

An aerial photograph of a modern building with a flat roof. The roof is covered with solar panels. A person is sitting on a rooftop terrace area. The image is overlaid with a semi-transparent blue and red gradient. The text is in white, bold, uppercase letters.

# **JUST RIGHT:**

## **EIGHT POLICY RECOMMENDATIONS FOR SUSTAINABLE, RENEWABLE AND AFFORDABLE HEATING AND COOLING BY 2040**

EU PRIORITIES FOR 2024-2029 TO DECARBONISE HEATING AND COOLING

**Cool  
Heating  
Coalition**

# COOL HEATING COALITION

## EU PRIORITIES FOR 2024-2029 TO DECARBONISE HEATING AND COOLING

Make decarbonised heating and cooling central to achieving 2040 energy and climate targets. Ensure ambitious, effective policies to reach 2030 targets.

1



2

Develop a strategic and holistic heating and cooling decarbonisation action plan and dedicated plans for renewable technologies.

Increase the availability of funds for the energy transition through a new Climate and Just Transformation Fund in the post-NextGenerationEU period.

3



4

End fossil fuel subsidies, redirect carbon revenue to vulnerable groups, make heating & cooling solutions accessible for low- and middle-income households.

Guarantee social and technical assistance for households to facilitate their access to, and participation in, the renewable heat transition.

5



6

Promote community heating and cooling initiatives, EU skills partnerships, and job creation for a just heating transition.

Ensure a meaningful implementation of national and municipal heating and cooling plans.

7



8

Communicate the benefits and facts of the affordable, renewable, and sustainable heating and cooling transition.

# EU PRIORITIES FOR 2024-2029 TO DECARBONISE HEATING AND COOLING

The heating and cooling (H&C) sector makes up around half of the EU's final energy consumption with residential consumption alone accounting for almost a quarter. Almost 44% of households' greenhouse gas (GHG) emissions can be attributed to H&C. These figures show the immense significance of the H&C sector in the EU's energy system. Today, it strongly depends on fossil fuels, which supplied over half of our H&C needs in 2021.

Fossil fuels are a risk to the EU's security due to our strong import dependency, particularly on gas, as Russia's invasion of Ukraine has demonstrated. Combustion-based appliances for H&C damage EU public health through indoor and outdoor air pollution and accelerate climate change by causing GHG emissions.

Fully decarbonising H&C by 2040 at the latest is therefore essential for attaining the EU's security, health, and climate objectives. The technologies to achieve this are mature and abundant. What is required is the political will to develop policies grounded in the Energy Efficiency First principle: lowering buildings' H&C demand and deploying non-polluting H&C solutions, for example by setting energy efficiency requirements for space heating solutions to 115% by 2030. However, the rollout of renewable H&C solutions is currently too slow. The European Green Deal, while impressive in many aspects, missed a historic opportunity to decisively phase out fossil fuels, keeping gas, coal, and oil in the EU H&C system for at least another two decades.

Adopting ambitious policies can address the remaining barriers to a decarbonised and renewable H&C transition. Policies adopted must ensure the inclusion of lower-income groups, leaving no one behind regardless of their income and tenancy status, as well as support for the development of workers' skills to ensure rapid growth of the sector and long-term European employment opportunities.

Fortunately, the technologies for the H&C transition already exist, with more and more people choosing to switch to decarbonised H&C. In some frontrunner countries, the Nordics in particular, they are almost the norm. Mainstreaming them all over Europe will boost our industry's competitiveness, strengthening our strategic autonomy globally while reducing our GHG emissions. The associated improvement in air quality will make us healthier and benefit our societies as a whole. The multiple benefits of this transition are significant, and are ours for the taking.

This statement, focusing on heating and cooling in residential buildings, rather than in the commercial, industrial, or transport sectors, proposes the following priority actions to be advanced in the 2024-29 EU policy cycle:

### **Create a strategic and holistic framework for security, competitiveness and climate targets**

**1. Make decarbonised heating and cooling central to achieving 2040 energy and climate targets. Ensure ambitious, effective policies to reach 2030 targets.**

**2. Develop a strategic and holistic heating and cooling decarbonisation action plan and dedicated plans for renewable technologies.** They should follow the Energy Efficiency First principle and maximise social benefits. The action plan should account for national plans, monitor progress towards a 2040 target for decarbonised H&C, and enable corrective measures if the EU is off track. Dedicated plans including storage infrastructure are needed for the main renewable H&C technologies: geothermal, decarbonised district heating, solar thermal, and heat pumps. Social benefits like employment and health should count when assessing the economies of scale of public investment in community and district heating.

