion be accepted as a measure under what now is termed "Improved forest management", as well as in other activities under SFM where appropriate.

### **3. Gaseous fuels infrastructure - transmission and distribution network for renewable and low-carbon gases**

The European gas infrastructure can transport and store large amounts of energy cost-efficiently. Continued use of the gas infrastructure could ensure large cost savings by reducing investments in electricity grid expansion. Existing gas infrastructures can be repurposed to transport growing shares of low carbon gases, such as hydrogen, biomethane, synthetic methane. Investments in upgrading the gas network for accommodating increased volumes of low carbon gases could therefore be defined as transitional activity and eligible for sustainable financing as defined in the Taxonomy Regulation.

### **4. Manufacturing - indirect emissions from production of electricity**

Emissions of climate gases from electricity generation may contribute significantly to the total climate footprint from several manufacturing processes. In annex 1 to the draft delegated regulation (climate mitigation), indirect emissions from the generation of electricity are taken into account in the proposed screening criteria for substantial contribution to climate change mitigation for manufacturing of primary aluminium (section 3.7) and chlorine (section 3.12). In our view, indirect emissions from electricity generation should also be included in the technical criteria for other types of manufacturing processes where they contribute significantly to the total emissions. Examples of such manufacturing processes may be manufacture of iron and steel (section 3.8), organic basic chemicals (section 3.13), anhydrous ammonia (section 3.14) and nitric acid (section 3.15)

*For sections 3.8, 3.13, 3.14 and 3.15 in Annex I, we recommend that:*

- *The screening criteria for substantial contribution to climate change mitigation should take into account the indirect emissions of climate gases from electricity generation.*

## 5. Waste management

The criteria for material recovery from non-hazardous waste (section 5.9) seek to include activities that convert the majority of the waste to secondary raw materials. This objective can be achieved both through waste management systems based on separate and centralized collection of waste. Central sorting of waste can in many cases supplement separate collection, and will for certain types of waste ensure a better overall environmental outcome than separate collection. In that way central sorting of waste can further enable a circular economy and is part of the solution for future waste management. In the annexes to the draft delegated regulation only separate collection of waste is included in the description of the activity.

*For section 5.9 we recommend that the Commission:*

- *Delete the word "separately" from the wording, so that the technical screening criteria include different waste management systems.*

## 6. Transport

Norway welcomes criteria for sea and coastal transport in the taxonomy. As sea and coastal transportation can include various types of goods over shorter and longer periods of time, a too narrow definition of what is a dedicated vessel for the transportation of fossil fuels can potentially provide disincentives to a green transition in the sector. Furthermore, it is not clear from the draft how "dedicated to the transport of fossil fuels" is to be interpreted. Specifically it is unclear whether transport on a ship that is at times dedicated to the transport of fossil fuels can be considered sustainable when it is transporting other types of wet materials, or if offshore supply vessels are included in this definition. In our view, the Commission should expand upon how it has reached the decision that vessels should be assessed by their freight and not their propulsion machinery.

In order for transport of freight to qualify using a hybrid vessel, the vessel must use at least 50 per cent of zero direct CO<sub>2</sub> emission fuel mass or plug-in power. It is not clear from the draft regulation how to interpret this criterion and which baseline will be used to determine a 50 per cent CO<sub>2</sub> emission reduction. Furthermore we see the need to clarify which vessels are induced in the definition "coastal services" in criteria 1.(c) in section 6.10. It is unclear whether coastal services cover all short sea vessels that are transporting goods along the coast.

*For section 6.10 in Annex I and Annex II, we recommend that the Commission:*

- *Clarifies how to interpret "dedicated to the transport of fossil fuels"*
- *Clarifies the rationale behind the exclusion of vessels dedicated to the transport of fossil fuels*
- *Clarifies how to interpret the criteria for hybrid vessels*

*For section 6.10, 1 (c) in Annex 1 and Annex II, we recommend that the Commission:*

- *Clarifies which vessels are induced in the definition "coastal services"*

## 7. Construction and real estate

The building sector is one of the largest energy consumers in Europe, and thus critical to both energy transition and reducing the impact on climate and environment from economic activities. Renovation of the existing building stock is central to increasing the energy efficiency of the sector. Renovation of the least energy-efficient has a large effect in reducing

climate and environmental impacts of the European building sector. The right incentives to upgrade and renovate existing buildings is crucial, and we support that this is emphasized in the taxonomy.

