Open letter to the attention of: H.E. Dr. Ursula von der Leyen, President of the European Commission

In copy to:

Mr. Maroš Šefčovič, Executive Vice-President for the European Green Deal Ms. Kadri Simson, Commissioner for Energy Mr. Thierry Breton, Commissioner for Internal Market Ms. Elisa Ferreira, Commissioner for Cohesion and Reforms Mr. Wopke Hoekstra, Commissioner for Climate Action Ms. Ilze Juhansone, Secretary-General

11 July 2024

Cool Heating

Coalition

Your Excellency,

Heating and cooling are of immense importance in the EU energy system, accounting for almost half of final energy consumption. Residential consumption alone is almost a quarter. Over 94% of homes' greenhouse gas emissions come from heating and cooling, 60% of which is powered by fossil fuels. Across all buildings, around 80% of the energy used is for heating and cooling. More than half of gross fossil gas consumption and about 35% of energy-related emissions come from energy use in buildings.

The European Green Deal legislation includes provisions for decarbonising heating and cooling (H&C), and is a step in the right direction. However, we must quicken our steps. Less than 6% of H&C is powered by decarbonised renewable energy today. To achieve a fully climate-neutral EU economy by 2050, H&C must be decarbonised by 2040. <u>Research</u> shows that Member States are currently not on track to decarbonise the H&C sector neither by 2040 nor by 2050. Decarbonisation of heating and cooling by 2050 implies a tripling of the current rate (as set by the Fit for 55 framework) of replacing fossil fuels with renewables; and a six-fold increase for decarbonisation by 2040. Therefore, decisive and stronger action is necessary to reach the EU's long-term climate goals.

Renewable H&C ensures the EU's geopolitical and energy security: Russia's invasion of Ukraine showed the danger of fossil fuel import dependence. Almost all (97%) of the EU's gas is sourced from imports, and more than one-third of gas is used for residential heating and cooling. Delivering on the REPowerEU plans has reduced our energy dependence on Russia; however, the strategy relies mainly on import diversification, rather than increasing the uptake of renewable H&C solutions. The risk reduction is minimal, especially when moving to states where Russia's fossil gas industry has a presence, or that don't align with EU values. **Renewable heating and cooling will increase energy independence and hence, security.**

Accelerating heating and cooling decarbonisation is a no-regrets policy: indispensable for attaining the EU's climate goals, and bringing a host of co-benefits. Rolling out renewable H&C technologies will enhance our economic competitiveness by lowering costs and mitigating price shocks. The EU already has established manufacturing industries with quality jobs for these technologies, positioning us as a globally leading cleantech exporter. People, especially those in vulnerable and lower-income households, will benefit from renewable H&C, through lower energy bills and healthier homes. They will, however, need help to deal with up-front and renovation costs. Additionally, the electricity-to-gas price ratio must support the electrification of heating, along with ensuring wider protections and easier access to information. Supporting and empowering citizens to actively participate in local renewable heating and cooling transition projects will enhance social cohesion and collaboration with municipalities. A decisive and just transition for heating and cooling means a competitive and socially inclusive Europe.

For this reason, we ask the Commission leadership to:

- Pursue a **disciplined**, **ambitious implementation of the European Green Deal** as a top-level priority in its 2024-2029 mandate. This includes supporting guidance for Member States on the Fit for 55 legislation, such as for the local heating and cooling plans mandated under the EED.
- Include heating and cooling as a key sector for our 2040 climate goals and carefully monitor the EU's progress towards achieving them, as <u>demanded by 15 Member States</u> in their recent letter to the Commission.
- Task the Energy Commissioner with realising <u>a transition to affordable, decarbonised and</u> <u>renewable heating and cooling by 2040</u> in their Mission Letter. Furthermore, we advise that the mandate for the Commissioners for Climate, Internal Market and Cohesion will require them to work with the Energy Commissioner towards this goal.
- The mandate should include creating a new strategic and holistic action plan on H&C, along with publishing the long-postponed Heat Pump Action Plan. Additionally, the mandate should include creating a geothermal strategy as called for by the European Parliament and Committee of the Regions, and dedicated plans for the other main renewable H&C technologies (decarbonised district heating and solar thermal), and halting the launch of new fossil fuel technologies in the EU single market by 2030.
- Allocate sufficient funds to heating and cooling decarbonisation under the Multiannual Financial Framework to unlock the sector's energy security and socio-economic benefits by enabling workers and citizens to own and participate in the transition. This would also support the design and implementation of ambitious National Building Renovation Plans. Spending should be socially targeted to cover decarbonisation costs for citizens for whom individual and private investments are not an option.

These actions would position heating and cooling decarbonisation as a key pillar for the 2024-2029 policy cycle, to realise a safer, more competitive, more socially just, and climate-neutral EU.

Yours sincerely,





OPPORTUNITY GREEN