

## Ensuring the EED energy savings obligation is Fit for 55

15 December 2021

The EU Commission's proposal to revise the energy savings obligation in the updated Energy Efficiency Directive (EED) is a key contribution to the Fit for 55 Package. From 2024, it would require Member States to:

- Almost double the energy savings rate delivered through national policy measures, in line with the increased climate ambition of the Fit for 55 package.
- Deliver a proportion of savings for people affected by energy poverty, for vulnerable customers or people living in social housing, supporting a just and fair transition.
- Exclude savings from the installation of technologies that directly combust fossil fuels, such as new gas, coal or oil boilers, thus avoiding investment in stranded assets.

### The importance of excluding savings from direct fossil fuel combustion technologies

To meet the net 55% emissions reduction target, the EU Commission foresees a 60% reduction in carbon emissions from the buildings sector by 2030. Continuing to subsidise fossil fuel heating systems through national energy efficiency policy measures is incompatible with this level of climate ambition. It would also be bad for consumers, leaving them with **stranded assets** and **higher energy prices**, as the cap on emissions from buildings and road transport declines in line with the climate goal. Business as usual is no longer an option.

The EU Commission's proposal to exclude energy savings from fossil fuel boiler installations is **supported by international evidence**. In May 2021, the IEA report Net zero by 2050 set out the narrow emissions reduction pathway needed to meet this target. To stay on track, new sales of fossil fuel boilers must be eliminated worldwide by 2025.

**Member States are already taking action.** In November 2021, the German coalition agreement stated that, by 1 January 2025, every newly installed heating system must operate on at least 65% renewable energy. This will effectively end fossil boiler sales in Europe's largest market. The Replace programme in Austria is designed to avoid fossil fuel heating as far as possible when changing heating systems, including the mandatory replacement of boilers older than 25 years, from 2025.

**Member States rely very little on fossil fuel boilers to meet their current EED energy savings obligations.** In France, only 6% of White Certificates (the policy measure used by France to comply) were from fossil fuel boiler replacements. In the Czech Republic, only 3% of the energy savings reported for the EED were from the Czech boiler replacement programme.

**Member States can achieve much greater savings from technologies such as heat pump installations.** Replacing an old fossil boiler with a new fossil boiler might generate eligible energy savings for heating services of between 10% and 20%. Providing policy support to enable the same business or household to switch to an efficient heat pump would reduce their final energy consumption for heating by around 80%, producing between four and eight times the energy savings eligible under the EED.