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| **03 May 2022** ***Dear EPEE Members,*** Dear Members, Yesterday, EPEE held an Industry Forum to discuss the recent proposal of the F-gas Regulation Revision proposal with the European Commission. Some 20 industry representatives joined physically in Brussels and 45 virtually, to ask some crucial questions to the European Commission employees at DG Clima who had drafted the legislative proposal and who had left more than one ambiguity open for clarification. Some, but by far not all, questions could be answered in a satisfactory manner. Following this Q&A session, our official reaction to the Commission F-gas Regulation revision proposal will be an important subject of discussion next week at EPEE’s Spring Marathon Week. While the Working Group meetings all still take place in a virtual format, the Steering Committee and the Annual General Assembly on 12 May will take place physically.  Also EPEE invites you for a Cocktail on the evening before at 11 May, at 18h30. If you missed the registration deadline, please contact the EPEE Secretariat (secretariat@epeeglobal.org) before the end of this week.  Best regards, Folker Franz, Director General  |

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| **WHAT'S NEW IN THE EU*** **Emissions trading for buildings and transport faces major issues in the European Parliament**
* **ENVI rapporteur publishes draft EPBD opinion**
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| **Emissions trading for buildings and transport faces major issues in the European Parliament**The revision of the EU Emissions Trading System (EU ETS) is in the final stages of negotiations in the European Parliament’s environment committee (ENVI). However, the positions are extremely different, and a majority in the Committee currently rejects the extended ETS 2 for buildings and road transport. The transport committee (TRAN) already rejected the ETS 2 on April 28, arguing that “driving a car should not be turned into a privilege.” On May 9-10, the ENVI Committee will vote on the [report](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=09e6d6140b&e=f75ec5c5df) prepared by the rapporteur Peter Liese (EPP, Germany). The Social Democrats (S&D), the Greens, the Left and the right-wing conservatives are very critical of the ETS 2. They would prefer to focus more on regulatory measures with for instance fleet limits or burden-sharing among Member States and force more emission savings through ETS 1. As a result, an amendment from S&D and the Greens for the complete abolition of ETS 2 will be discussed.  The rapporteur stated that “the negotiations with the shadow rapporteurs were very disappointing”. The ENVI committee will vote first on the demand to delete the ETS 2, which is likely to be accepted with the support of the left and extreme right groups. According to MEP Liese, that would be problematic after months of negotiations, especially considering that “a majority of the member states, with the exception of Poland and Hungary, would support ETS 2". In his report, Liese proposed a price cap of 55 euros per ton of CO2 in ETS 2 that will apply until 2029. If it is exceeded, ten million CO2 certificates from the market stability reserve are to be placed on the market over a period of three months to lower the price. Before it happens, a warning mechanism would be introduced for Member States to take measures to reduce CO2 emissions if the price exceeds 45 euros. Liese also wants to maintain process heat in emissions trading, but will likely have to agree with the Renew group proposal, the only group to support ETS 2, who advocates for the system to be introduced only for commercial transport and commercial buildings.  **Next steps**: The ENVI Committee will [vote](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=7adbdea38b&e=f75ec5c5df) on the revision of the Emissions Trading System and therefore on ETS 2 on May 17 and the European Parliament Plenary will vote on the proposal during the session on 6-9 June.  **ENVI rapporteur publishes draft EPBD opinion**On 20 April, MEP Radan Kanev (EPP, Bulgaria), rapporteur of the Environment Committee’s (ENVI) opinion on the revision of the Energy Performance of Buildings Directive (EPBD), published a [first draft](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=6f281339f7&e=f75ec5c5df) of his opinion. This draft will serve as a basis for the discussion in ENVI and will be amended by the other political groups in the coming weeks. Ultimately, the ENVI opinion will feed into the report of the Industry, Research and Energy Committee (ITRE), the lead Committee on the file.  MEP Kanev focuses large parts of his text on proposing new measures aiming to increase the role of affordability in the EPBD. For this purpose, he advocates for example for mandatory consideration of pay-as-you-save schemes by Member States.  The text further proposed a considerably weaker role for Zero-Emission Buildings (ZEB) by introducing, as an alternative to achieving ZEB standard, the “best energy performance the respective building stock could allow on an economically feasible cost”.  In addition, MEP Kanev also aims to curb ambition on the introduction of minimum energy performance standards (MEPS) by postponing their introduction for residential buildings in Member States by 3 years, and for public buildings by 1 year.  Finally, the text aims to strengthen the role of indoor air quality (IAQ) in the Directive, by implementing IAQ requirements in the context of MEPS and proposing a new definition for IAQ.   |

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| **WORKING GROUPS** **EEE WG:**  * **EEE WG meeting**: The next meeting of the EEE WG will take place on 11 May, 10.30 to 12.30. Interested members may now find a draft version of the meeting presentation on the intranet [here](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=3d3b03e216&e=f75ec5c5df). Please note that the presentation will still undergo changes before the meeting.
