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| **22 March 2022** ***Dear EPEE Members,***This week the 27 EU Heads of State and Government will meet in a [meeting of the European Council](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=94154e5e9e&e=802e4750f5). The main topic will be again the atrocious war in Ukraine and how the EU can wean itself off its dependence on fossil fuels from Russia. To prepare short-term and mid-term measures on energy independence, the European Commission published a Communication [REPowerEU](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=c49a6627a2&e=802e4750f5) (see also below) which prominently features the goal of installing 30 million additional heat pumps by 2030 in the EU. EPEE has published a [statement](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=fc732cf7fb&e=802e4750f5), welcoming this recognition of the most effective and efficient technology to solve our energy challenges in heating and cooling.  But: * In its 30 million goal the European Commission so far only takes into account air-to-water heat pumps and ignores the many other heat pump technologies which can make a huge contribution.
* At the very moment that the EU is discussing how to massively accelerate the heat pump roll out, the Commission is discussing the review of the F-gas Regulation which could seriously jeopardize this roll out.

EPEE, in close collaboration with the [European Heat Pump Association](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=be7a42adec&e=802e4750f5), will closely monitor the developments in the coming weeks and months. A follow-up from the European Commission on REPowerEU is expected for May. Best regards, Folker Franz, Director General  |

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| **WHAT'S NEW IN THE EU****European Commission publishes REPowerEU plan, a joint European action for more affordable, secure and sustainable energy** |

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| On 8 March 2022, the European Commission published a **Communication on** [REPowerEU](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=1b0b82fdd9&e=802e4750f5) its plan to make Europe independent from Russian fossil fuels well before 2030. REPowerEU lays out the planned joint European action for more affordable, secure and sustainable energy. One of the main objectives of the plan is to reduce the demand for Russian gas by two-thirds before the end of 2022. Since the EU imports 90% of its gas consumption, and Russia accounts for 40% of these imports, the Commission argues that it is a matter of urgency to answer to the uncertainty of the situation immediately and reaffirms the necessity to accelerate the energy transition. The measures focus on the rising energy prices and on the urging matter of restocking gas stocks for winter 2023. REPowerEU will try to diversify gas supplies, accelerate the development of renewable gases and replace gas in heating and power generation. Regarding the heating sector, the highlight of the Communication is the European Commission’s announcement to massively speed up the rollout of heat pumps. The European Commission states that it “will help the value chain for solar and wind energy and for heat pumps, […]. By doubling its planned yearly pace of deployment of heat pumps in the first half of the period until 2030”.  The EU plans to reach 10 million heat pumps installations by 2027, which should allow to save 12 bcm of gas a year. According to the European Commission, in order to accomplish this market deployment of heat pumps, the supply chain will have to be upscaled and measures will have to be taken to boost building renovation and the modernisation of district heating systems. The European Commission also underlined that the energy efficiency first principle is more important than ever, saying that it “should be applied across all sectors and policies, with demand response measures completing those on the supply-side.” **Next steps:** The European Commission will present a more detailed action plan on how to achieve the objectives of the Communication before the summer (likely in May).    |

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| **WORKING GROUPS****EEE WG:**  * **Heat pump manufacturing questionnaire**: Following the announcements made in the RePowerEU communication (see Article above), the European Heat Pump Association (EHPA) is collecting information from the sector on the feasibility of the targets, the readiness of the value chain and the overall policy framework. EPEE asks all members to participate in the [short survey](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=83063d8912&e=802e4750f5), to better inform our advocacy work in the coming months.
* **Green Deal TF**: The EPEE Green Deal Taskforce met on 21 March to discuss the revision of the Energy Performance of Buildings Directive (EPBD) and EPEE’s reaction to the RePowerEU communication. The Taskforce is close to finalizing EPEE’s position on the EPBD, which will be circulated to the WG for review in due course. Interested members may find the presentation used at the meeting on the intranet [here](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=6f9788684b&e=802e4750f5).
