

Brussels, 18 May 2012

Consultation on Financial Support for Energy Efficiency in Buildings - Input from the European Heating Oil Association (Eurofuel), registered organisation (N° 31843397020-27)

Eurofuel, the European Heating Oil Association, which represents the national organisations that promote the efficient use of liquid fuels for domestic heating in 10 European countries, including over 10,000 companies, is since the very beginning supportive of ambitious actions at EU level to increase energy efficiency, and has long been advocating for a **clear focus on primary energy savings**.

We welcome the consultation on financial support for energy efficiency and are delighted to provide you with our input into the most relevant issues related to our area of expertise.

(1) Addressing market failures

As the consultation document rightly indicates, the business community is *already* delivering energy efficiency in buildings. Supporting the business community should start with **considering what they have achieved** before imposing new and redundant obligations. A concrete example are the discussions on energy saving obligations in the framework of the Energy Efficiency Directive: Eurofuel believes that it is important to consider existing saving schemes introduced by energy distributors, before envisaging imposed yearly saving targets. Eurofuel members have been very active in the past years and already achieved concrete results. We can among others mention the following best practices:

- The Austrian oil industry started a voluntary initiative in 2009 to support consumers in replacing their old oil heating systems with energy efficient and clean modern systems. The subsidy scheme has already achieved 771 GWh savings. The purchase of high-efficiency modern condensing boilers now represents 8:2 compared to low-temperature boilers. Around 20,000 consumers have already benefited from this industry-funded scheme.
- A voluntary agreement by the German oil industry (Climate protection declaration) has helped achieving a reduction of the average consumption of oil heating systems by 56 % from 1993 to 2011. 50 % of this reduction has been realised by replacing existing boilers with more efficient equipment which integrate solar thermal heating systems. To encourage consumers to replace their heating systems by more efficient ones, the German oil industry has established its own incentive schemes in parallel to state programmes.
- In Finland, voluntary energy efficiency agreements are a key instrument for the fulfilment of obligations under the Energy Services Directive. One of the most effective energy efficiency agreements, which will be in force until the end of 2016, is the Höylä (Plane) III for the oil sector, which covers the distribution of heating and transport fuel, as well as heating oil. The aim of this agreement is a saving rate of at least 9 % in heating oil consumption for the period 2005-2016, through the promotion of the maintenance of oil-heating systems, the replacement of old boilers and the promotion of renewable energy in parallel with heating oil. This includes for instance an increase in the proportion of heating oil sold accounted for by bio-liquids to 10 % of energy content by 2016. The estimated energy savings in 2020 in oil-heated single-family dwellings will be 3 085 GWh/a (17 % of the total 18 488 GWh energy savings target in the buildings sector for 2020).

Eurofuel also believes that there should be a focus on **cost-effective measures** which can deliver quicker energy savings and are more accessible to consumers. In times of budget constraints, channelling public resources towards the most cost-effective measures (e.g. modernisation of heating systems instead of deep renovation) would enable public authorities to achieve better results and target the highest number of households.

Based on Eurofuel's and our members' experience, we consider, in fact, that there are high barriers associated with the "deep" renovation of buildings, such as the difficulty to find contractors, to obtain permits from public administrations, the excessive costs which are in general simply impossible to afford for a family (the deep energy renovation of single family houses costs between € 50,000 and 100,000).

Our members have been faced with the practical importance of the **tenant-owner dilemma**: One of the main problems in the building sector is the lack of motivation by owners, who are responsible for taking costly investment decisions, where tenants in fact pay the energy bills and would benefit from improved energy performances. Next to public incentives, information campaigns should raise owners' awareness about energy savings from heating system modernisation. In particular, information activities and consultations foreseen by the Directive on the Energy Performance of Buildings should be stepped up.

Moreover, an effective **information** system about energy efficiency is necessary at national level, because many theoretical measures are not converted into concrete terms and citizens are not aware of the huge potential. The EU should consider the possibility of subsidising information campaigns.

(2) Improving access to financing

The very low energy efficiency gains in buildings (compared to a high potential) in spite of EU financial tools show that current instruments are not effective enough. Furthermore, Member States have different ways of using EU funds in this field.

As EU funds are necessarily limited, the focus should be on helping consumers to improve buildings' efficiency in the most **cost-effective** way possible. The objective should be to maximise energy savings with minimum investment. Additional investments in research and innovation might be necessary, i.e. in power generation (solar, wind).

When designing financial incentives for energy efficiency, national authorities should ensure that a **technology-neutral** approach is taken towards saving measures. The promotion of specific technologies (e.g. cogeneration in the proposed Energy Efficiency Directive) not only discriminates against other technologies, but also dilutes and jeopardises the primary objective of this legislation, which are primary energy savings.

Public subsidies should put their emphasis on increasing energy efficiency instead of preferring certain sources of energy, as it is currently the case in some Member States. Eurofuel considers that no energy source should be excluded from subsidy schemes if the achieved energy savings are proven satisfactory and successful.

(3) Strengthening the regulatory framework

The potential for energy savings is huge in **privately owned buildings**. Raising awareness among consumers is crucial.

If carefully implemented, the Energy Efficiency Directive can help increase energy efficiency in buildings. The feasibility of national targets for energy savings in private buildings should be considered. However, a **technology-neutral** approach to energy savings should be ensured.

Besides these comments, Eurofuel considers, at this point in time, that there is no need for new regulations, but in fact better **enforcement** of the regulatory framework is necessary. The implementation of existing rules should be better monitored.

Eurofuel would be happy to provide any further information on these fundamental elements in order for EU institutions to adopt the most effective framework to support energy efficiency in buildings, enabling Europe to reach its 20% energy efficiency commitment by 2020. The European oil heating industry is committed to contributing to this objective in the most constructive way.

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