

“Fit for 55 Package”

Key policy asks from the liquid fuel heating sector

1. Energy Taxation Directive

- Eurofuel welcomes the Commission’s proposal and agrees to use carbon content as a reference for energy taxation. We would like to remind the importance of ensuring a **level playing field** and a **technology openness** approach for all clean solutions contributing to meeting the EU decarbonisation objectives. In addition, we believe that the new regulatory framework should be based on the following principles:
 - To **ensure an affordable energy transition**: tax reduction should be ensured to protect vulnerable consumers, especially in a context of rising energy market prices. In addition, flexibility should be given to off-grid areas where customers choice is limited to certain heating options which might not be the less carbon intense.
 - **Differentiation**: given their distinct characteristics, it will be essential to keep the proposed differentiation in taxation levels between heating and transport.

2. Renewable Energy Directive

- The Commission’s proposal is too restrictive as it essentially identifies direct electrification and district heating and cooling as the only solutions to decarbonise the energy sector. Such an approach however is very narrow, as it fails to acknowledge the **potential of low carbon and renewable liquid fuels for heating in off-grid areas**¹. As “drop-in” fuels, they can be used without major alterations in existing heating systems.

A proposal based on a **technology neutral approach** would be welcomed. Leaving the door open for additional low carbon and renewable heating solutions would deliver a more user-centred transition, providing every household with the most appropriate and affordable solutions tailored to their needs.

- This principle should be reflected throughout the text, avoiding discrimination between heating systems leading to ineffective technology bans. As such, the reference to “*fossil heating systems*” should be removed to recognise the decarbonisation potential of all heating solutions. This would mean amending

¹ https://www.eurofuel.eu/images/Heating_with_liquid_fuels.pdf

Article 1, paragraph 12 (amending paragraph 4 of Article 23 of RED II) accordingly. It is indeed conceptually wrong to define a heating system as “fossil”. There is no fossil fuel system as such, as its nature depends on the type of energy (e.g. fossil or renewable) used to power it. In other words, a heating system powered by fossil fuels today could be operated by renewables in the future².

- Thus, efforts should be done to decarbonise the energy source instead of replacing heating systems.

3. Energy Efficiency Directive

- We welcome the Commission’s proposal and we consider energy efficiency as the most cost-effective tool to address climate change and reduce emissions from the building sector for all types of households
- The “Energy Efficiency First” principle should be acknowledged throughout the text to enable the contribution of the wide range of existing heating solutions.
- As such, we are encouraging the modernisation of heating systems with more performing, condensing boilers, and informing our customers about the various options at their disposal to increase the energy performance of their heating systems and buildings, therefore reducing their energy bills.

4. Emission Trading System

- The impact of extending ETS to buildings should be carefully assessed, especially in terms of social implications. Low-income households – already exposed to sky-rocketing energy prices – could be disproportionately affected by this reform.
- If pursued, the extension to buildings should be coherent with the existing framework and related reforms.
- The framework should cover all energies and fuels used (i.e. liquid fuels, gaseous fuels, electricity), with renewable and carbon neutral energies counted with an emission factor of 0.

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About Eurofuel

The European Heating Oil Association (Eurofuel) represents organisations that promote the use of heating oil and liquid fuels for domestic heating in Europe. Our membership covers 10 European countries, including over 10,000 companies. Eurofuel is engaged in the promotion of existing and innovative techniques for liquid fuels for heating and equipment, in the domestic market. In this way, our members are committed to ensuring the competitiveness and efficiency of heating with oil and liquid fuels, while also reducing its environmental footprint.

Find out more at www.eurofuel.eu and follow us on Twitter (@EUROFUELEnergy).

² <https://www.eurofuel.eu/publications/position-papers/item/462-eu-field-tests>