* **Joint letter on RoHS exemptions/RoHS review**: EPEE will co-sign the letter presented by the Umbrella Project circulated to the EEE WG on 10 March, having received no objections to its content. The letter asks for the renewal of the exemptions concerning PTCs used in compressors for heating, refrigeration, and air conditioners. Furthermore, the Secretariat would like to highlight the on-going [public consultation](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=4da0d6a2d4&e=802e4750f5) on the revision of the RoHS Directive, which is open until 2 June 2022. We highly recommend participation of individual companies.
* **Renew Europe webinar on EPBD revision**: On 16 March, the Renew Europe political group of the European Parliament held an event on the revision of the Energy Performance of Buildings Directive (EPBD), hosted by the group’s shadow rapporteur on the file, MEP Morten Helveg Petersen. Jürgen Fischer, Chairman of EPEE, was present on the panel, highlighting the huge advantages of heat pump technologies. Interested members may find a recording of the webinar [here](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=3a2b923d3a&e=802e4750f5).
* **Cambridge Econometrics report on building electrification**: A report published on 17 March by Cambridge Econometrics and the European Climate Foundation, titled [“Why the transition to energy efficient and electrified buildings strengthens Europe's economy”](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=c95cd76fb2&e=802e4750f5) shows that electrifying and renovating Europe’s residential buildings can cut gas imports and generate massive benefits for the economy. The report concludes that the larger the uptake of heat pumps, the greater the socio-economic benefits. When buildings are renovated and heat pumps become the dominant heating technology, the following benefits can be delivered by 2050: 1) A 50% reduction of the average heating bills, 2) 1% increase in annual GDP, 3) 1.2 million net additional jobs. Furthermore, the report shows that heat pumps, district heating and solar thermal are cost-competitive options for consumers due to reduced energy spending while green hydrogen boilers are the most expensive technology due to high energy costs.

 **F-Gas WG:*** **F-Gas Regulation Revision**: The Secretariat has come to understand that DG CLIMA will circulate a new draft version of the F-Gas Regulation revision this week based on the interservice consultation feedback. The proposal is still expected to be adopted on 5 April. EPEE will continue to monitor the situation to receive further information. In addition, based on the previous leaked draft of the Commission’s revision proposal, the Impulse Team began its work on a detailed EPEE position on each of the regulation’s articles, which will also be shared with the full F-Gas WG for comments. This document will then support the creation of an updated EPEE position paper and public consultation feedback on the Commission’s final F-Gas Regulation revision proposal (which is still scheduled to be published on 5 April).
* **Reaction to the REPowerEU Communication**: On 21 March, the Secretariat published [EPEE’s reaction to the Commission’s REPowerEU Communication](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=b3cd7b2cc4&e=802e4750f5) on a plan to improve the EU’s energy independence. The reaction emphasises the need to make use of all heat pump technologies and that the F-Gas Regulation revision must enable the roll-out of 50 million heat pumps with adequate availability of refrigerants. The press release will be shared with the relevant Commissioner Cabinets this week.
* **ECHA Accredited stakeholder organisation**: EPEE has been accepted as an official Accredited Stakeholder Organisation by the European Chemicals Agency (ECHA), greatly enhancing our possibilties fr interaction with the institution. Members willing to support the upcoming F-Gas stakeholder meetings are welcome to express their interest (they will be supporting the Policy Director) in order to contribute to and attend stakeholder meetings.
* **PFAS webinar;** The PFAS webinar hosted by EPEE on 9 March was highly appreciated by the national and European authorities attending. Approximately 170 stakeholder representatives attended, inlcuding representative of the  5 NCAs preparing the PFAS restriction proposal and DG CLIMA. Keynote speakers at the event were ECHA REACH restriction coordinator Peter Simpson and Carl Dannenberg as PFAS Dossier handler from the German Federal Institute of Occupational Safety and Health (BAuA).
* **Socioeconomic stakeholder survey on PFAS**: EPEE F-Gas WG members have been invited to respond to the EFCTC’s socioeconomic assessment stakeholder survey, which will be launched on 4 April to collect more information on the F-Gas industry sector. The survey will run for 4 weeks (until 2 May). The members have also been given the opportunity to also participate in EFCTC’s webinar on 23 March at 14h00 CET to further explain the upcoming survey. The interested stakeholders can express their willingness to participate by sending an email to eco@cefic.be and/or EFCTC\_SEA@ricardo.com.

