



EEB

European
Environmental
Bureau

Decarbonising heating & cooling in European Towns



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Who are we?

The EEB is **Europe's largest network of environmental citizens' organisations** – and the only one to work on such a broad range of issues.

Our over 190 members from 41 countries have more than 30 million individual supporters.

We have over 50 years of EU environmental policy expertise.

Our vision

A better future where people and nature thrive together.

Our mission

We advocate for progressive policies to create a better environment in the European Union and beyond.

National Members

CROATIA

CROATIA	 Full Member SUNCE - Association for Nature, Environment and Sustainable Development	 Full Member ZELENA AKCIJA - Friends of the Earth Croatia
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H&C: a key topic for strategic independence

Here we go again with another crisis and...our energy bills go up.
[How can this be happening again?!](#)

- Topics

- 1) The picture of current state of work on H&C EU policies
- 2) Resources
- 3) What can be done?

86 Tankers Saved:

How Heat Pumps Reroute Energy Security

THE CONTEXT

The Strait of Hormuz is the world's most critical~and vulnerable~LNG chokepoint.



Annual LNG Flow 

 110 ships  110 ships

Hormuz total flow:   (110 ships)

2030 heat pump target      

THE SAVINGS

Europe's growing fleet of heat pumps directly reduces gas for this gas.

Current Savings (24M heat pumps) 2030 Target (60M heat pumps)