We observe that the draft screening criteria for new buildings primarily focuses on energy savings and efficiency, and less on reducing the total life cycle emission from buildings. The taxonomy criteria for buildings should strive to have a broader scope, and include emissions and environmental impacts from inter alia the construction phase, material use and from land use changes. In our view, a broader scope should be incorporated in the criteria at the current stage or in later revisions.

According to the Taxonomy Regulation, the criteria for determining whether an economic activity qualifies as environmentally sustainable should be harmonised at Union level in order to remove barriers to the functioning of the internal market with regard to raising funds for sustainability projects, and to prevent the future emergence of barriers to such projects. The draft criterion for new real estate projects is defined from the existing EU criterion for nearly zero-energy buildings (NZEB). In accordance with Directive 2010/31/EU art. 9 3(a) Member States shall determine their " ... definition of nearly zero-energy buildings, reflecting their national, regional or local conditions ... ". The consequence of basing the technical screening criteria on the national NZEB definitions is that projects in some Member States will have significantly stricter requirements to qualify as environmentally sustainable for the purpose of the taxonomy than others. We therefore question whether this approach is in line with the objectives of the taxonomy. Diverging criteria between member states is likely to make it difficult to compare investment opportunities across countries, and could reduce investor confidence in financial products that claim to be environmentally sustainable.

We recognise that defining sustainability criteria for buildings that considers national and regional conditions, while at the same time can be made operational at the European level is a challenging task. However, it is important that the criteria are set in a way that do not create asymmetric market conditions between Member States. Norway is in support of setting ambitious criteria in order to meet the goals of the European Green Deal. NZEB requirements that are already in place are quite ambitious, and we propose that the commission further evaluate whether the proposed criteria are too stringent to allow for the necessary transition in the building sector. In our view, it is key that the criteria support the transition, while at the same time do not unintentionally hamper nascent markets for green mortgages and covered bonds in Member States.

## **8. Suggested amendments in the legal text of the draft delegated act**

***New preamble paragraphs, identically mirroring Taxonomy Regulation paragraphs (24) to (26):***

*(xx), An economic activity that pursues the environmental objective of climate change mitigation should contribute substantially to the stabilisation of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals. The economic activity should be consistent with the long-term temperature goal of the Paris Agreement. That environmental objective should be interpreted in accordance with relevant Union law, including Directive 2009/31/EC of the European Parliament and of the Council (8).*

*(xy), An economic activity that pursues the environmental objective of climate change adaptation should contribute substantially to reducing or preventing the adverse impact of the*

*current or expected future climate, or the risks of such adverse impact, whether on that activity itself or on people, nature or assets. That environmental objective should be interpreted in accordance with relevant Union law and the Sendai Framework for Disaster Risk Reduction 2015–2030.*

*(yy), The environmental objective of the sustainable use and protection of water and marine resources should be interpreted in accordance with relevant Union law, including Regulation (EU) No 1380/2013 of the European Parliament and of the Council (9) and Directives 2000/60/EC (10), 2006/7/EC (11), 2006/118/EC (12), 2008/56/EC (13) and 2008/105/EC (14) of the European Parliament and of the Council, Council Directives 91/271/EEC (15), 91/676/EEC (16) and 98/83/EC (17) and Commission Decision (EU) 2017/848 (18), and with the communications of the Commission of 18 July 2007 on ‘Addressing the challenge of water scarcity and droughts in the European Union’, of 14 November 2012 on ‘A Blueprint to Safeguard Europe’s Water Resources’ and of 11 March 2019 on ‘European Union Strategic Approach to Pharmaceuticals in the Environment’.*

### **Suggested amendments to the provisions of the draft delegated act**

#### *Article 1*

*The technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objective laid down in Article 9 of Regulation (EU) 2020/852 are [ **supplementing criteria to the Regulation (EU) 2020/852, including its preamble, subject matter and scope, and are**] set out in Annex I to this Regulation.*

#### *Article 2*

*The technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives laid down in Article 9 of Regulation (EU) 2020/852 are [ **supplementing criteria to the Regulation (EU) 2020/852, including its preamble, subject matter and scope, and are**] set out in Annex II to this Regulation.*