* **Green Deal TF**: The EPEE Green Deal TF will meet on 04 May to discuss EPEE’s response to the draft EU Green Public Procurement Criteria for buildings (see the [20 April EPEE Round-up](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=9878681599&e=f75ec5c5df) for more information).

 **F-Gas WG:*** **F-gas Industry Forum**: The Secretariat hosted the forum on Monday 2 May to provide a platform for discussion between DG CLIMA – represented by Bente Tranholm-Schwartz and Arno Kaschl – on the F-gas Regulation revision proposal. The conversation touched upon missing definitions in the proposal, the proposed restrictions for the RACHP sector, alignment with the Kigali, and training and certification provisions.
* **F-gas Regulation Revision**: Upon learning that the ITRE committee has decided to provide a full opinion on the F-gas Regulation revision, the Secretariat has spearheaded a joint letter together with EHPA, EHI, AREA, APPLiA, and Eurovent to complement the decision and urge the committee to strike a balance between reducing emissions from F-gases and achieving the EU’s sustainable energy goals in heating and cooling. In addition, the EPEE F-Gas WG Impulse Team is currently working on updating the EPEE position to reflect the provisions in the Commission’s final proposal for the new draft position paper to be presented, discussed, and approved at the F-Gas WG meeting on Tuesday 10 May and EPEE Steering Committee meeting on Thursday 12 May.
* **PFAS REACH restriction**: EPEE’s PFAS Task Force is progressing with its work on the possible derogations from a possible PFAS REACH Restriction or exemptions, as well as its advocacy activities. A Firefighting Foams REACH [restriction proposal](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=1f336bf88b&e=f75ec5c5df) (the so-called “Annex XV Dossier”) was published on 23 March 2022, where HFCs and HFOs are expressly mentioned. EPEE informally learnt from ECHA that this will set a precedent for future universal PFAS. Therefore, as an accredited stakeholder in ECHA, EPEE will further investigate into this, in cooperation with its experts' members and EFCTC/Cefic that will be joining on a rotation basis.
* **Essential use**: A new Essential Use Report was released last week by the Consultants appointed by the European Commission. EPEE is to submit its replies to a survey by 04 May. The full paper on the Essential Use Commentary “10 Questions on Essential Uses” can be found at this [link](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=a46bb7e408&e=f75ec5c5df).
* **Chemical substances conference**: EPEE’s Policy Director will be joining the French Presidency’s [Conference on Chemical substances](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=29f95106e2&e=f75ec5c5df) in Paris on 11 May, where she will be meeting the F-Gas and Chemicals experts. Policy Director will also debrief the other industry associations of F-gas Downstream Users so to prepare the ground for the next actions. Among these follow up actions, ACEA will be joining the next PFAS Task Force meeting to present its activities in relation to the dossiers. Other members are also welcomed to join, if interested.

**Ecodesign WG:**  * **Ecodesign for Sustainable Products Regulation (ESPR)**: the Sustainable Products Initiative (SPI) resulted in a Commission proposal for an ESPR. This file was published on 30 March, presented by the Commission at a Consultation Forum on 31 March, and stakeholders can provide [feedback](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=49c7d4b176&e=f75ec5c5df) until 22 June 2022. The WG Ecodesign is working on recommendations.
* **ENER Lots 1 (space heaters) and 10 (air conditioners)**: EPEE is meeting with DG ENER on 3 May 2022 to discuss the BAM proposals on dynamic and compensation methods in ENER Lots 1 (space heaters) and 10 (air-to-air heat pumps, air conditioners, and comfort fans).
* **ENER Lot 11 (fans)**: a Consultation Forum took place on 1 April 2022. The deadline to send feedback to the Commission was 29 April 2022, and EPEE sent in its [feedback](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=74b630b3a2&e=f75ec5c5df).