**Ecodesign WG:**  * **ENTR Lot 1 (professional refrigeration):** the WG Ecodesign is discussing the Global Warming Potential for condensing units and will reach out again to the consultants and Commission with our elaborated position by end-March 2022. A call is scheduled for 18 March 2022.
* **ENER Lots 1 (space heaters) and 2 (water heaters)**: a) The Working Group is elaborating its position on MEPS. b) The Secretariat is preparing a draft reply to the Calls for Evidence, which has a feedback deadline of 31 March 2022.   A videocall to discuss abovementioned points is scheduled for 24 March 2022.
* **ENER Lot 11 (fans):** the Working Group is meeting virtually on 25 March to prepare for the Consultation Forum of 1 April 2022.
* **Sustainable Consumption of Goods Initiative:** the Working Group agreed on leading a joint industry position. Other industry associations can reply until 25 March end-of-business whether they want to co-sign EPEE's position. The deadline for industry to send in its position is 5 April 2022.
* **Sustainable Products Initiative:** the EPEE Secretariat gained access to the draft proposals for a new Ecodesign Regulation for sustainable products, which will be presented at a Consultation Forum on 31 March 2022. The Working Group will discuss the Commission proposals during a videocall on 24 March.
* **Consultation Forums in March and April**: the Commission is organising several Consultation Forums in March and April, which will all be attended by EPEE. a) 31 March 2022: on the Sustainable Products Initiative, the Ecodesign and Energy Labelling Working Plan 2020-2024, and EPREL b) 1 April 2022: on ENER Lot 11 (fans) c) 24 June 2022: on ENER Lot 20 energy labelling (local space heaters) - note: the initial date was 26 April, but this was postponed by the Commission
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| **Calendar** * [Calendar of External Events](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=8861ddd1b9&e=802e4750f5)
* [Calendar of internal meetings 2022](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=d7e882de68&e=802e4750f5)

**Events of special interest*** **AiCARR webinar on Low-GWP Refrigerants**: EPEE has been invited to speak about the EU F-Gas Regulation revision at the Italian RACHP industry association AiCARR’s webinar on 13 April. EPEE will be represented by Senior Policy Director Federica Rizzo.
* **Honewell Spring Cooling Conference**: EPEE has been invited to speak about Regulating Refrigerants at the Spring Cooling Conference on 23 March in Athens, organised by EPEE Member Honeywell. EPEE will be represented by Director General Folker Franz.
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| **WHAT'S IN THE NEWS**  **ENDS Europe*** Industry and green groups at odds over role of F-gases in energy transition
* Lead MEP sees Ukraine conflict as ‘watershed moment’ for building decarbonisation
* Green label for gas and nuclear is ‘a scam’, says EU taxonomy rapporteur

**Agence Europe*** European Commission’s REPowerEU plan fails to convince MEPs
* European Commission is trying to persuade Member States of need for a carbon market for road transport and buildings
* EU taxonomy, chair of ‘Platform on Sustainable Finance’ calls for creation of an intermediate category

**Euractiv*** Renovation takes centre stage as buildings’ energy use fuels Russian war effort

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| **ENDS Europe****Industry and green groups at odds over role of F-gases in energy transition** Plans to accelerate the phase-out of fluorinated greenhouse gases could hamper EU plans to reduce fossil fuel use, an industry group has warned, but climate campaigners argue policymakers should drive a switch to the use of natural gas refrigerants. A leaked early draft of a planned revision of the 2015 F-Gas Regulation reported by ENDS Europe last week suggested that the European Commission was considering a dramatic reduction in the volume of such gases, weighted according to their greenhouse gas potency, that can be placed on the market, to just 5% of 2015 levels. Refrigerators, air conditioning systems and heat pumps are predominantly based on heat exchangers that use F-Gases. The market for heat pumps is expected to increase significantly over the coming years, and the REPowerEU plan unveiled last week envisages the installation of some 30 million units across Europe by 2030. But the European Partnership for Energy and the Environment (EPEE), a trade association representing manufacturers of such systems that envisages a roll out of 50 million units, has warned that a rapid F-Gas phase-down could jeopardise such ambitions. “The projected deployment of heat pump technologies in Europe can save much more greenhouse gas emissions than the restriction of F-gas use could ever avoid,” EPEE director general Folker Franz told ENDS Europe. But the European Environmental Bureau, a green umbrella organisation, argues that a bottleneck in production of heat exchangers could be avoided by switching to natural gas refrigerants such as propane. Senior policy officer for climate and