5.5 bcm



Equivalent LNG tankers

13.7 bcm



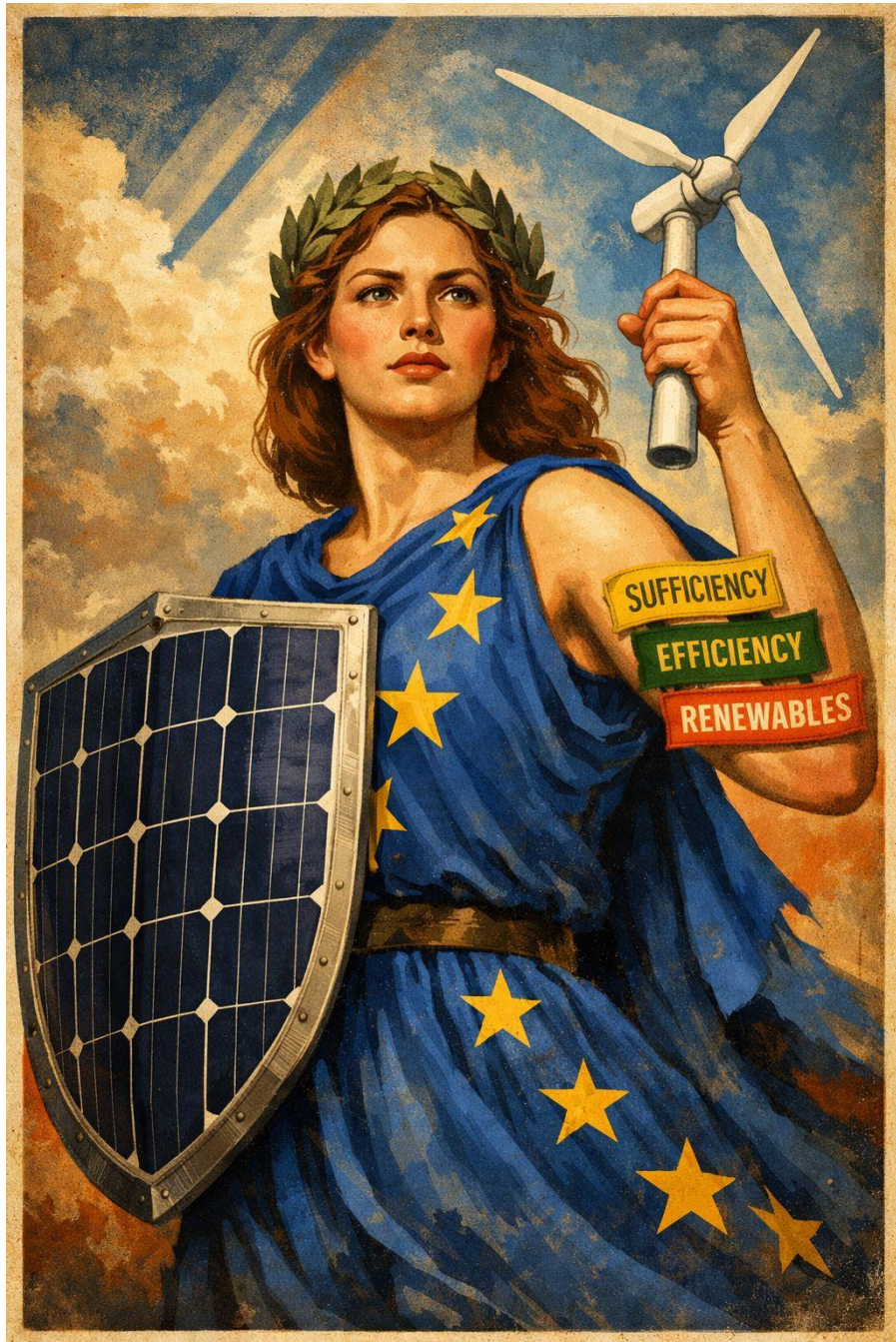
Share of Hormuz flow

78%
31%

78% of Hormuz LNG flow = replaced by heat pumps by 2030

Why does H&C matter?

- We need to cut energy consumption and shift to electrification/solar
- Energy independence
- 110M teq of CO2 savings by 2050. This is HUGE
- In 2004: EU 60% energy import. 2024..the same!



Why does H&C matter?

- We need to **rationalise** energy consumption and shift to **electrification**
- Energy **independence**
- **110M teq of CO2** savings by 2050. This is **HUGE**
- In 2004:EU **60%energy** import. 2024..**the same*!**

*Source: <https://www.euractiv.com/news/europes-energy-illusion-why-a-e1-trillion-green-bet-hasnt-broken-its-import-habit>



Citizens energy package

Presented on March 10th

EEB requests:

- 1. Move away from grants only and promote private-public partnerships to cut upfront costs for consumers*
- 2. Create a working group of good-willed MSs to share best practices*
- 3. Create a dedicated H&C EU fund to be matched with local public and private funds to boost renovations*
- 4. Promote flexibility and other enabling conditions and tech*
- 5. shift taxation from electricity to fossil fuels*

What is there

- 1. **Action 3** calls in promoting innovative financing models. EC to work in the EU Energy Efficiency financing Coalition to identify and promote best practices*
- 2. **Pillar IV** EC to streamline existing initiatives in various fora, upgrading the existing Citizens Energy Forum*
- 3. **No action***
- 4. **Action 6** calls for enabling flexibility remuneration. EC to provide guidance (Q1 2026) and in promote it in the Partnership for Better Homes (2006)*
- 5. **Action 1** calls on MS to shift levies and VAT under the current ETD possibilities, particularly for vulnerable cust.*



Main files in discussion

- ETS2: economic incentive on households to switch (challenged). Lots of money from SCF to Eastern European Countries.
- EPBD: legal imperative to (eventually) switch (not yet challenged but)
- **Energy (Security) Package**: an upcoming triple document from the Commission. Includes:
 - “Strengthening energy security”
 - “Electrification action plan”
 - “Heating and cooling strategy”
- States, subsidies, and, security: what crisis response does to the decarbonisation of homes



ETS2/Social Climate Fund

- Last year, Council reached an agreement on the 2040 target. This required concessions to conservative governments worried about the political cost of a de facto tax on households, including **delaying ETS2** and reinforcing the associated Market Stability Reserve.
- This means **less money available for the SCF**. Which, for the largest majority is spent in Eastern European Countries
- How the money is spent is largely **depending on national government**.



