



27 November 2019

Dear Executive Vice-President Timmermans

Making the European Green Deal inclusive, sustainable and effective

The European Parliament and Commission received an overwhelming mandate in May 2019 to solve the climate crisis, deliver inclusive growth whilst implementing a fair and just transition for regions, communities, citizens and industry. The European Green Deal is the means through which these demands are realised.

The climate crisis already costs Europeans dearly. In 2017, the cost of extreme weather-related damages cost €283 billion according to the European Environment Agency. That same year the EU spent €266 billion importing fossil fuels. Displacing this fossil fuel demand with domestic renewable electricity, heating, cooling and storage solutions coupled with broad energy savings measures and support for innovative technologies is key for success.

The European Green Deal must develop this green, innovative, sustainable and inclusive economy by:

- **Replacing fossil heat consumption in the EU by 2030:** Heat demand is responsible for 50% of final energy consumption in the EU. More than 70% of this demand is met by fossil gas. Any initiative to decarbonise gas must also have a requirement to allow renewable energy heat providers priority access to these markets. 2030 is a key milestone since all heating systems installed in 2030 are still likely to be in place and locking in climate pollution in 2050. Therefore, it is vital that priority is given now to rapid deployment, development and innovation in renewable heating solutions to avoid this lock-in effect.
- **Ending fossil consumption and infrastructure subsidies by 2022:** Subsidising fossil fuel infrastructure or appliances create an internal market distortion by locking in fossil fuel dependence at the expense of renewable providers. These subsidies must be phased out by 2022 to allow for an internal market for heating and cooling services. Heating appliances have a real-world operational lifetime about 20-25 years meaning any new fossil appliances will lock in demand to 2050 and beyond. Therefore, it is essential to empower investors and installers of these decisions now to avoid fossil fuel lock-in.
- **Applying the polluter pays principle:** Fossil fuel providers servicing the heating market do not pay a price on their climate emissions. Given that methane is between 84-86 times more potent than CO₂ in the atmosphere over the first 20 years of its life, it is essential a climate polluting penalty is priced into fossil heat supplies immediately.

- **Revisiting renewable heat, electricity and energy savings targets with the climate target:** Much of the heavily lifting to decarbonise energy generation has come through the success of the renewable energy and energy savings targets. Given that 70% of the EU's climate emissions come from the production and inefficient consumption of electricity and heat it is paramount to ensure these targets are also revised in line with the higher 2030 climate target.
- **Increase technical and financing capacity building for local and regional governments:** The decentralisation challenge of heat production necessitates a stronger link between EU/national objectives and local actions.
- **Maximising sustainable domestic resources:**
 - Geothermal energy provides heating, electricity and cooling as well as domestic environmentally friendly supplies of raw lithium which is an essential feature of the EU's competitiveness in battery manufacture for mobility and electricity storage. We recommend a target for domestically sourced geothermal lithium to feature in the industrial strategy for decarbonisation.
 - Bioenergy is local (96% locally produced) source of energy that can provide direct heat but also electricity and transport fuels. Through EU-made district heating or individual installations, biomass is part of the solutions that will decarbonise our buildings and industrial needs.
 - Solar thermal products in the market are almost entirely produced in the EU and this sector is a net exporter to non-European countries. Therefore, this competitive advantage should be further exploited and promoted in a European Industrial Strategy and supported by a minimum threshold of renewable heat in any new financial initiatives for clean industry.
- **More innovation for enabling tools** as thermal storage, which can provide storage capacity to renewable heating technologies (as geothermal, bioenergy and solar thermal) or for power-to-heat solutions facilitating sector coupling and integration. This can play a key role in facilitating policy developments and the integration of different technologies.

We look forward to meeting you to discuss these ideas in more depth.

Yours sincerely



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