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| **Calendar** * [Calendar of External Events](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=79b6675f67&e=f75ec5c5df)
* [Calendar of internal meetings 2022](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=eebea577bb&e=f75ec5c5df)
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| **WHAT'S IN THE NEWS**  **ENDs Europe** * Environment committee urges more ambition on energy efficiency
* Interest groups caution MEPs against weakening second ETS
* Commission singles out 100 cities to become climate neutral by 2030

**Euractiv** * How to deploy heat pumps at scale – and fast

**Agence Europe** * Revision of ETS, negotiations between political groups in European Parliament are intensifying
* European Commission presents legislative proposals to combat fluorinated gases and ozone-depleting substances

**Politico*** Europe seeks urgent break from Russian gas

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|  **ENDs Europe****Environment committee urges more ambition on energy efficiency**ENVI’s opinion on revising the Energy Efficiency Directive (EED), drafted by Green lawmaker Eleonora Evi, calls for higher targets to cut final and primary use by 2030 than [proposed by the European Commission](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=fb78eb8797&e=f75ec5c5df). In Thursday’s vote, committee members backed boosting energy efficiency by 45% compared to a baseline scenario for both primary and final consumption, compared to a 36% target in the Commission’s proposal. MEPs on the industry committee (ITRE) are still preparing their draft report on the file, which will form the basis of Parliament’s position in negotiations with member states. ITRE is planning to vote on the text in mid-June, meaning a plenary vote could take place before the summer. ITRE rapporteur Niels Fuglsang, a Danish member of the S&D group, [wants to increase](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=e998bdb2ce&e=f75ec5c5df) the directive’s energy savings target from 36% to “at least” 43% by 2030. That would mean in concrete terms a 19% cut in energy use compared to 2020 levels. While the Commission has indicated it may support a higher renewable energy target for 2030 in light of the soaring cost of fossil gas, MEPs have said it is giving mixed messages on boosting energy efficiency beyond the Fit for 55 proposal. Green lawmaker Jutta Paulus, a shadow rapporteur on the file in the industry committee, said [during Thursday’s ENVI session](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=bb57047b5d&e=f75ec5c5df) that a Commission representative had expressed reluctance to change the energy efficiency targets in a meeting with shadows on Wednesday. The official “didn’t want to add any ambition to the Commission’s proposal”, she told vice-president Frans Timmermans. “Whereas you have been advocating for the Parliament to push forward here.” Other measures backed by ENVI committee members include bringing the renovation rate for public buildings up to 3% of existing building stock every year – in line with rapporteur Fuglsang’s draft report – and an increase in the annual energy savings obligation to 2%, up from 1.5% in the Commission’s proposal. The Coalition for Energy Savings, an NGO and industry umbrella group, welcomed ENVI’s opinion as a step-up compared to the Commission’s proposal. “This sends a strong signal to the industry committee… and to the Commission ahead of the publication of its REPowerEU package,” said secretary general Arianna Vitali. The ENVI committee also adopted opinions on the FuelEU Maritime and ReFuel EU Aviation files being overseen by Parliament’s transport committee. .....................................................................................................................**Interest groups caution MEPs against weakening second ETS**Peter Liese, an MEP with the conservative EPP group and rapporteur for a broad emissions trading system (EU ETS) reform proposal, said on Tuesday evening the European Parliament appears split into two mutually exclusive camps in the ongoing negotiations. The existing ETS covers stationary facilities such as factories and power plants, as well as domestic air transport. The German MEP, who earlier in the day had [voiced his misgivings](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=c80bcd9396&e=f75ec5c5df) to journalists, explained that the S&D and Greens/EFA groups are calling for a larger[social climate fund (SCF)](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=02e1fd82c8&e=f75ec5c5df). “Even though many colleagues in my political group don’t like it… I could imagine that we have a top-up of the social climate fund,” he conceded. However, speaking at an event organised by car industry lobby group ACEA, Liese pointed to a potential impasse with the liberal Renew Europe group pushing for an ETS II that only encompasses commercial sectors, not private cars and homes. “Then they say we don’t need a social climate fund because private people are not affected, so it’s quite the opposite from Greens and S&D.” Sam Van den plas, policy director at the campaign group Carbon Market Watch, underscored the “major” political trials for reaching a compromise. The soaring cost of energy “makes the current political discussions and finding agreement… challenging”, he said. Sofie Defour, at environmental group Transport & Environment, insisted that all ETS II revenue should be used for the SCF but cautioned against dropping the proposal altogether. She explained that the bloc “would fall short of