circular economy Davide Sabbadin acknowledged that a lack of trained engineers to install such systems could lead to a bottleneck. “We are looking at a massive deployment of heat pumps and air conditioning in the coming years for the combined effect of raising temperatures and decarbonisation of heating and cooling: without proper training this will translate in a massive use of mid-range HFCs and HFOs, that will use quotas that should be dedicated to hard to abate sectors only,” Sabbadin said. He blamed industry backing for F-Gases at the expense of natural alternative as contributing to this situation, but maintained that a switch in the timeframe envisaged for the phase-down was feasible, and noted that major producers of heat pumps such as Viessmann had already committed to natural refrigerants and launched training schemes for engineers. “This is the moment when companies are planning their production upscale which will happen in the coming years,” Sabbadin said. “We expect heat pump factories to pop up like mushrooms in the coming years because the demand will be massive for the combined effect of both climate targets and the energy crisis due to the Russian invasion of Ukraine.” “What we expect from the commission is a much stronger push for coordinated training of both working and future professionals in the regulation,” Sabbadin said. The industry lobby EPEE agreed “wholeheartedly” that the EU regulation should extend to the training and certification of installers of heat pumps based on alternative refrigerants. “Insufficient numbers of installers trained with handling alternative refrigerants (which are mostly flammable) are badly needed,” Franz said. “In some applications such as small domestic, hermetically sealed, air-to-water heat pumps, propane can be used, for example,” Franz said. “But pretending that everything can be done with alternative refrigerants is ignoring the complexity of the heat pump applications, as well as the scale of the challenge we are talking about.” The European Commission is scheduled to present its proposal to reform the F-Gas regulation in an ‘emissions and pollutants’ package of legislation on 5 April. ................................................................................................................................................................  **Lead MEP sees Ukraine conflict as ‘watershed moment’ for building decarbonisation** Calls to reduce dependency on Russian gas have given fresh impetus to the search for alternative ways to heat homes and plans to renovate Europe’s energy inefficient building stock. The war in Ukraine has caused a “seismic shift” in the debate over home heating and energy efficiency renovation, Green MEP Ciarán Cuffe said in a policy forum on Monday. “More than ever before there will be a momentum amongst member states to increase their energy transition and increase their renovation numbers,” he said. Cuffe is the parliamentary rapporteur for the part of the ‘Fit for 55’ climate and energy policy package that deals with the built environment: the Energy Performance of Buildings Directive (EPBD). The revision was proposed by the Commission in December 2021, with a raft of measures to reduce the energy emissions of heating, which accounts for half of EU gas consumption. As some two-fifths of the gas imports come from Russia, the Ukraine war has brought a new focus to the need to decarbonise Europe’s building stock. Cuffe’s comments came at the online launch of a report commissioned by the European Alliance to Save Energy and the European Climate Foundation. The report found that decarbonising the housing stock will cut energy import dependence, mainly by reducing the need for gas. It estimated that annual spending on gas imports could be reduced by €15 billion in 2030 and €43 billion in 2050. Femke de Jong, who manages a project on the heating of buildings at the European Climate Foundation, said that while the situation today is “very different than when we started the study a year ago” and the report was “not designed” to answer how fast Europe can cut the use of Russian gas imports for home heating, “it does show that doing so will provide numerous other benefits to society”. The report found that electrification of the housing stock, using heat pumps, and more than tripling the rate of renovation to 3.5% annually, would help halve the EU’s annual emissions of CO2 by 2030 and bring it to zero by mid-century. This week, the Buildings Performance Institute Europe (BPIE), a think-tank, also published a strategy paper suggesting ways to decrease reliance on Russian gas imports for home heating in the short-, mid- and long-term. This is a “watershed moment”, said Cuffe, speaking of a conflict that was “fuelled by revenues of oil and gas”. He implored EU member states not to rush to replace Russian gas with imports from elsewhere, but to prioritise the roll-out of heat pumps and other energy efficiency measures as the EPBD progresses through negotiation in the parliament and EU Council over the coming