

## **Polish Electricity Association comments on the Omnibus Package**

Polish Electricity Association (PKEE) welcomes the European Commission's Omnibus Package as a step in the right direction. We fully support the "simplification revolution" and look forward to detailed proposals to help unleash more opportunities, innovation and growth for the energy sector and the entire economy. Administrative, regulatory and reporting burdens that EU companies currently face are additional bumps in the road to net-zero economy.

In our view, one of the factors that will contribute to the reduction of energy prices and ensure energy security are stable conditions for development and decarbonisation, including removal of legislative and administrative barriers. Companies need to deal with frequent changes to EU legislation over time, resulting into overlap and inconsistencies. We call for a more stable and coherent regulatory environment.

Setting requirements regarding reporting for sure can help companies benefit from the sustainable financial framework. However, benefits resulting from companies publishing information in line with European Sustainability Reporting Standards (ESRS) should not be overshadowed by administrative burdens and costs for industry and consumers. The sustainable finance framework should facilitate, not block, investments in the green transition with the support of financial institutions.

Non-discriminatory access to financing investments is key. This is particularly important for energy companies with a significant share of carbon-intensive assets and investments requiring support. Currently such companies have difficulties obtaining funds for decarbonisation projects. As a result, these companies are being exposed to non-EU creditors, such as Chinese financial institutions.

Moreover, we opt for removing the obligation to report OPEX KPI under the Taxonomy Regulation, which holds limited relevance for investors and is highly burdensome for companies to extract as its definition is imprecise. We also suggest to remove ANNEX XII from Commission Delegated Regulation (EU) 2022/1214, as the standard templates for disclosure are presented in Commission Delegated Regulation (EU) 2023/2486.

The reference to the Sustainable Finance Disclosure Regulation (SFDR) Do not significant harm (DNSH) in the Taxonomy Minimum Safeguards should be replaced with an explicit reference to mandatory Principle Adverse Impact (PAI) indicators. It should be also specified that only social and governance PAIs should be considered (not the environmental/climate-related PAIs, as these topics are covered by the Taxonomy Technical Screening Criteria). The revised provision should state that companies have policies and targets that address these PAIs.

Transparency regarding the functioning and work of the Platform on Sustainable Finance has to be strengthened. The possibility of involving stakeholders in the work of the Platform should be increased. Given the specificity

and challenges of the energy sector, it is particularly important that representatives of the energy industry involved in the energy transformation process are included in the work of the Platform.

Regarding the Corporate Sustainability Reporting Directive (CSRD) we propose to clarify that subsidiaries which play a complementary role, for the group's main business, should not be taken into account when providing information in individual disclosure requirements. Moreover, it's necessary to improve the consistency in the approach regarding reporting about internal policies and their scope. Reformulating Disclosure Requirements should be considered, so each company can have a similar understanding and approach to disclosure. Final conclusions regarding the improvement of the reporting process should be drawn as soon as the 2024 reporting round is completed as companies will have more experience. These conclusions should be taken into account in the Omnibus Package.

The process of double materiality as foreseen in the CSRD should be limited - for all the value of identifying ESG opportunities, risks and organizational impact, in our view, implementing a dual materiality process is overly complicated and lengthy. The results of this process may not be commensurate with the costs. Therefore mandatory indicators for each sector should be selected and additional ESRSs should be voluntary, up to company's choice.

Additionally the process diagram for double materiality presented in the ESRS is unclear. The suggestion is to introduce specific descriptions of the steps to be taken during the double materiality assessment. Indicating a detailed, standardized methodology for double materiality analysis across all reporting entities will help avoid discrepancies in the approach used by the entities, thereby enabling the comparison of results obtained by the reporting entities.

We suggest considering broader than currently available, exemption possibilities for selected disclosures for a specified period (one or three years). Applying exemptions will allow to collect a reliable data and enable a proper preparation for the reporting process. Moreover, extending the application of Limited Assurance will allow to identify gaps and the introduction of appropriate processes while raising awareness among reporting entities.

Sector specific standards could be used to indicate the mandatory scope of reporting, whereas other disclosures should be treated as voluntary. Otherwise, the scope of disclosures within the same sector will differ due to different assessments of dual materiality. Such a situation will make the main goal of comparing data and information within a sector difficult and sometimes impossible. However, if it will not be possible to opt out of the "entity specific" standards, the introduction of sector specific standards finds no justification. In this case, the double materiality assessment will still apply indicating which disclosures are material and which are non-material. In such a case there will be no justification for the sector-specific standards.



**PKEE**

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We also think that implementation of the Corporate Sustainability Due Diligence Directive (CSDD) should be postponed by at least 3 years. At the moment, all efforts of companies are focused on fulfilling reporting obligations in accordance with the ESRS. Only after this process is completed will it be possible for companies to focus on preparing for due diligence implementation. Considering that for large organizations (with more than 5,000 employees) the CSDD will apply from July 2027, this may be not enough time to prepare for due diligence implementation.

In case the implementation deadline for CSDDD is maintained, we propose that the European Commission issue delegated acts and guidelines much earlier than 2027, so that companies have sufficient time to adjust to these guidelines.

EU should fully and without delay implement the announced cut by at least 25% of reporting obligations, while refraining from imposing any new such burdensome obligations or restrictions on companies in the future. Administrative burdens are a common problem for businesses in the EU, regardless of their size. Therefore, simplification has to apply to all companies, and cannot be limited only to SMEs. All companies, including large ones, should benefit from these simplifications. We hope that introducing the Omnibus Package will result in simplification, reducing reporting burden and simply cutting red tape.