ETS2/Social Climate Fund

- Important to lobby for using this money for heating and transport: otherwise, **mayors will face the problem but will have no money** to solve it.
- As much as possible focusing **on investments, not on costs**. Starting from vulnerable households.
- Mid and high-income households can be catered with a **mix of public-private** funds.
- **District heating** -> ETS2 while individual low-income families -SCF



EPBD - Efficiency in buildings

- Key provisions: renovations of least performing buildings (Minimum energy performance of buildings)
- No more public money for fossil heating
- New buildings must be zero emissions buildings (nationally defined)
- National buildings renovation plans will have to include a roadmap to phase out fossil heating by 2040



EPBD - Efficiency in buildings

- It is unpopular with some governments and conservative politicians.
- The detailed provisions relating to mobility infrastructure are regularly cited as reasons for re-opening the legislation for simplification and MS are failing across the board to implement it.
- Germany has been catastrophic in both implementation and lack of implementation.
- Leaks of the Grid Package included requests for such a re-opening as did drafts of the Housing Affordability Report



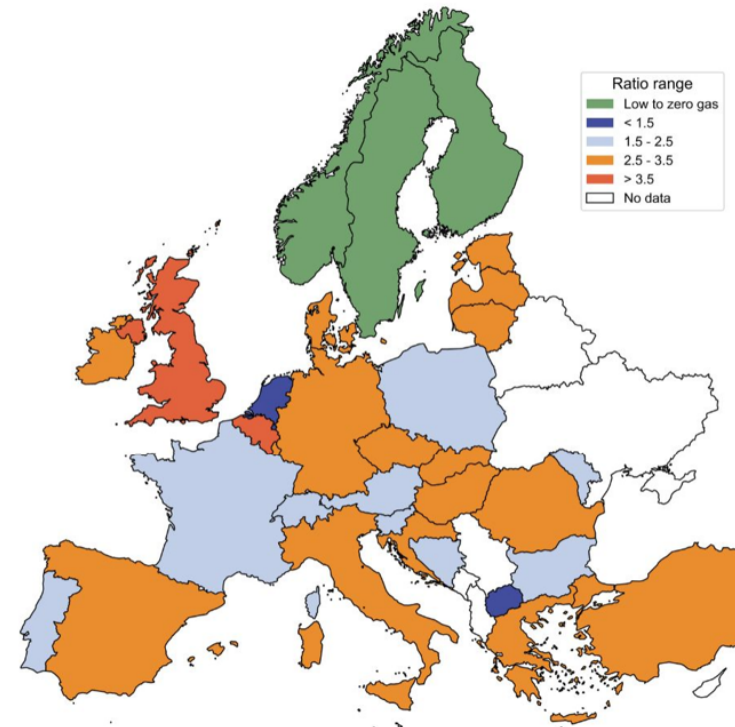
Coming up

- The return of the energy taxation guidance?
- Guidance for social leasing on Heat Pumps and EV?
- A KPI towards electrification?
- Easier permitting for geothermal?
- Easier permitting for district heating? Technical assistance to municipalities in their H&C plans?
- Future ban on disconnection fees?
- Awareness raising on solar thermal?
- Phase-out dates by technology?

EU energy taxation policy

- Electricity-gas price ratio remains imbalanced in most MS.
- Energy Taxation Directive (ETD) dates from 2012. Last attempted update stuck since 2021. Main alleged reason: transport fuels.
- Current ETD provides some options: art. 19 derogation for reduced taxation rate for electricity for heating purposes.
 - Only used by Finland, whose reduced rate is +90% lower than before.

Electricity to gas price ratio - first half 2025 (households)



Source: Eurostat, UK Heat Pump Association (HPA), Polish Organisation of Heat Pump Technology Development (PORT PC), Swiss heat pump association (FWS). Includes all taxes and levies.



Ecodesign on H&C

How it started

1. *Phasing out fossil fuels boilers installation*
2. *Improving testing methods (in particular heat pumps) to bring them closer to real use*
3. *Third party conformity certification*
4. *Introduce circular economy provisions (repairability)*

What we get

1. *Fossil fuels will still be sold*
2. *Slightly improved testing methods (in particular heat pumps) to bring them closer to real use*
3. *Third party conformity certification*
4. *Introduce circular economy provisions (repairability)*

But

Entry into force in 4 years from the approval.



