

EFIEES' Position on the RED revision

EFIEES, the European Federation of Intelligent Energy Efficiency Services, is the voice of private energy service companies (ESCOs) and their national associations in 12 EU Member States. Our members represent over 130.000 professionals committed to the design and implementation of energy efficiency measures in public and private buildings, industrial facilities, as well as to the efficient operation of district heating & cooling networks.

We believe that **the revision of the Renewable Energy Directive (RED) should be an occasion to further foster the role of already available solutions for the decarbonisation of the heating & cooling (H&C) sector**, and to focus more **on the potential of energy efficiency measures**, as it is an **absolute prerequisite to fuel switch**, and **key to optimise any installation, whether it is using renewable energy sources or not**.

1) Encouraging more ambitious RES targets also requires greater emphasis on energy efficiency

In order to deliver the EU's increased climate objectives for 2030, we must ensure that the **developments of energy efficiency and renewable energy go hand in hand, are mutually reinforcing, and that they are consistently promoted and supported, both at the European and national levels**.

EFIEES thus welcomes the increase of the overall EU RES objective from 32% to 40% share of renewable in the EU's gross final consumption of energy, which will allow for **a greater deployment of renewables, including biomass as the main source of renewable heat, and recovered energy, such as waste heat and cold**. Tackling the untapped potential for energy and emissions savings within the industry sector is also a positive aspect of the revised RED proposal, especially through newly inserted article 22a, which sets an annual indicative target of 1.1 percentage points of RES in this sector. However, the essential role of waste heat, a key efficiency measure, to support the decarbonisation of the sector, should also be recognised and supported through this new annual objective.

For this reason, the **"Energy Efficiency First" principle and energy efficiency measures should be better recognised and supported in the revised RED**. To that end, **dynamic energy management solutions**, such as Energy Performance Contracts (**EnPCs**), which are key instruments allowing to target both energy and CO₂ performance/savings, and already widely acknowledged in the (revised) EED, **should be better promoted within the revised RED as well**.

As buildings are responsible for about 40% of the EU's energy consumption, and 36% of greenhouse gas emissions from energy, setting an indicative **EU wide target of 49% renewables in buildings by 2030** is a strong first step to support the sector's decarbonisation. Nevertheless, the new Article 15a on mainstreaming renewable energy in buildings should also recognise and support the role of waste heat and cold potentially by including it in the indicative target, while **reminding of the importance of the "Energy Efficiency first" principle and focus primarily on cost-efficiency. That could also be achieved by allowing energy and environmental performance contracting to be a vehicle to deliver on this target**.

Moreover, it is of utmost importance to **guarantee non-discriminatory treatment between on-site and nearby renewables, already established in the Energy Performance of Buildings Directive (EPBD)**

and which should be recalled in this article. This equal treatment is all the more important when requiring Member States to introduce measures to increase the share of electricity and heating & cooling from renewable sources in the building stock, and to use **minimum levels of energy from renewable sources in buildings** (in line with the future EPBD provisions).

2) Ambitious and coherent path for decarbonisation of heating and cooling sector

While renewable electricity has been developing rapidly over the past years, renewable heating and cooling (H&C) is still lagging behind. **Considering that heating and cooling accounts for about 50% of the EU energy consumption, more efforts in this area are urgently required. For that reason, EFIEES welcomes the increased focus on decarbonising the heating and cooling sector in the RED revision.** The newly binding target of 1.1 ppt annual increase of RES in heating and cooling, set in the revised Article 23, will ensure a more effective decarbonisation of the sector. The role given to waste heat in reaching Member States' targets also helps to support the use of such efficient solutions - key to effectively decarbonise heating and cooling systems.

The new paragraph (Art. 23 1b) requiring Member States to carry out an assessment of their potential of energy from renewable sources and of the use of waste heat and cold in the heating and cooling sector, and to set out milestones and measures in that regard, is also a very positive development. **It incentivises H&C decarbonisation by supporting waste heat and cold recovery, while adapting to Member States' different national situations.** Nevertheless, setting higher ambitions and targets for the H&C decarbonisation will also require facilitated access to support to Member States when they implement them, especially in countries still relying mainly on coal as a heating source.

We are also glad to see an effort to provide more ambitious yet progressive new definition of "efficient district heating and cooling systems" in the Energy Efficiency Directive (EED), also promoted in the RED revision, all the more that efficient DHC systems are essential to support the large-scale decarbonisation of the heating and cooling sector while bringing the best solution to energy poverty for most vulnerable households. **To ensure an effective decarbonisation and a smart energy system integration, it is indeed crucial to foster integrated energy planning at the local level, in which DHN play a major role.** Hence, EFIEES also welcomes the greater importance given to the district approach as well as the new paragraph added to article 20 that also supports energy system integration between DHC systems and other energy networks and is a particularly welcomed development for our sector.

A more ambitious **indicative annual target for the increase of RES share in the district heating and cooling sector of 2.1 percentage points will also reinforce the DHC contribution to the decarbonisation of European communities.** Yet, to accelerate this process, it might be useful to open up the definition of "renewable energy communities" so that efficient district heating networks (and their operators) could participate and become the backbone of local energy projects.

However, when supporting renewables for DHC, coherence and comprehensive system management should be kept in mind. Thus, Third Party Access to DHC systems (above 25 MWth), which is expanded by this RED revision should be systematically and carefully assessed. Rather than stating that "Member States may allow an operator to refuse to connect", this measure should be applicable directly to the operator, possibly under the MS control, if the specific and relevant conditions are met. Moreover, as transparency is required from DHC operators when refusing to connect a third party (Article 24 (5)), this **transparency should be reciprocal** and third parties, notably owners of installations producing waste heat, should be required to inform DHC operators on the reasons why they refuse to supply the system with waste heat as well as provide information about the availability of waste heat.