

Dear President von der Leyen,
Dear Executive Vice-President Ribera,
Dear Executive Vice-President Sejourné,
Dear Commissioner Hoekstra,
Dear Commissioner Jørgensen,

During the previous mandate, the Green Deal cemented Europe as a frontrunner of ambitious goal setting, establishing objectives for a cleaner, healthier economy. The current mandate, rightly, follows this up by focusing on our net zero industrial competitiveness. This can lay the foundations for our future climate-neutral prosperity and simplify the lives of European industrial champions.

Decarbonising our Heating & Cooling needs is essential both to meet our climate objectives and protect our industrial competitiveness. Heating & Cooling makes up half of our total energy needs, and right now, many clean heat solutions are ready to deploy and deliver clean, affordable heating.

Encouragingly, the EU boasts a strong domestic manufacturing base, but we cannot take this competitiveness for granted. At the moment, 60-73% of heat pumps installed in Europe are manufactured here. In a similar vein, 69% of all high-value invention patents in District Heating and Cooling technologies are held in Europe. This also applies to the geothermal and the solar thermal industries, which manufacture in Europe, currently meeting 90% of EU demand while exporting globally.

We, the undersigned, represent companies and civil society organisations which all support Europe's clean heating transition.

The global cleantech industrial race is in full swing, and the heating and cooling sector presents an opportunity for Europe to maintain an already strong position vis-a-vis other leading **economies**.

To that end, the upcoming Clean Industrial Deal represents a generational opportunity to revitalise Europe's clean heat transition. In the following three pages, we outline key action points: effective policy measures that together contribute to ushering in an age of European clean heat leadership:

- **Fast-track Europe's competitiveness in clean heat**
- **Unleash a demand shock for clean heat solutions**
- **Enshrine air quality at the heart of Europe's net zero economy**

Safeguarding our clean heat transition is vital for our future economy. We can establish an energy-efficient built environment and wean off the current fossil fuel dependency of a sector that represents **more than half of both industrial and residential energy consumption**.

Additionally, the clean heat transition is crucial for public health, **with 73% of particulate matter pollution in the EU originating in the heating and cooling sector**, according to the JRC.

Thankfully, the last mandate saw the EU legislate clear targets, both for decarbonising our building stock, and for reducing harmful air pollution. Ambitious targets establish direction and spur investment, and EU industry is currently racing to scale cleantech solutions. To that end, regulatory strength must now be underpinned by policy support for a simple, affordable transition.

We are at your disposal, and would love to meet with you and your staff to discuss how to best supercharge the EU's clean heat competitiveness during your mandate.

Yours truly,



Fast-track Europe's Clean Heat Competitiveness

Europe's clean heating system is integral for our economy-wide clean industrial competitiveness and manufacturing sector. Solutions such as industrial heat pumps provide a chance to decarbonise industrial processes, and when connected to district heating systems, the waste heat from factories and other commercial facilities can offer cheap, sustainable heating in a given area, while strengthening the business case for local industry. Other renewable heat sources such as Solar Heat and geothermal can also provide readily available, stable and affordable heat sources working in synergy with other sources.

Additionally, such solutions help wider electrification efforts, diversifying the energy system, utilising locally available sustainable heat sources. The EU now has an opportunity to lead the manufacturing of key technologies in heating and cooling, with a more competitive heating and cooling industry directly boosting the attractiveness and affordability of clean heat solutions for consumers.

To unlock investment from Europe and beyond, manufacturers benefit from a stable policy context in which expectations and targets are clear, and not subject to change. Furthermore, industrial champions require clear, easy paths to scale-up funding, access to skilled labour, as well as infrastructural support that enables technological uptake across the wider economy.

We ask the following:

- **Provide a streamlined, predictable regulatory environment** for clean heat manufacturers, investors and consumers, by establishing and maintaining long-term clean heating & electrification planning
- **Provide EU-level funding to scale** and deploy clean heat solutions across the EU
- **Support sector integration of heating and cooling** to ensure a more stable and affordable EU energy system, while accelerating permitting procedures for the production and distribution of heat, facilitating the use of renewables, and tapping into the potential of waste heat from the industry and service sectors
- **Support the up- and reskilling of the workforce** to train a new generation of clean heat installers and technicians
- **Introduce policies that improve data, monitoring and reporting** for heating appliances and aim to set targets for installations of clean heating solutions while also disincentivising fossil fuel appliances
- **Expand the number of service and industrial facilities which assess their waste heat potential under the EED** by lowering the minimum energy input threshold for the assessment mandate under the EED, and establish an EU-level de-risking mechanism to support deployment of sustainable waste heat solutions



Unleash a Clean Heat Demand Shock

The long-term financial case for switching to a clean heat source is clear, and Europe has the production capacity to meet higher demand for such solutions. However, uptake is marred by steep up-front costs for domestic installations, as well as a lack of pre-purchase information about available clean heat solutions. It is crucial to develop a heating, cooling and electricity market in which clean heat is consistently cheaper than fossil-fuel based technologies, and to provide support for households looking to transition away from fossil-based heating.

We ask the following:

- **Fast-track the publication of an ambitious Electrification Action Plan together with an updated EU Strategy on Heating and Cooling with clear and actionable proposals**, promoting widespread electrification, use of direct clean heat sources, and encouraging synergies between renewable heat producers, heating & cooling resources as well as industry & service
- **Lower consumers' electricity costs** by taking taxes, fees and levies out of the electricity bill, thus ensuring that the gas-to-electricity price ratio remains favourable to a clean heat transition
- **Provide District Heating and Cooling operators with dynamic and low electricity prices** to encourage sector integration, absorb surplus electricity, balance demand, and ease grid congestion, by deploying large-scale heat pumps and e-boilers supported by thermal energy storage alongside renewable energy and heating sources
- **Implement ETS 2 swiftly and effectively**, with clear advance communication to European citizens regarding the importance of adapting one's heating solutions ahead of upcoming fossil heat price increases, and by ensuring citizens' support for the transition
- **Allocate sufficient resources within the scope of the next Multiannual Financial Framework** to provide predictable support to customers and operators over long periods of time, to instil market confidence and promote clean heat uptake
- **Bring down households' up-front purchase costs for clean heating solutions**, for example by promoting the use of the Social Climate Fund to support low-income households looking to adapt their heating solutions
- **End direct and indirect fossil fuel subsidies** across the board to strengthen the business case for a clean heat transition



Enshrine Air Quality at the Heart of Europe's Net Zero Economy

The transition to a clean heat mix offers a chance to drastically lower air pollution levels. Furthermore, clear targets for clean air offers an additional lever with which the EU can drive the uptake of clean heating solutions.

To achieve this, we need to ensure that ambition is upheld across all legislation, that established directives are implemented fast and effectively, and place air quality in the scope of future heating-related policymaking.

We ask the following:

- **Provide a coherent, well-aligned regulatory framework** by ensuring that timelines and pollution emission ceilings are coordinated between different pieces of legislation
- **Maintain the highest-possible level of legislative ambition in implementation** of the European Green Deal, including the Ambient Air Quality Directive and the Energy Performance of Buildings Directive, by also supporting Member States in transposing such legislation
- **Reaffirm ambitious pollutant emissions ceilings** as part of the potential upcoming review of the National Emission Reduction Commitment (NEC) Directive, and consider what additional pollutants can be brought into the scope of the Directive.
- **Establish clean air objectives** as part of the promised update to EU's Strategy on Heating and Cooling
- **Provide European templates and guidelines** for designing socially considered Member State-level financial incentives for the built environment, which support the roll-out of decarbonised heating, ensure affordability as well as clean air