### **Establish an enabling framework ensuring affordability**

**3. Increase the availability of funds for the energy transition through a new Climate and Just Transformation Fund in the post-NextGenerationEU period,** within which distinct facilities would finance investments in the energy transition. In such a framework, there should be a

dedicated sub-facility for energy renovations, including the integration of renewable H&C solutions across the EU. Concerning cohesion policy allocations and a possible future EU climate fund, investments for heating and building decarbonisation should prioritise households which are energy-poor and lack access to private finance, via strong ring-fencing mechanisms and social safeguards.

#### **4. End fossil fuel subsidies, redirect carbon pricing revenue towards vulnerable groups.**

**Prioritise affordability and accessibility for lower- and middle-income households to renewable heating and cooling solutions.** Especially in light of the extension of carbon pricing to buildings scheduled for 2027 (ETS 2), carbon pricing revenues must be used to help vulnerable households to access non-polluting and renewable heating solutions and buildings renovation. This prevents burdening them disproportionately and ensures all benefit from the transition. Subsidies and incentives for polluting energy sources, notably fossil fuels, must be redirected towards efficient renewable and sustainable solutions targeting lowest-income groups to the same end and supporting local social housing associations. Electricity is disproportionately taxed compared to fossil fuels in most European countries, despite being less GHG-intensive. Aligning taxes and levies of energy products and electricity with European climate policies (for example, by addressing the issue of externalised costs of environmental damage) would encourage investments in key decarbonisation technologies, such as heat pumps and solar thermal.

#### **5. Guarantee social and technical assistance for households to facilitate their access and participation in the renewable heat transition.**

Ensure vulnerable groups are accurately identified for the provision of targeted support through the Social Climate Fund. Maximise engagement of vulnerable groups with the national Social Climate Plans, National Climate and Energy Plans (NECPs), H&C plans, and building renovation plans. Serve low-income households first and foremost from a ring-fenced share of EU and national funds for residential energy efficiency and access to renewable technologies. Energy savings investments should be combined with deep renovations whenever needed and possible while considering the financial situation of households.

## **Empower citizens and consumers**

**6. Promote community heating and cooling initiatives, EU skills partnerships, and job creation for a just heating transition:** enable a people-oriented and just H&C transition through forms of citizens' ownership like energy communities, and address the skills gap through supporting sustainable, long-term EU skills partnerships and job creation programmes within the European Skills Agenda.

## **Plan and implement to trigger the market for the H&C transition**

**7. Ensure a meaningful implementation of national and municipal heating and cooling plans.**

Mandate national H&C plans in the NECPs. These should address seamless electrification, the development of electricity, storage, and district heating and cooling infrastructures, as well as demand-side and combined solutions like coupling solar thermal with PV, heat pumps, and batteries. Their effectiveness towards EU climate targets should be regularly assessed, together with the EPBD-mandated renovation plans, and remedial measures ensured in case of shortfalls. With municipalities often understaffed, the EU must provide a legislative framework to help cities optimise and implement ambitious local H&C plans. It is crucial that the EED and EPBD implementation guidelines as well as the technical assistance to member states are mutually reinforcing and trigger the renovation market. National or regional authorities' planning should include H&C plans for municipalities below 45 000 inhabitants. Dedicate funding for the heat transition in deprived areas and smaller settlements not attractive to private investments. This approach is necessary to include smaller municipalities in the heat transition while avoiding additional administrative burden.

**8. Communicate the benefits and facts of the affordable, renewable, and sustainable heating and cooling transition** to consumers to support the faster uptake of non-polluting and renewable solutions.



Sustainable, renewable and affordable  
heating and cooling for all.

**[coolheatingcoalition.eu](https://coolheatingcoalition.eu)**