Energy label of H&C

EEB Priorities:

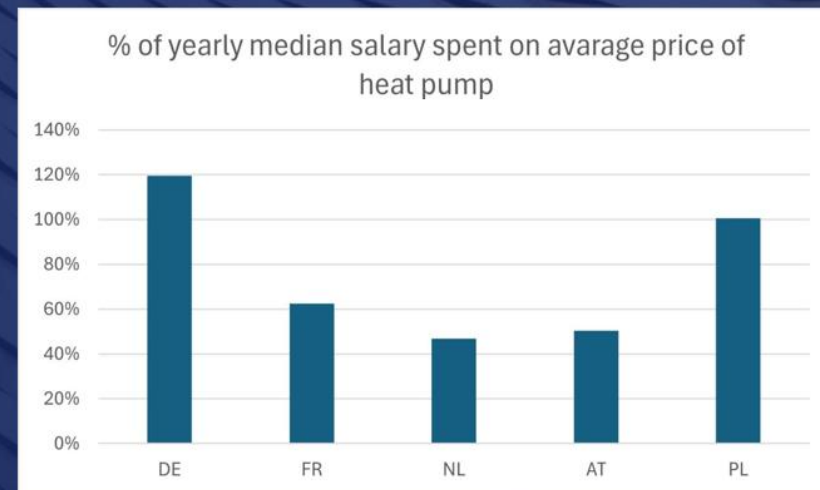
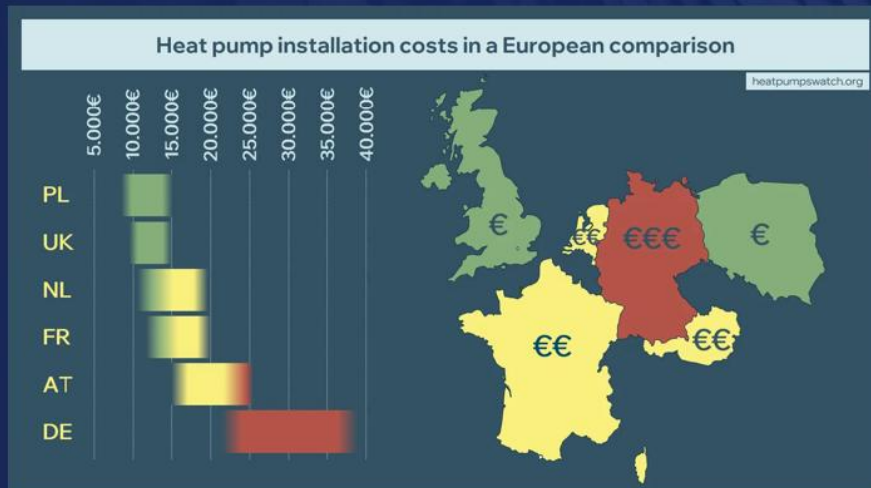
- 1. Fossil boilers labelled G or F*
- 2. Only renewable energy heating and cooling on the top classes (B&C)*

The situation:

- 1. Label final draft not ready (unprecedented)*
- 2. Will be sent to parliament for yes/no approval*
- 3. Some member states fighting to keep gas boilers up in the upper part of the scale*
- 4. Issues with integration of Solar Thermal*
- 5. Not clear how to classify hybrid HPs and how to allow them to access public funding.*

Heat pump subsidies

- High upfront costs is putting off 60% of households (LCP Delta).
- Financing gap for heat transition: EUR 78bn annually; implies EUR 15.6bn in public spending. 2023 fossil fuel subsidies were EUR 111bn.
- Wide price disparities for heat pumps between countries.
 - German subsidy design (percentual, not income-specific) may have inflationary impact, but requires more research and other factors likely at play.





Resources to work

The main instruments available for future funds are:

Taxation design

National budgets

The Social Climate Fund

Revenues raised by ETS2

Windfall taxation to energy companies

MFF– EU budget (i.e. former Helena funds)

ETS1 – modernisation fund (particularly for District Heating)

Lerning from the past



The EU spent € 681B in the last energy crisis, just 3 years ago.

If we consider only 50% lowest income households in the EU (many in the CEE) this means € 6800 per household.

This money went up, literally, in smoke
If we invest the same this time, dedicating 80% for investment we get €5500 per family.

This would mean installing technology that cuts 10% to 30% of their bills for 30 years.

[Source: Bruegel](#)



What can be done?

- Aim at promoting solutions that **cut the upfront cost**: most of the times, they pay back by themselves.
- Create awareness in citizens that **solutions are there**. Myths are hard to die.
- Adapt the **best technology mix** to integrate as many heat pumps as possible.
- In **urban areas focus on DH** but be mindful of **time**: people need to switch away from FF as soon as possible, and need economic certainty



Thanks

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