about 8-10%” of its emission reduction target for the sectors without the ETS II. Defour also contended that limiting the scheme to commercial vehicles will undermine the EU’s climate goals. “In practice this would come down to a scope of heavy-duty vehicles only which would limit the emissions coverage of the ETS II to only 23% of road transport emissions.” She added: “Obviously that has impacts on the 2030 target and our ability to reach that”. Industry representatives also urged MEPs not to shrink the scope of the system. “It is imperative that carbon emissions are associated with their true costs, and that these are factored in when transport operators make their investment decisions,” said Thomas Fabian of carmakers group ACEA. He added that the ETS II “does exactly this [and] it would be a shame if, over these debates, the whole… proposal would be killed.” While Fabian reiterated his industry’s position that ETS II revenue should be “ring-fenced and reinvested in the road sector”, he recognised that a compromise may be necessary to save the proposal. “Private [and] especially commercial transport operators… need [financial] help to adopt the new vehicles because for the foreseeable future they will be…and remain more expensive,” he said. “If it is… politically necessary to invest large shares [of the ETS II revenue] to mitigate the impact for the poorest households… then so be it,” he added. .................................................................................................................... **Commission singles out 100 cities to become climate neutral by 2030**Lisbon, Brussels and Budapest are among the European capitals that will receive EU support to meet the holy grail of climate goals within just eight years. The full list, published on Thursday, includes at least one city from each member state, from Porto in the far southwest to the northern Swedish town of Umea. The unquestionably ambitious eight-year project is directed by one of five ‘[EU Missions](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=b666993bb6&e=f75ec5c5df)’ announced in September, under which the chosen municipalities will share in what might seem a relatively modest amount of Horizon Europe funding, starting with €360m to cover this year and next. The Commission stressed this research and innovation funding will be matched by “tailor-made advice and assistance” from a platform managed by a NetZeroCities consortium, enhanced national coordination, and information exchange. It hopes the ‘mission’ label will lead to additional funding and financing opportunities, while a raised profile should attract private investment and skilled workers. Transport commissioner Adina Valean suggested the cities could show the way to addressing the biggest sources of urban emissions. “In their quest to become smart and climate-neutral by 2030, the 100 EU cities announced today will be natural ‘test beds’ for innovative, integrated solutions to many of the issues facing our citizens today, including urban mobility,” she said in a statement. Mayors and local authorities will have to draw up contracts to be implemented by each participating city that will include an investment plan to reach the 2030 goal. The Commission recognises these will not be legally binding, but says they will be “a clear and highly visible political commitment to the EU, national and regional authorities and citizens”. Asked by ENDS Europe to clarify how the Commission understands “net zero” in the context of the scheme, a senior official said it would cover scope 1 and 2 emissions – that is all direct emissions such as fuel used for transport, but also indirect emissions linked to, for example, electricity supplies. The EU executive wanted to come up with a definition that would allow cities to set “manageable” policies while ensuring the overall target was “credible and reasonable”, the official said. “They still would involve prodigious effort, I would say, for the cities involved.” There is considerable scope for exemptions, however. Cities will be able to carve out carbon intensive infrastructure such as ports, airports and specific industrial facilities, on the understanding they set a separate date for decarbonisation. Furthermore, residual emissions will be allowed “as long as they are compensated in the overall balance”. Pressed on this, the official clarified that cities will be allowed to use carbon offsetting to cover up to 20% of their emissions. The Commission stressed the 277 applicants that were not selected, of which 262 met the eligibility criteria, would still have access to the expertise and assistance of the mission platform and EU agencies. The chosen municipalities are intended to represent a wide range of city types across the whole of the union. Moreover, a deliberate decision was made not to select only low-hanging fruit. Copenhagen, with 98% of buildings already [connected to an efficient district heating network](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=a86236e00e&e=f75ec5c5df) and a target to be climate neutral by 2025, sits on the list alongside the likes of Warsaw – which also has a huge district heating network, but one powered largely by coal – and the EU’s second most populous capital, Madrid. Of the EU’s 27 members, only Germany, Austria, Czechia and Estonia – along with Luxembourg and Malta – do not have their capital city on the net-zero by 2030 list. A dozen non-EU cities have also signed up, including Sarajevo, Reykjavik, Istanbul and Glasgow, have set the same target and signed up as associate partners to the scheme. .....................................................................................................................**EURACTIV** **How to deploy heat pumps at scale – and fast**The EU’s ‘RePowerEU’ plan aims to accelerate the rollout of heat pumps, including doubling the deployment rate in the next five years. Richard Lowes explains how it can be done. [*Richard Lowes*](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=c3fe7647b5&e=f75ec5c5df) is a senior associate at the Regulatory Assistance Project (RAP), an independent think tank promoting the transition to clean energy. In the past few weeks, European energy policy and its perception of fossil energy have seen a seismic shift. Heat pumps were always undoubtedly a critical heat decarbonisation technology, not just in Europe but around the world. In addition to being vital for decarbonisation, heat pumps are seen as a critical technology for enhancing the EU’s energy security to [reduce Russian gas imports](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=868dd89ed2&e=f75ec5c5df). A [new report](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=4180ccf026&e=f75ec5c5df) from the Regulatory Assistance Project and its partners,  ‘The perfect fit: Shaping the Fit for 55 package to drive a climate-compatible heat pump market’, explores how the EU’s Fit for 55 package can drive greater growth in heat pumps and how in the interim period, member states can drive action. Why heat pumps? While heat pumps use electricity, the heat that a heat pump moves into a building is inexhaustible energy from the environment (the air, the ground or water). Heat pumps provide significantly more useful heat than the electricity used to power them, making them a cost-efficient technology for decarbonising space and water heating in buildings. Even a heat pump running on electricity solely produced using fossil gas would reduce total gas use and greenhouse gas emissions. But as the share of low carbon electricity continues to grow across Europe in the coming decades, so will the gas savings and emissions reductions that heat pumps bring. This combination of efficiency and ability to use low carbon electricity explains why heat pumps play a central role in the decarbonisation of heating in buildings, district heating networks and low-temperature industrial processes for numerous decarbonisation pathway studies, including work by the European Commission and the IEA. Fit for 55 is a crucial heat pump policy moment Many areas of the EU’s Fit for 55 package could, if advanced, support the growth of the EU’s heat pump market. A proposal in the Energy Efficiency Directive would disallow energy savings associated with fossil fuel boilers from counting towards the EU’s energy savings target, and a proposal in the Energy Performance of Building Directive (EPBD) would require member states to lay out plans for fossil fuel heating phase-outs by 2040. Both proposals would get member states to consider heat pumps in their medium- and long-term policy planning. The revised Energy Taxation Directive and a new, second emissions trading system covering buildings can potentially shift the overall economics of heating away from fossil fuels towards heat pumps and should, in general, be supported. Stronger minimum energy performance standards for existing buildings in the EPBD would ensure that the building stock is more efficient and better able to guarantee affordable and quick adoption of heat pumps at scale. Time is of the essence However, the Fit for 55 package will take time to be negotiated and will most likely not become law until 2024. The EU’s ‘RePowerEU’ plan aims to accelerate the rollout of heat pumps, including doubling the deployment rate in the next five years. Achieving this accelerated pace of change will require significantly more action by member states ahead of the introduction of the EU’s new legislation. Fossil fuel heat bans are an obvious and key policy measure. New home fossil fuel heating bans can be introduced rapidly in advance of the EU 2030 target. To expand gas infrastructure in the face of a climate and gas crisis is clearly witless. This is hardly a new policy, with a number of countries, including the Netherlands and Denmark, already moving to ban gas in new buildings. Furthermore, strengthening the European Commission’s proposal for new energy labelling and eco-design standards for space and water heating appliances alongside the Fit for 55 packages would be another important step — it would avoid the sales of new, less efficient gas condensing boilers on the EU market. This minimum energy performance standard should be combined with fossil heating bans with sensible lead-in times, an ultimate policy goal that should be clearly reflected in the EPBD. In the interim period before the proposals become EU law, and likely for the foreseeable future, national governments should ensure they offer financial support for households to purchase heat pumps, with grants being a simple, tried and tested option. More is needed The transformation to low carbon heating by 2050 was already going to be a challenge. In addition to the heat pump policy measures currently proposed, thorough coordination of heat decarbonisation from international to local levels is needed. Such coordination needs to consider how building energy efficiency renovations happen alongside the rollout of heat pumps and more local developments around district heating networks. There is a huge amount to do and very little time. The Russian war against Ukraine and the surrounding gas crisis adds a shorter-term imperative, which has focussed minds on the future of heating. The challenge now is to rapidly deliver policies at a national level that drive immediate change while ensuring that a robust Fit for 55 packages is agreed upon to provide a structural shift away from fossil fuel heating into the future. Undoubtedly, we should have started this earlier. But now more than ever, there is no time like the present to act, and [our report](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=c2e5b8e77c&e=f75ec5c5df) can be a useful guide for policymakers. .....................................................................................................................