year. ................................................................................................................................................................. **Green label for gas and nuclear is ‘a scam’, says EU taxonomy rapporteur**MEPs have lambasted the European Commission for its decision to classify gas and nuclear as sustainable under the bloc’s nascent green investment rules, while the EU’s taxonomy advisory body has unveiled plans to recommend a new ‘amber’ category ‘within two weeks’. MEPs discussed the controversial delegated act pursuant to the Taxonomy Regulation at a joint public hearing convened by the European Parliament’s environment and economy committees on Tuesday. The Commission [unveiled](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=8e77d9c28c&e=802e4750f5) last month the secondary legislation that classifies transitional uses of the two energy sources as green, to howls of protest from environmentalists. EPP group lawmaker Sirpa Pietikäinen, who was parliamentary rapporteur for the Taxonomy Regulation, made clear her opposition to the small print drafted by the EU executive. “Just to underline to all of my colleagues and for the platform that… this kind of a scam… is totally against the first level regulation and what the science is saying,” she told assembled lawmakers. Her position was echoed by lawmakers across the political spectrum. “[The] science-base has been lost,” lamented shadow rapporteur Paul Tang, from the S&D group. “Worse than that: what the commission has done [is] sidestep the democratic process [with a] delegated act [that] introduces fundamental changes to the primary legislation,” he added. Nathan Fabian, chair of the Commission-appointed Platform on Sustainable Finance, [reiterated](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=aa6c28529a&e=802e4750f5) the expert panel’s assessment that the delegated act goes against the taxonomy regulation. Fabian told MEPs that “the CDA [Complementary Delegated Act] part of the taxonomy does not always contain what it says on the tin [but] there’s no anti-gas position here, we just don’t think the criteria are good enough.” Fabian explained that “a few extra years of coal in some cases, replaced by renewables, is going to give a better net result than retiring the coal assets quickly and then having 25 years of a new gas asset”. He further clarified that the Platform on Sustainable Finance, an advisory body mandated by the taxonomy regulation, plans to recommend a new “amber” category as part of an extended taxonomy framework, in a report that will be published by the end of March. With gas and nuclear in the taxonomy “we are trying to encourage the market to allocate capital to… activities which may not improve their [environmental] performance for between 20 and 40 years [while saying] ‘don’t worry one day this will be green’,” Fabian told lawmakers. He asked rhetorically: “Would you buy it, would you trust me… this is the problem we now have”. “Central and eastern Europe… were lobbying for gas and nukes [in the taxonomy] and then we woke up to the Russian aggression,” said Martin Hojsík from the Renew Europe group. “Hopefully this is a wake up call,” the Slovak liberal continued, “because my country is 85% dependent on Russian gas [and] 100% dependent on Russian nuclear fuel and technology.” Separately, Pietikäinen sent a formal question to the Commission last week asking whether the EU executive “really, seriously still consider Russian gas and nuclear sustainable… or is the Commission planning to cancel its plans?” The parliamentary exchange suggests a very real possibility that MEPs might muster the simple majority needed to veto the subsidiary legislation. Parliament and the EU Council have a scrutiny role for delegated acts where they can reject the legislation during a period of four to six months. ﷟HYPERLINK "<https://aeur.eu/f/k1>".................................................................................................................................................................. **Agence Europe** **European Commission’s REPowerEU plan fails to convince MEPs** Members of the European Parliament’s Committee on Industry, Research and Energy (ITRE) called on the European Commission to go further in its plan to move the EU away from energy dependence on Russia by 2027 and to tackle soaring energy prices, in an exchange with Commissioner for Energy Kadri Simson on Tuesday 15 March. The plan, entitled REPowerEU, is essentially a new set of guidelines for Member States, complementing the toolkit presented on 13 October 2021. In addition to recommendations, it includes the presentation by April of a legislative proposal requiring that gas storage facilities in the EU be filled to at least 90% of their capacity by 1 October each year. While the EPP and S&D group coordinators, Maria Carvalho (Portugal) and Dan Nica (Romania), welcomed the initiative, both called for urgent action. In the first place, the European Commission must propose ambitious short-term measures “to address the issue of security of supply”. It called for the urgent completion of the internal energy market by completing some of