

## POSITION PAPER

9 February 2021

### Energy Efficiency Directive (EED): Fair and flexible legislation needed

The liquid fuel heating sector calls for a clear framework encouraging savings for all energy users

The following parameters should be taken into account in the evaluation and review of EED:

- Flexibility should be maintained to achieve energy savings: obligations are not always the best way forward.
- The best response to energy poverty is not an increased administrative burden on energy providers but the encouragement of the most cost-effective energy saving measures.
- New demands on products and decarbonization go along with increasing energy consumption.
- Banning heating technologies is counter-productive.

Eurofuel, the European association representing the interests of the liquid fuel heating sector, support both efficiency and an increased share of low-carbon energy sources as complementary instruments to reduce emissions and help achieve the objectives of the Green Deal.

Increasing energy efficiency and limiting the demand for fossil energy is a **shared responsibility** for public authorities, energy providers and energy users, whether private or professional. Non-grid energy providers such as the oil heating sector are fully aware of this duty and have already for a long time contributed to a more responsible use of oil. We have encouraged the modernisation of heating systems with **more performing, condensing boilers**, and informed our customers about the various options at their disposal to increase the energy performance of their heating systems and buildings, therefore reducing their energy bills.

#### Flexible approach to energy efficiency obligations

Evidence shows a constant reduction of the use of heating oil per heating appliance, which demonstrates the industry's concrete delivery of energy efficiency<sup>1</sup>. This type of measures has contributed to the obligations introduced by Member States when implementing Article 7 of the EED. Our industry has been a strong advocate of a **flexible approach** to energy efficiency obligations, due to the nature of our activities: in the oil heating sector where distributors are numerous and mainly composed of small and medium-sized enterprises (SMEs), a rigid obligation to reduce sales every year would not prove feasible and defensible from an economic point of view, especially in this delicate period for the EU economy. The flexibility

<sup>1</sup> IWO, the German member of Eurofuel, has shown that the use of oil in oil heating systems has been halved within 20 years, while the number of oil heating equipment remained stable. This is due to a large extent to a substantial increase in energy efficiency of oil heating equipment.

<http://www.eurofuel.eu/case/item/98-halving-heating-oil-consumption-through-higher-efficiency>

for distributors to opt instead for the provision of energy services aimed at achieving overall energy savings should therefore be maintained.

#### Addressing heating and energy poverty

Eurofuel has already for a long time stressed the need to minimise the costs of a transition towards a more efficient use of energy, both for citizens and society. For heating, we therefore call for a progressive deployment of affordable high-performance systems at a large scale instead of promoting the installation of the most expensive appliances accessible only to a limited number of consumers, such as heat pumps. We believe this to be the best approach to **eradicate energy poverty**, an endeavour well recognised by our sector. We have made an important contribution to this objective by providing low-price energy and low-investment solutions to increase the performance of heating systems and reduce users' energy bills.

While energy providers can play an important role in addressing energy poverty, the **obligations imposed on them must be proportionate** to their size. The experience gathered by our national members has identified many practical obstacles and an increased administrative burden particularly for smaller providers, who have found it difficult to undertake certain responsibilities traditionally performed by public authorities. An example is the identification of those households concerned with energy poverty, which places energy providers in a delicate situation vis-à-vis their customers and is met with some reluctance from their side. Furthermore, despite intensive support from the energy sector<sup>2</sup>, the remaining investment costs – however small – remain a major obstacle for low-income owners to perform energy upgrades.

As a matter of principle, Eurofuel believes that the energy industry cannot substitute public authorities in carrying out actions which form part of a wider, social policy endeavour. The industry shall and is willing to contribute to eradicating energy poverty, but it cannot replace public authorities in the fight against social inequalities. Any mandatory obligations put on energy providers, should therefore be clarified and create as **little administrative burden as possible** for their activities.

#### New demands on products and decarbonization go along with increasing energy consumption

The requirements for products and processes in the field of environmental regulation, and the implication of more ambitious climate protection goals and the corresponding measures in the industrial sector often go hand in hand with higher energy consumption. This includes the substitution of fossil raw materials by hydrogen-based products. However, common hydrogen electrolysis processes are accompanied by an increase in overall energy consumption. At the same time, these technologies are indispensable for achieving national or international climate protection goals and can be used as enablers for the development of other decarbonisation options for heating.

