EU energy policy: The mismatch between ambition and reality

by Thomas Nowak, Secretary General EHPA

The policy debate that took place over the 2030 European Climate and Energy targets shows the prevailing mismatch between the ambition of Sunday morning speeches and the reality of everyday policy.

The background to the European Climate and Energy policy is influenced by the debate on global warming on the one hand and by the security of fossil fuel imports on the other hand. In particular the gas crisis in the Ukraine puts a question mark on Russia as a reliable energy trade partner. Both issues are in fact interlinked: any action to improve energy efficiency and the use of renewables will reduce import dependency and will be beneficial to the environment in general.

A number of prestigious players have stressed the need for additional policy action. The International Energy Agency (IEA) has repeatedly reminded national governments in the last world energy outlook that the level of action is absolutely insufficient to achieve anything close to the 2°C target deemed acceptable to maintain a mitigation potential of the consequences of climate change. The European Parliament has passed a resolution asking for ambitious and binding targets on greenhouse gas emission reduction, the use of renewable energy and improved energy efficiency. This was backed by many companies, industry associations (including EHPA) and NGOs.

The new Commission president, Jean-Claude Juncker, has stressed the importance of the European Energy Union, which aims to strengthen the block by relying more on indigenous energy sources. Juncker has stressed his wish to make Europe a world leader in renewable energy and to achieve a similar status in the field of energy efficiency. His new Commissioners Šefčovic and Cañete have explicitly been asked to accomplish this task.

It is remarkable, that the heads of State and Governments weren’t able to take a similar stance and agree to ambitious targets. Instead they agreed on a business-as-usual approach understood by many as the direct result of a continuation of policy measures and supportive action agreed upon already today.

The Council decision aims for:
• A binding target on the reduction of greenhouse gas emissions by at least 40% by 2030 (compared with 1990).
• An EU target of at least 27% is set for the share of renewable energy consumed in the EU; it will be binding at the EU level.
• An indicative target at the EU level of at least 27% for improving energy efficiency. Even thought the 2020 target of 20% suffered already from being non-binding on any level, it is again and explicitly not planned to make the target mandatory, neither on the EU nor on the Member State level.
• The achievement of a minimum target of 15% of existing electricity interconnections by 2030 to facilitate cross-border delivery of electricity and to balance supply and demand.

From a heat pump perspective, the fear of ambitious targets is even less understandable. With more than six million installed units in Europe, heat pumps have proven their reliability. The technology is affordable and efficient for heating, cooling and hot water for residential, commercial and industrial applications.

Heat pumps are mainly designed, built, installed and maintained in Europe, thus maintaining know-how and creating local employment. They use an abundant indigenous energy source: renewable energy from air, water and ground, they also run on waste energy – which is equally abundant and largely untapped across Europe.

As such, heat pumps will not only contribute to the immediate issue of supply security but will also be a cornerstone of a sustainable European energy infrastructure.

EHPAs market data reveals: an additional 54 million heat pumps can immediately end the need for Russian gas imports to Europe.

Significantly reducing Europe’s import dependency would influence the perceived ambition level of the Climate and Energy targets. What is considered too ambitious could become realistic and achievable.

In 2030, a total of 60 million heat pumps in operation would provide 60 Mtoe of renewable energy, reduce energy demand by 37 Mtoe and reduce GHG emissions by 181 Mt. This would also go hand in hand with the creation of 333,772 additional jobs.

This vision is realistic because many heat pump markets have left their infancy status and have the necessary infrastructure and expertise to allow for double digit growth.

We reiterate our call on policy makers across Europe to take swift and decisive actions towards making heat pumps a central technology for heating and cooling by:
• acknowledging and raising awareness on the assets and the potential of heat pumps for energy security, climate change mitigation and green growth in Europe;
• reducing the competitive advantage of other less efficient, less environmentally friendly and/or less indigenous energy sources;
• boosting investment in heat pumps (one of the few technologies currently not benefiting from almost any public funding, according to recent EC study).

Winter is coming and supply security might be at stake – with heat pumps this scenario loses its threat.

The EHPA policy note ‘Winter is coming’ presents the basis of the calculation on how to reduce import dependence via heat pumps.

(www.ehpa.org/about/news/article/winter-is-coming/)

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