

EU Heating & Cooling Strategy: Key considerations from the European heating, cooling, and heat pump industry

Our key asks for the European Parliament

EPEE – representing the heating, cooling, refrigeration and heat pump industry in Europe, welcomes the European Commission’s Heating and Cooling Strategy, published in February 2016.

Focusing on the largest energy-consuming sector in Europe, namely the heating and cooling of buildings, the Strategy contains many positive elements, such as advocating for a technology-neutral approach, asserting that the consumer should be at the heart of this Strategy, and highlighting the need for attractive financing to properly renovate buildings.

There are however some gaps in the Strategy to which EPEE would like to draw attention:

- ✓ A greater focus on properly sizing, installing, and maintaining products in buildings
- ✓ The need to fully implement and enforce existing EU legislation in the field of energy efficiency (Energy Performance of Buildings Directive, Energy Efficiency Directive, and Renewable Energy Directive, amongst others)
- ✓ A lack of attention to the cooling sector, which appears very much as the junior partner in this Strategy
- ✓ Concrete proposal to raise public awareness about the benefits of saving energy and develop robust, innovative, and long-term financial mechanisms to stimulate both demand and investment in energy efficient heating and cooling solutions

Taking this into account, we would like to highlight 4 particular aspects that Members of the European Parliament could consider when preparing their position on the Heating & Cooling Strategy:

- 1. The need for a holistic approach ensuring the effective use of energy**
- 2. Consumer awareness and investments in energy efficient solutions**
- 3. Enforcing existing EU legislation**
- 4. An equal focus on heating AND cooling**

Towards efficient heating and cooling

We see four aspects that need to be taken into account in the debate on an effective Heating & Cooling Strategy:

1. **A holistic approach ensuring the effective use of energy**
2. **Consumer awareness and investments into energy efficient solutions**
3. **Enforcing existing EU legislation**
4. **An equal focus on heating AND cooling**

1. A holistic approach ensuring the effective use of energy

A successful Heating and Cooling Strategy needs to take a holistic approach which recognises both the crucial role of buildings within Europe's energy infrastructure and the importance of using energy effectively.

The increasing amount of renewable energy sources results in a fluctuating electricity supply. A flexible response of cooling applications can add necessary and valuable flexibility to this emerging energy scenario. There is an obvious challenge in transforming energy markets both on the supply and the demand side while simultaneously having them to interoperate actively. This requires innovation and investment from the industry, which the industry will only be able to take on if future markets are transparent and attractive. To release the potentials of a large 'virtual power plant' capacity in the cooling market, a strong focus is needed to develop attractive market models including tailored incentives and taxation to ensure innovation on top of the existing basic cooling technologies.

The EU already regulates the energy efficiency of many heating and cooling products through the Ecodesign Directive. However, even the most energy efficient products will not result in significant energy savings if the wrong type of equipment is chosen for a building, or if the heating and cooling system has not been planned to operate in the most effective way. This includes properly sizing, installing, commissioning, operating and maintaining products.

For example, it is still current practice to over-size equipment in order to prevent technical problems during peak loads. In most cases, such over-sizing is not required and often leads to increased investment costs as well as an inefficient use of energy.

By properly sizing and controlling heating and cooling equipment, the money saved could be invested into more efficient technologies and other improvements of the building, leading in turn to higher energy savings whilst guaranteeing the desired indoor conditions.

➔ **EPEE's recommendation:**

The Heating & Cooling Strategy needs to emphasise the importance of a holistic approach to sizing, installing, commissioning, operating and maintaining HVAC-R equipment in buildings, rather than focussing solely on continuously increasing the energy efficiency of products.

2. Consumer awareness and investments in energy efficient solutions

EPEE broadly welcomes the political orientations set in view of the Heating & Cooling Strategy. These focus on the need to use more renewable energy for heating and cooling; increasing the use of efficient technologies that are already available and making use of synergies; developing new technological solutions for industrial processes; and making better use of financial instruments.

More work is needed to unlock the potential of the abovementioned instruments. To reduce energy consumption, we need to increase demand for smart and energy efficient heating and cooling.

However, there is currently a lack of awareness amongst consumers about the benefits of energy efficiency, in particular at building level. In parallel, institutional investment in energy efficiency projects and initiatives is still undervalued, and public financial support schemes are varied and changing. Public procurement, building certificates and information campaigns can play a crucial role in that context by raising awareness both at consumer and government levels.

➤ EPEE's recommendation:

The European Commission and governments should continue raising public awareness about the benefits of saving energy as well as developing robust, innovative, and long-term financial mechanisms to stimulate both demand and investment in energy efficient, affordable heating and cooling solutions.

3. Enforcing existing EU legislation

Energy efficiency regulation is complex to implement and enforce. However, existing regulation could do a lot to increase demand for energy efficiency and thereby reduce consumption.

In that respect, correct energy modelling, including the use of appropriate statistics, is of crucial importance as the potential of heating and cooling solutions is still underestimated.

The 2010 Energy Performance of Buildings Directive (EPBD) and the 2012 Energy Efficiency Directive (EED) provide an excellent framework to achieve significant energy savings, but enforcement is still weak and patchy. Member States need to prioritise the complete and timely implementation of these directives, as well as effective control in the markets.

There is also an urgent need to improve market surveillance across the EU to ensure that Member States and the private sector comply with their obligations, for example with regard to energy efficiency rules for equipment as set by the Ecodesign Directive.

➤ EPEE's recommendation:

In the spirit of "Better Regulation", the Heating & Cooling Strategy should focus on the implementation and enforcement of existing legislation. In that respect, the European Commission should support Member States with guidance and the sharing of best practice. It should also put a stronger emphasis on reporting under the EU Economic Semester and ask Member States to clarify their efforts dedicated to heating and cooling solutions within the framework of their next national action plans on energy efficiency (NEEAP) and renewable energies (NREAP) in 2017. In addition, the Heating & Cooling Strategy should be taken on board in the EPBD, EED and RED Reviews.

4. An equal focus on heating AND cooling

EPEE emphasises that there is a great variety of heating and cooling solutions and that many factors determine which is best suited for a given context. Moreover, cooling plays an increasingly important role in today's society. In most cases, it is not a luxury, but essential to our daily lives, such as for example homes for the elderly, hospitals, and the entire food cold chain.

Therefore, cooling needs and efficient solutions need to be an integral part of a broader strategy.

➤ **EPEE's recommendation:**

The Heating & Cooling Strategy needs to be as much about heating as about cooling, focussing both on cooling needs and efficient solutions. When discussing heating and cooling solutions, the European Commission should adopt a neutral approach towards all technologies available in order to reach the ambitious targets set for primary energy saving and carbon emission reductions.

About EPEE:

The European Partnership for Energy and the Environment (EPEE) represents the refrigeration, air-conditioning and heat pump industry in Europe. Founded in the year 2000, EPEE's membership is composed of 40 member companies, national and international associations.

EPEE member companies realize a turnover of over 30 billion Euros, employ more than 200,000 people in Europe and also create indirect employment through a vast network of small and medium-sized enterprises such as contractors who install, service and maintain equipment.

EPEE member companies have manufacturing sites and research and development facilities across the EU, which innovate for the global market.

As an expert association, EPEE is supporting safe, environmentally and economically viable technologies with the objective of promoting a better understanding of the sector in the EU and contributing to the development of effective European policies. Please see our website (www.epeeglobal.org) for further information.

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