the missing interconnections. Faced with the need to move quickly away from Russian energy imports, Ms Carvalho defended postponing the closure of some nuclear power plants and maintaining the “cleanest” coal-fired plants for a limited period. Deploring failures in the electricity market, Mr Nica urged the European Commission to take strict measures to monitor the market and combat the capture of “extraordinary profits” by certain players. On this point, the European Commission Communication states that “in the current crisis situation, Member States may exceptionally decide to introduce tax measures to capture part of the profits made by certain electricity producers”. This formulation is far too weak for the coordinator of The Left group, Marc Botenga (Belgium). Stressing the urgency of helping households with rising energy prices, he criticised the European Commission’s lack of strong measures and called for prices to be frozen at their level of last September. To combat soaring energy prices, “we need targeted support, not a subsidy which goes unlimited regardless of how much energy is consumed in the first place”, said Jutta Paulus (Germany), coordinator for the Greens/EFA. She also asked the European Commission to provide Member States with a detailed plan on how citizens can create, store, sell and share energy, as well as on the possibilities for speeding up permitting procedures for renewable energy projects by limiting them to a maximum of 1 year for wind energy projects and 3 months for solar energy projects. Responding to MEPs, Ms Simson recalled that the European Commission intends to suggest to Member States the creation of limited and clearly defined areas that are particularly suitable for renewable energy projects, in the framework of the forthcoming proposal for a law on nature restoration (due on 23 March). In May, it will also unveil a recommendation on the rapid licensing of renewable energy projects, as well as options for optimising the design of the electricity market. In order to protect consumers, the European Commission will also present, by the European Council of 24-25 March, options to limit the spill-over effect of rising gas prices to electricity prices. .................................................................................................................................................................. **European Commission is trying to persuade Member States of need for a carbon market for road transport and buildings** The European Commission sent to Member States, on Wednesday 16 March, a non-paper to highlight the potential consequences of not establishing an EU-wide emissions trading system for road transport and buildings (ETS2), both in terms of CO2 emissions and social and economic costs. In such a scenario, at least 55 million tonnes of CO2 would have to be reduced by other means, without the guarantee that an ETS offers in terms of emission reductions, says the note, sent on the eve of a debate on the subject between Member States’ Environment Ministers (see other news). This corresponds, according to the Commission, to about 10% of the additional reduction effort required to reduce the EU’s net greenhouse gas (GHG) emissions by at least 55% by 2030 (the target enshrined in the ‘Climate Law’). Achieving the 2030 target would then require doubling the share of effort provided by national policies and/or regulatory tools in the buildings and road transport sectors, the institution believes, given that “carbon pricing and regulation each account for around 50% of the additional effort required in these sectors”. An increase in costs The absence of an ETS2 means that additional efforts will have to be made by Member States and by all households, “without additional revenues at EU level to support these investments”, the Commission warns. With regard to investments in buildings, the institution estimates that the additional annual investment costs for the 40% of households with the lowest incomes will be €5 billion (€30 billion per year instead of €25 billion with the ETS2). According to its analysis, low-income households in all Member States “can, on average, be better off” with the ETS2 and the ‘Social Climate Fund’ (which would be fed by part of the additional revenues from this new carbon market).   The Commission points out that the buildings and vehicles of the richest 20% of households are responsible for 32% of the emissions that would be covered by the ETS2, while the poorest 20% of households are responsible for only 9% of these emissions. It also recalls that the additional burden on vulnerable households caused by the ETS2 would be compensated by the ‘Social Climate Fund’. According to its proposal, the size of this fund would be sufficient “to co-finance about 40% of the estimated annual investment costs for all the necessary investments of households in the two poorest income quintiles in each Member State”. Looking at households as a whole, a regulatory-only approach would require an increase in their annual investment costs in 2030 of 0.85% (€69 billion) compared to current