As soon as the production of power-to-liquid-fuels takes place in regions of the world where there is a high solar/wind supply, which could not be used in any other way, the efficiency of the production process no longer plays a central role because it is then in any case greenhouse gas neutral.

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<sup>2</sup> Industry support measures can for instance reach up to a € 800 grant for the installation of a modern boiler.

Reductions in final energy consumption is not necessarily synonymous with GHG reductions, which is the overall objective. For this reason, we have to ensure that the EED does not create counter-productive effects by favouring energy reduction over efficient energy use. For instance, the production of low and carbon neutral synthetic fuels have high energy requirements but contribute to the reduction of GHG. Their production is disadvantaged under the EED due to their energy requirements.

Hybrid systems also deserve our attention. These systems are a pragmatic solution: the renewable energy is used first for hot water production, then for heat production, with the heating oil used as a reliable back-up solution for periods of lower renewable energy production of and/or very low external temperatures. These devices require that efficiency is seen as a package. The topic is being discussed in the eco-design working groups.

### Flexibilisation versus efficiency

An absolute energy efficiency target conflicts with other targets at European and national level, such as making the electricity market more flexible to integrate renewable energies. In many cases, continuous system operation is an essential part of the energy and economic optimization strategy. In the discussion on sector coupling and energy systems integration, this must be taken into account. As a rule, the flexibilization of a plant usually leads to a reduction of the energy demand, which then, due to the comparatively lower capacity utilization, leads to a reduction in energy efficiency and thus to higher energy costs per production unit. As these plants face increasing international competition from highly efficient and well utilized plants, there must be economic incentives to make the plants more flexible without endangering competition.

### Bans are counter-productive

Oil heating has the potential to play a full part in the wider decarbonisation of heating throughout Europe by 2050. Several studies<sup>3</sup> show the potential role of low carbon liquid fuels in Europe and their contribution to increase efficiency and reduce CO2 emissions.

Our sector has previously run field tests to verify the compatibility of low-carbon liquid fuels with boilers. We are now conducting new tests with an increased share of these low-carbon liquid fuels. The preliminary results show that the drop-in products (30% FAME or 100% HVO for example) are compatible with new and existing efficient heating devices. The objective is to **incorporate low- fossil-carbon liquid fuels progressively, with a 100% share of renewables by 2050.**

Eurofuel believes that any ban of oil heating or fossil fuel heating system are counter-productive because they stop innovation, thus discouraging any investment in sustainable technology with liquid fuels<sup>4</sup>. Such heating systems will be taken up quickly once the fuel is on the market, as in Finland, where renewable fuel heating oil has recently been put on the market.

Finally, EU Member States face different challenges with reducing emissions from heating, and it is therefore important to offer a wide range of realistic, affordable heating alternatives. This is why the principle of **technology neutrality** should be respected.

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<sup>3</sup> <https://www.eurofuel.eu/publications/studies>

<sup>4</sup> See our joint brochure with ECFD, FuelsEurope and UPEI:  
[https://www.eurofuel.eu/images/Heating\\_with\\_liquid\\_fuels.pdf](https://www.eurofuel.eu/images/Heating_with_liquid_fuels.pdf)

Eurofuel thanks European institutions for taking these comments into account when agreeing on the new set of measures which should make the EU a global leader in energy efficiency in the coming decades, without endangering the affordability and citizen acceptance of the energy transition.

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#### **About Eurofuel**

Eurofuel is the European Heating Oil Association, which represents the national organisations that promote the use of liquid fuels for domestic heating in 10 European countries, including over 10,000 companies. Heating oil is nowadays an important and very efficient source of energy to provide comfortable temperatures in homes of millions of Europeans. It is a perfect back-up to accompany the deployment of renewable energy sources. Increasingly, multi-energy hybrid heating systems are being developed. Thanks to unique storage capacities, heating oil ensures a constant and reliable energy supply whenever the combined renewable systems cannot deliver. In difficult economic times, highly efficient modern oil heating systems combined with renewable systems represent a cost-effective and realistic option for households to reduce their energy consumption at a lower cost and contribute to save our environment.

Find out more at [www.eurofuel.eu](http://www.eurofuel.eu) and follow us on Twitter ([@EUROFUELenergy](https://twitter.com/EUROFUELenergy)).