

## EU Strategy on Heating and Cooling

*Draft EP Report on EU Strategy on Heating and Cooling (2016/2058)*

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UPEI welcomes the EU Strategy on Heating and Cooling and believes that this creates opportunities to stimulate further developments towards greater efficiency gains in the sector across Europe. However, it is important that a technology neutral approach is ensured in order for all modern heating technologies to play their part. UPEI believes that policies should be fair and based on performance, rather than favouring certain technologies and solutions.

There are 20 million households in Europe heated by oil, representing around 17% of heating systems, making oil heating the third most used technology in the EU. This is a significant market in the EU's heating sector which is not appropriately addressed in the EU's Heating and Cooling Strategy, therefore, missing a serious opportunity for contributing the EU's 2030 targets.

A proportion of today's heating systems rely on old technology. Many of these consumers do not have the option to change to alternatively fuelled heating systems due to affordability and infrastructure constraints. However, significant energy efficiency gains and GHG emission reductions can be achieved (up to 40%) by replacing these systems with modern oil condensing boilers which have the same "A" grade efficiency rating as gas condensing boilers. This is being actively promoted by the oil heating sector through incentives to consumers, providing an affordable solution, at no extra cost to authorities. Through such modernisation, up to 40% efficiency gains and GHG emission reductions can be achieved already today. Furthermore, consumers frequently decide for a combination of up-to-date condensing boilers with renewable energies like solar and biomass.

UPEI stresses that this approach is compatible with the EU's drive to promote renewables and district heating in its Heating and Cooling Strategy, which it supports. However, there must be a recognition that these policies have a high cost for consumers and can only be implemented in the longer term perspective. **If policy makers are serious about meeting the 2030 targets then, alongside the promotion of renewable technologies which will take time, the potential of doing better with traditional energy sources that are in use today must be fully integrated into the strategy.** Without this, the necessary investment and incentives to consumers will not continue. We, therefore, believe that an important opportunity for reducing GHG emissions and improving energy efficiency in the short/medium term will be missed if the potential of switching to modern oil condensing boilers in combination with renewable energies (as opposed to changing energy source) is not recognised in the Strategy and promoted for Europe's oil heated households.

In this respect, the European Parliament report on the EU heating and Cooling Strategy (Gierek Report) presents an opportunity for the biggest EU institution, directly elected by the Europe's citizens, to promote policies that are, on the one hand, ambitious in terms of promoting renewable technologies and, on the other hand, realistic by recognising consumer constraints and promoting affordable solutions which contribute to the 2030 goals.

In the draft Gierek report, UPEI welcomes: 1) the recognition of the need for consumers to be fully aware of the technological and economic benefits of new heating and cooling systems, so as to enable them to make the best possible choices; 2) the need to improve EU funding for the thermal renovation of buildings; 3) the acknowledgement that the key to combating energy poverty is to cut heating prices through increased energy efficiency.

However, UPEI calls for greater emphasis in the Gierek Report to be given to the following:

1. The potential of renewable energies in the heating sector is limited, and remains a longer term policy objective. The strategy should, therefore, require all energy sources and technologies to contribute to the reduction of GHG emissions and increase energy efficiency, alongside the promotion of the diversification of energy sources;
2. Replacing oil boilers with modern condensing boilers (whether oil or gas) in combination with renewable energies whenever possible contributes to lower GHG emissions and is an immediate and affordable solution that should be encouraged in the transition period.
3. Hybrid systems, combining renewables with an efficient and reliable source of energy supply (e.g. condensing oil boiler), help promote the diversification of renewable systems whilst providing constant back-up of energy supply.<sup>1</sup>
4. Natural gas, a fossil fuel, offers higher potential for CO<sub>2</sub> emission reduction, compared to oil, however, only when properly produced and transported. However, in terms of storage, security of supply and price, oil heating is much more affordable for consumers – and as this remains a high factor in consumer choice, all possibilities for improving oil heating systems must be encouraged. This central role of the consumer must be seriously addressed in the strategy.
5. The promotion in the Gierek Report of specifically combined heat and power plants (CHP) is not balanced and technology open as they cannot provide a general solution, given their limits particularly if energy demand decreases due to thermo modernisation.

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<sup>1</sup> In 2015 30% of condensing oil boilers sold in Germany are coupled with solar technology and therefore contribute to the integration of solar energy in the heating mix.

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