

Brussels, 13 July 2021

What does the heating industry need from Fit for 55?

14th July marks a pivotal moment in the fight against climate change, with the Fit for 55 package of legislation being published as part of the European Green Deal. Ahead of this milestone, EHI sent a letter to European Commission Executive Vice-President Frans Timmermans and Commissioner for Energy, Kadri Simson. We called on the Commissioners to ensure that Fit for 55 accelerates progress towards the 2030 55% emissions reduction target and ensures the mass roll out of market-ready green heating technology.

Our key messages for the European Commission are as follows:

Faster replacement of old and inefficient heating in buildings is essential

Roughly 60% of heating systems installed in Europe are old and inefficient, and are the cause of most of the building sector's CO2 emissions. Installed heaters are 25 years old on average and, if they were labelled today, would end up in Class D or below. Currently, only 4% of heating systems are replaced each year and even if this increased to 5%, it would not cut CO2 emissions by more than 40% by 2030. We must therefore aim for greater ambition and strive for a replacement rate of at least 6% through the Fit for 55 package. To make it possible:



- New Ecodesign and energy labelling rules should be designed to facilitate faster replacement and promote more efficient use of energy carriers.
- Deep renovation and minimum energy performance standards for buildings must include heating replacement, given heating and hot water cause 80% of building energy consumption.
- Targets of 60% reduction in CO2 emissions from buildings by 2030 must be set and included in the Energy Performance of Buildings Directive.
- Energy savings obligations should focus on energy efficiency, as has successfully been the case in several countries.

Make the most of all efficient heating technologies and energy carriers

Buildings are diverse and so are their heating needs. In order to decarbonise them, a variety of technologies and energy carriers will be needed to reach the 2030 and 2050 targets, in line with a multi-technology and multi-vector approach. Electrification and the use of low-carbon and renewable fuels like hydrogen will be important. The European heating industry has developed efficient electric heating solutions, such as heat pumps and hybrids, as well as efficient combustion-based technologies that will work with renewable and decarbonised gases. To make the most of these technologies, we propose to:

- Increase the sectoral target for renewable heating and make it binding.
- Keep valuing the role of electric heat pumps and ensure that hybrid and thermally driven heat pumps are promoted too.

- Remove barriers and promote the decarbonisation of gas, while increasing its renewable content.
- Ensure the future energy label promotes different types of technologies to achieve a cost-effective decarbonisation of buildings.

Addressing the social dimension of the energy transition

The pandemic has had an enormous impact on the European economy. The European heating sector can contribute to the economic recovery while also delivering on the EU's long-term climate goals for CO2 reductions in buildings. There are 1.8 million jobs in the heating value chain, with 120,000 of these in manufacturing. As such, the replacement of old and inefficient stock will create jobs and opportunities for SMEs and the local economy. For consumers, it will mean greater energy savings and lower bills. This is particularly important for the 50 million Europeans that were suffering from energy poverty pre-Covid. With this in mind, it is important to:



- Couple the targets outlined above with adequate support for heating replacement, from sources like Next Generation EU. Heating replacement has upfront costs that must be covered to reap the benefits it offers in the long run.
- Gradually phase in a carbon price for heating fuels to stimulate the use of more efficient technologies, and earmark carbon revenues for heating replacement support.

Our call

We stand ready to support Europe's transition to climate neutrality in 2050. The heating sector will play a key role in reaching the 2030 emission reduction targets. Europe can succeed if we replace old heating systems, make the most of market-ready technology, and promote a multi-technology approach.