

EU Heating and Cooling Strategy: Industry and local authorities join voices to request structural reforms in revised climate and energy legislation

16 February 2016. Local authorities in energy transition and the industry associations representing the geothermal, solar thermal, heat pump, biomass, biogas, and district heating and cooling sectors welcome the first 'EU Strategy on Heating and Cooling' unveiled today by the European Commission.

Heating and cooling is a cross-cutting element of the Energy Union and needs to be addressed through structural reforms. The signatories of this statement look forward to the forthcoming legislative proposals for the review of the Renewable Energy, Energy Efficiency and Buildings directives, and make the following non-exhaustive recommendations.

Strategic priorities and governance

- In order to build a resilient Energy Union, energy efficiency, renewables and smart local infrastructure are the only way to a secure, affordable, and **decarbonised energy system**.
- **Regional and local authorities are key actors** to translate policy objectives into concrete actions. There is a need for a new governance system enabling the local authorities to participate as equal partners in the decision-making process.
- There is a need to **engage citizens, consumers, and investors**. Dedicated measures for the heat sector should be developed, including training and qualification of installers and more transparent and comparable information to consumers. For instance, the same energy label must be maintained to allow comparison of functionally equivalent heating and cooling products.

Market and financial conditions

- In the heat sector, **energy efficiency and renewable energy go hand in hand** and should be addressed at the same time. They should be covered together in financing mechanisms such as the Smart Financing for Smart Buildings Initiative.
- Bearing in mind the long-term EU decarbonisation objective, a **cost-optimal approach** - which must rely on appropriate carbon price signals - should apply between reducing energy demand and providing renewable or recovered heat. This approach should set out national trajectories that are in line with the 2050 objectives and roll out efficiency and renewables in the heating/cooling market.
- **Conditionality should apply in the allocation of EU funding** so as to incentivise Member States to achieve the common renewable and energy efficiency targets. Structural funds should also strengthen capacity building in cities so that they can map and use their full local heating and cooling potential.

- **Energy poverty is in most cases thermal energy deprivation.** The European Commission should expand its analysis on costs and prices of energy and fully include the heat and cold sector. Financing measures tackling energy poverty should be diverted from fossil fuel consumption support, to renovation, energy savings and fuel switch to renewables.
- For the internal energy market, there is a need to **improve market conditions and remove persisting market failures.** In line with the European Council of 22 May 2013¹, Member States are urged to phase-out fossil fuel subsidies and to focus incentives on non-fossil fuel based heating and cooling. The signatories of this document now call on the Commission to be consistent by making energy efficiency and fuel switching to renewables a real priority, instead of supporting mega infrastructure projects not consistent with long-term needs and local potential.
- **EU public accounting and finance rules must be reviewed** in order to allow and promote investments from the public sector on the national, regional and local levels.

Regulatory incentives

- **Measures triggering renovation of the existing building stock** are so far insufficient; there is a need for a mechanism triggering a full renovation cycle by 2050; in this regard, deep renovation and requirements for low temperature heat distribution are more effective than a quick-fix-approach which can lock-in technologies not compatible with long-term decarbonisation objectives.
- According to Directive 2010/31, all new buildings will be ‘Nearly Zero Energy Buildings’ (NZEB) by 2020. In NZEB, the low amount of energy required should mostly come from renewable sources. In order to complement this provision, the revised RES Directive should extend beyond 2020 the **requirements for increasing the share of renewables in new and existing buildings, including through district heating networks.**
- Although not visible in statistics, demand for cooling is on the rise everywhere in Europe. In many Member States efficient and renewable technologies are not considered, and an EU-wide approach in this sense is very much needed. In the revised RES Directive, for instance, there is a need to develop a **methodology to take into account renewable cooling**, including from heat pumps.

In the absence of national targets for the post-2020 period, industry and local authorities need a clear signal from the European Union. In the heat sector, security of supply, competitiveness, and sustainability are only achievable through more attention to the local dimension and structural measures promoting energy efficiency, renewables and smart local infrastructure.

¹ [Conclusions of the European Council](#), 22 May 2013.

The signatories:

