Member states to decide on renewables for heating EU homes

Published: Thursday 24 May 2007 | Updated: Monday 4 June 2007

Despite Commission promises in 2006 to propose binding targets for renewables on heating and cooling, these can no longer be expected. It will now be up to member states to decide on the targets as part of upcoming national action plans to reduce greenhouse-gas emmissions by 20% in 2020.

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Background:

According to figures by Greenpeace, nearly 50% of the EU's primary energy is consumed for heating and cooling in private homes, buildings and industrial processes. Eufores, the European Forum for Renewable Energy Sources, puts the figure closer to 40%. Such figures put the energy market for heat in the EU neck-and-neck with the market for transport and electricity.

Already in its 2005 Biomass Action Plan, the Commission stated that legislation on renewable energy in heating "is the missing piece of the jigsaw, alongside existing directives covering electricity and transport".

In February of 2006, Parliament adopted, with massive support of MEPs, a resolution asking the Commission to put forward legislation that would double the share of renewable energies for heating and cooling by 2020 (EurActiv 15/02/06). In response to the resolution, EU Energy Commissioner Andris Piebalgs promised that the Commission would put forward a proposal on the issue before the end of 2006.

Issues:

Commission passes the buck

Legislation on heating and cooling will be included in the future framework directive on renewable energy, expected in the fall or winter of 2007. Rather than proposing specific targets, however, the Commission will only provide "indications", leaving the specifics up to member states.

No role for bio energy?

EU policies are clearly more focused on the use of biofuels for transport (EurActiv <u>LinksDossier</u>) than for heating and cooling. Speaking at a 24 May conference on biofuels, a Commission spokesperson explained that it is "easy" to integrate biomass and biofuels into both home heating and district heating infrastructure, and that is why policymakers' efforts have been more focused on the more difficult task of integrating biofuels into the transport sector.

District heating

District heating is particularly widespread in new member states from Central and Eastern Europe because of the continued use of Communist-era facilities. Since the enlargement of the EU in 2004, district heating contributes 10% to the EU's total heat demand. There is considerable potential for the use of renewable energy sources, industrial waste and industrial surplus heating in district

heating facilities, which can provide heat for entire neighborhoods or city sections. The increased use of combined heat and power (CHP) or cogeneration (EurActiv 10/05/07) in district heating facilities also presents a significant potential for reduced CO2 emmissions.

• A problem of visibility?

EREC, the European Renewable Energy Council, suggests that the lack of awareness of the potential for reducing GHG emmissions from heating and cooling is due to the relatively scant political attention given to the issue and to an under-representation of SMEs in the renewables sector at European level. With respect to district heating, it "faces problems competing with individual heating", according to the Commission. In an effort to address this issue, EU finance ministers agreed in February 2006 to reduce the VAT rate for district heating, which was at nearly 20% in France (EurActiv 03/02/06).

Positions:

EREC is concerned that provisions on heating and cooling are "missing" in the EU's policy framework, and that this "policy hole is jeopardising the chances of the EU to reach its overall target for renewable energies, as recently stated by the European Commission".

Greenpeace supported the setting of binding targets on renwables for heating and cooling, stressing the "enormous potential to replace fossil fuels" through the use of solar collectors, geothermal energy and bio energy.

Eufores promotes the setting of specific targets for renewables in heating and cooling at both the European and member state level. Eufores also urges the Commission to strictly monitor member states progress towards any established targets.

Socialist MEP **Mechtild Rothe**, rapporteur of the 2006 resolution, also supports a strict monitoring of member states, and urges the Commission to produce a mid-term review on implementation by 2015.

Latest & next steps:

• **3rd - 4th quarter 2007**: Commission to propose framework directive on renewable energy, with indications to guide member states for targets setting.

Links

EU official documents

- Commission: 2005 Biomass Action Plan
- European Union: 2004 Cogeneration directive

Parliament

- February 2006 non-legislative resolution on heating and cooling
- Legislative Observatory: <u>Information on resolution</u>

EU Actors positions

- Euroheat & Power Website
- European Renewable Energy Council Position on sector targets
- Eufores Common statement on heating and cooling

NGOs

Greenpeace: Reaction to February 2006 Parliament resolution

EurActiv, 24 mai 2007



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