**AGENCE EUROPE****European Commission presents legislative proposals to combat fluorinated gases and ozone-depleting substances**On Tuesday 5 April, the European Commission adopted two new proposals for EU regulations under the ‘Green Deal’, one on fluorinated greenhouse gases (F-gases) and the other on ozone-depleting substances (ODS). The aim is to reduce emissions of these gases and substances, most of which have a global warming potential (GWP) several times higher than that of carbon dioxide (CO2), and thus to combat climate change. The European Commission estimates that the two proposals will lead to an additional reduction in greenhouse gas (GHG) emissions up to 2050 of 490 million tonnes of CO2 equivalent in total (310 million tonnes for the F-Gas proposal and 180 million tonnes for the ODS proposal). This corresponds approximately to the total GHG emissions reported by France in 2019 (436 million tonnes). Fluorinated gases F-gases are used in chemical processes and in many types of products and equipment. Hydrofluorocarbons (HFCs), which account for about 90% of F-gas emissions, are for example mainly used as refrigerants in refrigerators, freezers, air conditioners and heat pumps, as propellants in asthma sprays and technical aerosol cans, in fire extinguishers and as blowing agents for foams. Other fluorinated gases that also represent significant emissions, such as perfluorocarbons (PFCs), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3), are commonly used in industrial manufacturing processes and, in the case of SF6, for power line insulation. Emissions of these gases currently account for 2.5% of total EU GHG emissions. While emissions doubled between 1990 and 2014, they began to fall after 2014 at EU level, following the entry into force of the current EU emissions regulation (517/2014). They fell by 6% in 2019, according to the European Commission. Thus, the measures established under this regulation to reduce emissions of fluorinated gases “are not called into question in the current proposal”, says the new text presented by the European Commission. Globally, however, F-gases are among the fastest growing GHGs, mainly due to the growing demand for refrigeration and air conditioning. The European Commission’s proposal for a regulation (repealing Regulation 517/2014) therefore provides for an HFC quota system for producers and importers to severely restrict the future supply of HFCs to the EU market, while at the same time providing a strong economic incentive to switch to climate-friendly alternatives for the sectors concerned. In addition, the European Commission proposes to phase out fluorinated gases completely in certain sectors. In particular, the text provides for the phasing out of SF6 - the GHG with the highest global warming potential - in new electrical equipment from 2031. A date that the NGO ECOS considers to be far too distant. “By 2031, electricity grids will have grown considerably due to our urgent need to electrify sectors such as transport and heating - and these grids must be clean”, said Luka De Bruyckere, programme manager at ECOS, while stressing that alternatives are already available today in many cases. The European Commission’s proposal also updates a number of obligations for companies, such as the implementation of best practices, leak detection, record keeping, training of service personnel and proper waste treatment. It also proposes standards for Member State sanctions to discourage illegal trade in F-gases. In addition, the institution wants to strengthen the existing monitoring and verification systems to ensure compliance with the ‘Montreal Protocol’.  Adopted in 1987, this international agreement initially aimed to eliminate ODS in order to protect the ozone layer. It was then complemented by the Kigali Amendment (which came into force in 2019) calling for a phase-down of hydrofluorocarbons. The European Commission thus proposes to remove certain exemptions and thresholds from the current regulation that are not included in the Montreal Protocol, for example by banning trade in HFCs with countries that are not parties to the Protocol. ODS  For ODS, production, use and trade are already largely prohibited. The few substances that are still permitted are used as fire protection agents in special applications; for example, on board aircraft and in analytical laboratories. However, ODS emissions may occur in the coming decades as some insulating foams (in the building sector) in which ODS were formerly used as blowing agents reach the end of their life. The second proposal, repealing EU Regulation 1005/2009, therefore has the main objective of preventing ODS emissions from hitherto legal applications in products and equipment. It includes, for example, measures for the mandatory recovery or destruction of ODS from some of these foams during the renovation and demolition of buildings. Strengthening import controls In addition, both proposals include clearer requirements for action by customs authorities in the case of imports and exports of F-gases, ODS, and related products and equipment containing them. They include an obligation for importers to provide additional information to make automatic customs controls possible, as well as rules on inspections and seizure of goods. Finally, sanctions for breaches of the rules would be further harmonised between the different EU Member States and would be made more dissuasive.  