policies, versus 0.71% (€57 billion) in the case of a mix of regulatory measures and carbon pricing, the Commission note also says. See the note: [https://aeur.eu/f/tc](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=2f4904fe14&e=802e4750f5) .................................................................................................................................................................. **EU taxonomy, chair of ‘Platform on Sustainable Finance’ calls for creation of an intermediate category**The chair of the Platform on Sustainable Finance, Nathan Fabian, reaffirmed the Platform’s intention to propose the creation of an intermediate category in the EU taxonomy for investments that are not fully environmentally friendly but can play a role in the environmental transition, during an exchange on Tuesday 15 March in the European Parliament with the Committee on Economic and Monetary Affairs (ECON) and the Committee on the Environment, Public Health and Food Safety (ENVI). The ‘Platform on Sustainable Finance’, made up of some 50 stakeholders advising the European Commission on the EU taxonomy - a classification system to determine whether an economic activity is considered environmentally sustainable in order to guide private investment - issued a highly critical opinion on the inclusion, via a complementary delegated act, of fossil gas and nuclear energy in the taxonomy as “transitional” activities. “The overall assessment of the Platform on the complementary delegated act of the taxonomy is that the criteria for economic activities are not in line with the taxonomy regulation requirements (regulation 2020/852), the 1.5 degree objective (Paris Agreement), and the 2030 and 2050 set of climate goals”, Mr Fabian reminded the members of the ECON and ENVI committees. In his view, the main problem with this complementary delegated act is that it classifies as ‘green’ economic activities that “are not green today”, but “could only be green in the future”. He went on to add: “It needs to be clear that the transition activities in the complementary delegated act do not mean green today. The Platform on Sustainable Finance intends to publish a “report on an extended taxonomy” by the end of March, proposing an intermediate category (amber category) for these activities. “We believe this is a better option to describe the multiple transitions on multiple environmental objectives for multiple economic sectors that we now need to embrace”, said Mr Fabian. Asked by Simona Bonafé (S&D, Italy) and Paul Tang (S&D, Netherlands) about the usefulness of such a category and the risk that it would slow down investment in renewables, the Platform chair said that an intermediate category “helps the transition” and “would assist renewables more than undermine them”. “If you are significantly harmful today, but you can make it to ‘amber’ and ‘green’ one day, then you need finances for your transition plan. We need to make it legitimate to improve and attract finances, and this is what the extended category of taxonomy can assist with. Towards opposition from the Parliament? Presented by the European Commission on 2 February, the delegated act could still be rejected by the Parliament, if a majority of its members decide to support a motion of rejection in a plenary vote that is likely to take place in a few months’ time (the co-legislators have four months to oppose it, with the option of requesting a two-month extension). According to speeches by some MEPs, this vote could be influenced by the war in Ukraine, which has highlighted the imperative for the EU to move away from its dependence on imported Russian energy sources.  “Does the Commission seriously think that Russian nuclear and gas should be labelled sustainable?” asked Sirpa Pietikäinen (EPP, Finland). Bogdan Rzońca (ECR, Poland), for his part, asked whether the delegated act should not be amended to take account of the “current tragic situation”. Emma Wiesner (Renew Europe, Sweden) said that the European Commission “needs to rethink” the inclusion of gas in the taxonomy, “particularly given the war”. César Luena (S&D, Spain) and Silvia Modig (The Left, Finland) called for the rejection of the delegated act, arguing that it is not in line with the EU’s science and policy objectives. .................................................................................................................................................................. **EURACTIV**Renovation takes centre stage as buildings’ energy use fuels Russian war effort The Russian invasion of Ukraine has made gas heating increasingly untenable. This may be the push needed for the EU’s revised Energy Performance of Buildings Directive, which could channel extra funds into renovation. Nothing guzzles fossil gas like Europe’s buildings. Much of the gas imported from Russia ends up heating homes, with 39% of European households in 2019 [using a gas boiler](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=e18718d659&e=802e4750f5). In Germany alone, [20 million gas boilers](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=efd8a0c283&e=802e4750f5) are