

EPEE POSITION PAPER

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

Executive Summary:

EPEE welcomes the announcement by the European Commission to propose an EU Heating & Cooling Strategy by the end of 2015, as a key element of the EU Energy Union framework. As heating and cooling forms a major part of Europe's energy consumption, it makes sense for there to be a strong focus on this sector. At this stage of the debate, we would like to highlight four aspects that should be taken into consideration when preparing the Strategy and which can contribute to a sustainable and secure energy system in Europe:

1. **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**

Introduction: EPEE's commitment to provide energy efficient products

The European Partnership for Energy and the Environment (EPEE) welcomes the announcement by the European Commission to put forward a Heating & Cooling Strategy by the end of 2015 as part of the Energy Union framework. This Strategy will set out how to further improve the energy efficiency of heating and cooling applications.

As a strong supporter of the EU's emphasis on energy efficiency as a "first fuel", our industry is committed to developing energy efficient technologies for the heating, cooling and refrigeration (HVAC-R) sectors and to contribute to the moderation of energy demand as per the EU Energy Union objective.

The future EU Heating & Cooling Strategy is of crucial importance, since it focusses on the largest energy consuming sector in Europe, namely the heating and cooling of buildings. As a key actor in this field, EPEE is eager to play its part in making Europe's "sustainable and secure energy system" a reality.

Towards efficient heating and cooling

At this stage 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. 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 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, 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 should emphasise the importance of a holistic approach to planning and installing 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 by the EU Energy Ministers on 15-16 April 2015 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 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 and building certificates 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 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.

4. An equal focus on heating AND cooling

The Heating & Cooling conference organised by the European Commission in February 2015 took a rather restrictive approach by focussing mainly on the heating sector, and largely on the supply side. For example, there was much discussion about district heating, while cooling needs were not considered at all.

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.

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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