

POSITION PAPER



GUIDANCE ON PHASING OUT FINANCIAL INCENTIVES FOR STAND-ALONE BOILERS POWERED BY FOSSIL FUELS UNDER THE EPBD

Brussels, May 2024

INTRODUCTION

We welcome the stakeholder's consultation on the guidance on fossil fuel definitions under EPBD which took place on May 22nd and the possibility of providing written comments on the matter.

The EPBD recast is key to achieving the EU's energy and climate goals for buildings, specifically to entirely decarbonise the built environment by 2040. The H&C sector contributes to [more than half](#) of the EU's final energy consumption because of its strong dependency on fossil fuels.

The complementarity of EPBD with [EU product policies](#), specifically on the ambition of raising the energy efficiency thresholds for space heating by 115% by the end of this decade, is **of utmost importance** to ensure a staged, fair and appropriate energy transition for all EU households.

[Article 13\(7\)](#) of the EPBD foresees the **end of financial incentives** for fossil fuels boilers: “*From 1 January 2025, Member States shall not provide any financial incentives for the installation of stand-alone boilers powered by fossil fuels, except for those selected for investment, before 2025, under the Recovery and Resilience Facility, the European Regional Development Fund and the Cohesion Fund*”. The EPBD also requires the European Commission to propose guidance for what qualifies as fossil fuel boilers.

However, a clear, unambiguous, and ambitious definition for all fossil fuels-related provisions is needed and fully analysed in this [position paper](#). With this document, we want to provide additional comments following the stakeholder's consultation.

DEFINITIONS

We support the definitions identified by the European Commission for “boiler”, “installation”, “stand-alone boiler”, “financial incentives”, and “powered by fossil fuels”.

We additionally welcome the addition of the **installation provision** in the case of renewable fuels-based boilers. It provides clarity to consumers and MSs and sends a long-term signal to gas distributors to move away from deploying a dedicated grid to renewable fuels for home heating, bringing little to no climate and economic benefits to consumers. We believe, as others did in the room, a solution for those boilers not connected to the grid, they should be sold only in combination with long-term supply contracts (i.e., 10-years by utilities) to be considered non-fossil.

However, we regret the exclusion of differentiating renewable fuels generated whether or not from fossil fuels, e.g. hydrogen, as [96% of hydrogen](#) was produced from natural gas in 2022. ECOS calls for the inclusion of stand-alone **boilers running on renewable fuels generated by fossil fuels** as part of Article 13(7). As outlined in the [Renewable Energy Directive](#) – recital 75 – renewable fuels, including renewable hydrogen, have no priority in the building sector, fostering their application in industrial, chemical usage and maritime, and aviation transportation.

HYBRID HEATING SYSTEM

We call for a clear identification of hybrid heating systems with a considerable share of renewable energy sources (RES). The fossil fuel share should not be incentivised by hybrid solutions: a fossil boiler, when installed alongside a renewable heating technology, remains a fossil boiler and as such must not be financially supported.

We support the definition of hybrid heating systems of **at least 65% of RES share** (namely electric heat pump and solar thermal, among others). The EC shall provide such clear proportions to send an unambiguous message to MSs about the role of hybrid appliances in the heating transition.

BIOMASS BOILERS

[Solid fuel heating](#) is heavily contributing to indoor air quality and deforestation. Although biomass is classified as RES, several technologies have come to the market now that can replace its use in uses as district heating or rural dwellings: for this reason we call for the reassessment of financial incentives for such appliances and prioritise the taxpayer budget for cleaner heating alternatives, such as heat pumps, solar thermal and renewable-based district heating as well as building renovation.

FUNDING EXCEPTIONS

There are 3 funding channels (Recovery and Resilience Facility, the European Regional Development Fund and the Cohesion Fund) that still allow stand-alone fossil fuel boiler subsidies if they are adopted by 2025. 2024 should not be used to rush national subsidies towards those funding streams, thus we call for the selection of investments **to be adopted by June 2024**.

THE ENERGY LABELLING REGULATION

Lastly, the financial incentives for fossil fuel-based boilers are contrary to [Article 7\(2\) of the Energy Labelling Regulation](#), adopted in July 2017. It states that *'the incentives shall aim at the highest two significantly*

populated classes of energy efficiency', meaning A++ and A+ classes for space heating. A recent [notice to members](#) of the European Parliament clarifies that 'simple stand-alone installations of such boilers can therefore generally no longer be considered to meet the Article 7(2) criterion'.

Thus, incentives to stand-alone fossil fuel boilers are infringing a regulation dated 7 years ago. We believe this should be reiterated in the guidance.