running day in day out. “Let’s be honest, it will take more than a decade to replace all of them with heat pumps,” [says Birger Lauersen](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=92c67c59c2&e=802e4750f5), president of Euroheat & Power, an association representing the district heating sector. “And even if they have the electricity to replace those, where on earth are they going to find 20 million heat pumps?” he asks. This is where the EU’s revised Energy Performance of Buildings Directive (EPBD) comes in. The more insulated homes are, the less energy they consume – whether that comes from Russian gas or electricity. “The EPBD is more relevant than ever to improve our energy security, tackle climate change and reduce energy poverty,” explains Greens/EFA MEP Ciarán Cuffe, who is in charge of finding a common position on the law in the European Parliament. “47% of our solid fuel, 27% of our crude oil and 41% of our fossil gas came from Russia in 2019, along with 20% of EU uranium,” Cuffe notes. “Now is therefore the time to ramp up our ambition in the Energy Performance of Buildings Directive,” he adds. “Every cent spent on energy efficiency and renewable energy is one less cent going to Putin’s Russia,” he told EURACTIV. Negotiations are currently underway in Brussels over the specifics of the EPBD revision. The European Commission tabled a proposal in December last year, which seeks to renovate the 15% worst performing buildings in Europe. This will have to be achieved “by 2027 as a deadline for non-residential buildings, and 2030 as a deadline for residential buildings,” explained Tsvetelina Penkova, an EU lawmaker from Bulgaria who is shadow rapporteur on the EPBD for the Socialists and Democrats (S&D) group in the European Parliament. After 2030, “all newly constructed buildings should be zero emission buildings,” she told a [EURACTIV event](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=0127a2520e&e=802e4750f5) on 22 February, just two days before the Russian invasion. While the EU’s goals are ambitious, progress has been slow, with only 1% of Europe’s buildings undergoing renovation each year. This pace must be doubled at least, according to the Commission. While the roadblocks to renovation are plentiful, one is relatively new: renovations without state support tend to pay off later in their lifetime due to the high price of construction materials. “We have new prices for the materials,” said Kalin Peshov, chairman of the board of construction firm Glavbolgarstroy AD, who spoke at the EURACTIV event. “I’m saying new prices because they are not even comparable with the old ones,” added Peshov, who is also vice-chairman of the Bulgarian Construction Chamber. The price of building materials have skyrocketed over the past two years, driven by supply chain disruptions during the COVID-19 pandemic and the construction boom that followed the loosening of restrictions across the world. Prices went up again more recently with a ban on timber from Russia, the world’s largest exporter, decided as part of sanctions against Moscow over its invasion of Ukraine. “For metals, we are talking about a 100% price hike over one and a half years, we are talking about a 40% price increase for similarly important materials,” Peshov explained at the event. The structure of the industry doesn’t help either. Whereas in digital policy, lawmakers can address the biggest companies directly, the construction sector is incredibly fragmented, explained Domenico Campogrande, director general of the European Construction Industry Federation (FIEC). “There are more than 50 European organisations who have a link with construction activities, which makes the overall weight of our ecosystem, as it is called now, sometimes relatively lower than other industrial sectors,” he said at the event. This may be changing though, partly due to renewed attention from policymakers. “With the new priorities, especially the environment part, they have put our ecosystem really at a central point with an extremely important role to play in the achievement of these main objectives,” Campogrande said. And with the EU’s €800 billion recovery plan agreed by EU leaders in 2020, the European Commission now has unprecedented financial firepower to support its building renovation wave. “The idea is actually to transform the [COVID-19] crisis into an accelerator for the transition,” said Fulvia Raffaelli, head of the construction unit at the European Commission’s internal market directorate (DG GROW). The EU executive aims to spend the funds “in a way that is fully aligned with the overall objectives around climate neutrality, more energy efficiency, and on top of it more resilience for the European Union,” she explained, saying the funds will go in priority to those in need. As EU states must spend at least 30% of the fund on green projects, they should use the money to speed up the renovation of buildings, Penkova said. “So I think it’s just a matter of strategic planning for the member states to achieve that.”  |

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