See the proposal on F-gases: [https://aeur.eu/f/14a](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=4d241e1288&e=f75ec5c5df) See the proposal on ODS: [https://aeur.eu/f/14b](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=88f28511c2&e=f75ec5c5df) (Original version in French by Damien Genicot) .....................................................................................................................**Revision of ETS, negotiations between political groups in European Parliament are intensifying**The European Parliament’s negotiators for the revision of the European Union Emissions Trading System (ETS) will meet four times next week (Monday 2 May, Tuesday 3, Wednesday 4 and Thursday 5) in Strasbourg in the hope of reaching compromise amendments ahead of the vote on the dossier scheduled for 16 May in the Parliament’s Committee on the Environment, Public Health and Food Safety (ENVI). In an online media interview on Tuesday 26 April, the Parliament’s rapporteur Peter Liese (EPP, Germany) acknowledged that “many different opinions” remain at the current stage of the negotiations. His colleague Michael Bloss (Germany), shadow rapporteur on this dossier for the Greens/EFA group, had made a similar observation a few days earlier (see EUROPE [B12937A8](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=531f73b07c&e=f75ec5c5df)). However, their interpretations of the reasons for the lack of progress in the negotiations differ. Mr Liese said that the blockage is mainly due to the fact that a majority of the ENVI Committee - comprising MEPs mainly from the Greens/EFA and The Left groups, but also some from the S&D and Renew Europe groups - is in favour of strengthening the Commission's proposal for the current ETS without having a “clear position” on the creation of a second ETS covering greenhouse gas emissions from heating of buildings and road transport (ETS2). The Commission’s initial proposal for the ETS1 foresees a reduction in emissions from the sectors covered by the scheme of 61% by 2030 compared to 2005 levels, an increase of 18 percentage points compared to the current contribution (-43%) of the scheme to the EU’s climate target (see EUROPE [B12762A1](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=503b510b8c&e=f75ec5c5df)). For the rapporteur, this is already a very demanding target which the Parliament should align itself with in order to prevent the prices of emission allowances in the ETS1 from becoming really too high and pushing up electricity prices even further. “I am convinced that going beyond the Commission proposal will be really challenging and could create problem not only for industry (…) but also because the ETS1 directly affects electricity consumers”, he said. In particular, it considers that some EU Member States will have to rely more on coal over the next two to three years to move away from their dependence on Russian gas, which will already lead to an increase in the price of emission allowances in the current ETS. ETS2 Mr Liese, a supporter of ETS2, has passed on compromise proposals on this chapter to the negotiators of the other political groups. In particular, he suggests a system to ensure that entities covered by the ETS2 limit the passing on of their additional costs (due to the ETS2) to final consumers. This would require regulated entities to report to the European Commission the percentage of costs associated with the surrender of allowances that is passed on to the final consumer and to provide the Commission with an explanation where this percentage varies by more than 5 percentage points from the last reporting period. Furthermore, they would not be able to pass on more than 50% of the costs of surrendering allowances under the ETS2 to the final consumer. Otherwise, they would be obliged to pay a penalty to the ‘Social Climate Fund’. Mr Liese also proposes a system to cap the price of ETS2 emission allowances at €55. (Original version in French by Damien Genicot) .................................................................................................................................................**POLITICO****Europe seeks urgent break from Russian gas**European Union leaders met on March 11 in Versailles to discuss steps to phase out Russian natural gas, oil and coal “as soon as possible” from Europe’s energy system. The horrific war in Ukraine has forced a reckoning with the European Union’s dependence on Russian gas. More than 40 percent of Europe’s gas consumption comes from Russia, and the horrific war in Ukraine has forced a [reckoning](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=5557b67035&e=f75ec5c5df) with the European Union’s dependence on Russian gas. In Versailles, European leaders [agreed](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=51a9761d15&e=f75ec5c5df) to accelerate the reduction of fossil fuel use, diversify imports of natural gas, bolster the market for hydrogen, speed up the deployment of renewable energy and improve electric grid interconnections across the Continent. The agreement also calls for ensuring