

## **EFIEES' Views on EU Parliament's ongoing work on ETS and SCF proposals**

**EFIEES** represents energy service companies (ESCOs) and their national associations in 10 EU countries. They account for over 130.000 professionals engaged in the design and implementation of energy-efficiency solutions in buildings and industry. In some countries, they also operate district heating & cooling (DHC) networks.

EFIEES has been closely following the work of the EU Parliament on the EU Emissions Trading System (ETS) revision and the Social Climate Fund (SCF) proposal. We welcome the overall revision of the EU ETS with stronger ambitions, and the introduction of a carbon price in additional sectors currently not covered by ETS, notably the building sector (ETS2), provided that such a scheme is properly implemented, reliable, and accompanied by the right tools and measures to compensate potential social impacts.

After going through the draft-reports of the committees responsible for these files, as well as ITRE's draft opinion on the ETS, we would like to remind two guiding principles, not yet well enough recognised in the Commission's proposals and the draft amendments from the Parliament.

### **Energy efficiency and energy management solutions are essential to support vulnerable households and accompany market changes**

When designing EU carbon price acts, **the "Energy Efficiency First" principle and energy efficiency measures should be better recognised as essential means to support vulnerable citizens.** The SCF and the Modernisation Fund should support energy management solutions, such as Energy Performance Contracts (EnPCs) as they allow to target and guarantee both energy performance and CO<sub>2</sub> savings. These solutions should thus be explicitly mentioned when establishing the scope of support of the Funds and related investments.

### **Decarbonising the heating & cooling sector requires a mix of diversified solutions**

**The SCF should support virtuous DHC systems,** as they contribute to the decarbonisation of the buildings, enable sector integration, and protect citizens against energy poverty. To ensure a level playing field, **no differences should be made between on-site and nearby renewable solutions.** It is thus of utmost importance to **amend the proposed definition of "building renovation" in the SCF (Art. 2) to include a switch to renewable and low carbon energy also from nearby sources**

order to follow the same goals of social acceptance and affordability, in countries where a vast majority of DH systems are very large and based on coal, the Modernisation Fund should continue supporting, in a transitory manner, investments enabling the switch from coal to natural gas, where the availability of renewable solutions is limited in the short term. To benefit from such a support, the DHC operators should engage in a roadmap, compatible with the national 2050 carbon neutrality plan, based on growing use of RES/Waste heat, and energy efficiency gains.