gas storage levels are sufficient ahead of the next winter, and coordination to build out new liquefied natural gas (LNG) infrastructure. The specifics still need to be hashed out, and the Versailles agreement calls on the European Commission to come up with a detailed plan by May. The summit came a few days after the release of the Commission’s [REPowerEU plan](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=7eb82225c2&e=f75ec5c5df" \t "_blank), a proposal to fast-track Europe’s break with Russian energy. Many of those proposals were reflected in the Versailles declaration. Putin’s war in Ukraine demonstrates the urgency of accelerating our clean energy transition. Breaking dependence on Russian energy “It is time we tackle our vulnerabilities and rapidly become more independent in our energy choices. Let’s dash into renewable energy at lightning speed,” European Commission executive vice president Frans Timmermans said on March 8. “Putin’s war in Ukraine demonstrates the urgency of accelerating our clean energy transition.” The REPowerEU plan could cut Europe’s natural gas consumption by 155 billion cubic meters over time, equivalent to the volume of Russian gas imports in 2021. Crucially, two-thirds of those reductions could be achieved as soon as next winter, the Commission said, a dramatic overhaul and decisive break of a longstanding energy relationship. “This is a major change of perspective, as before the war all the plans relied on a continuation of Russian supplies,” Marco Giuli, a researcher at the Brussels School of Governance, told [Gas Outlook](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=184c8e71cf&e=f75ec5c5df). In a separate proposal, the International Energy Agency (IEA) [published](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=f497c25d6c&e=f75ec5c5df) a 10-point plan for how the EU could cut Russian gas use by one-third ahead of next winter. The ideas were similar to the Commission’s strategy, relying on more renewables, gas storage, other sources of gas imports, electrifying home heating, efficiency and conservation measures. Meanwhile, on March 11, the EU and G7 partners [announced](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=1cd7acdd44&e=f75ec5c5df) a new wave of sanctions, explicitly banning all investments in any part of Russia’s energy sector. The prohibition includes financial services and technology transfers on energy exploration and production. Slow down or accelerate transition? The big question is how the urgent need for energy security interacts with Europe’s mid- and long-term climate targets. The REPowerEU plan does not alter those objectives, leaving the EU’s net-zero target by 2050 and the 55 percent reduction in greenhouse gas emissions by 2030 in place. But in the scramble to import more LNG to offset Russian gas, there is a risk that the Continent ends up locking in new fossil fuel infrastructure that becomes more difficult to unwind later on. “The EU has already more LNG capacity than what would be required when considering climate-neutrality targets. However, the need to quickly reduce reliance on Russian gas is changing the picture,” Giuli said. He added that because imported LNG will replace Russian gas, that alone would not necessarily change gas consumption levels in Europe. “However, the risk of locking in supply is real, as new projects are also likely to come with long-term contracts to justify new waves of upstream investments,” Giuli said. LNG contracts can last 20 years, and the infrastructure has multidecade lifespans and payback periods. “Some investment decisions risk being rushed on the basis of strategic considerations taken under the pressure of the current moment,” Giuli said. “They face not only long-term risks related to decarbonization objectives, but also short-to-medium term risk related to the extreme level of geopolitical uncertainty.” Europe should prioritize “no-regret options”, such as renewable energy, residential heating electrification, efficiency and conservation. Instead, he said, Europe should prioritize “no-regret options”, such as renewable energy, residential heating electrification, efficiency and conservation. But whereas in the U.S., high energy prices have the oil and gas industry aggressively [arguing](https://epeeglobal.us13.list-manage.com/track/click?u=f8bc826a837ccc9b1b9a47b5c&id=67952eecbd&e=f75ec5c5df) for new drilling and government support for more pipelines and LNG export infrastructure, the proposals in the EU may accelerate the underlying trend toward cleaner energy, notwithstanding stronger interest in LNG and coal in the short run, said Aleksandra Gawlikowska-Fyk, director of the power sector program at the Poland-based thinktank Forum Energii. She was less concerned about the calls for new LNG, noting that it is too soon to tell how much new LNG import capacity actually gets built and comes online. LNG import terminals in Europe are only at 60 percent utilization, meaning that there is some free capacity that could be called upon, Gawlikowska-Fyk said. There should be no doubt that the aim of the EU is to accelerate, not slow down, transformation. “There should be no doubt that the aim of the EU is to accelerate, not slow down, transformation,” Gawlikowska-Fyk told Gas Outlook. “Even if the physical availability of energy becomes temporarily more important, which may increase the use of coal, the direction to clean will not change.”  |

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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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