

Vice-President Šefčovič
Energy Union

Commissioner Arias Cañete
Climate Action & Energy

European Commission
200 rue de la Loi
1049 Brussels

Our Ref : 16L022

Brussels, 22 January 2016

Dear Vice-President,
Dear Commissioner,

I am writing in reference to the upcoming European Commission strategy on heating and cooling. Eurogas agrees that the heating and cooling sector bears a large potential for the reduction of greenhouse gas emissions, energy efficiency and larger use of renewable energy sources.

However, following a number of meetings with the Commission on the subject, we are concerned that the strategy under preparation may take a too narrow approach, based mainly on district heating, electrification, thermal storage and demand-side response.

Whilst these can be very effective solutions, they alone cannot satisfy the EU's future heating demand and the need for consumer choice and wider innovation. Moreover, the economic case for the required investment in heat production plants and appliances as well as heat and electricity grid extensions requires further assessment.

Gas is currently the leading provider of heat to European consumers, primarily for the following reasons:

- It is very competitively priced, the 2014 EU28 post-tax average household price being one third of the price per kWh of electricity.
- It can cost-effectively be transported and stored in bulk for the winter period, when most heat is needed.
- It offers consumers a reliable, flexible, convenient and efficient means of heating their homes.

Although heat demand will decline as a result of greater efficiency and better insulation and the heat market will change as a result of a higher share of renewables and greater flexibility through thermal storage and demand-side response, these three points will – partially increasingly so – continue to be important requirements, also in the future.

Therefore, we strongly recommend a heating and cooling strategy that satisfies the following five points:

- I. seeks a large variety of cost-efficient solutions, including new hybrid technologies that enable the highest flexibility;
- II. recognises the significant differences in Member States' heating and cooling requirements and national characteristics;
- III. addresses the seasonality of heating demand with extreme peaks;
- IV. acknowledges the importance of consumer choice;
- V. bases its affordability on in-depth cost-benefit analyses.

We have previously provided the Commission with evidence to show that keeping a variety of options open to decarbonise heat is the most efficient way forward and lower in cost. This evidence is attached.

Gas is amongst these options and particularly effective in the transition of the heating and cooling sector. With a host of advanced gas-based or hybrid technologies emerging and renewable gas production increasing, gas can continue to be a partner in delivering energy efficiency, greenhouse gas emissions reductions and a higher share of renewables in the sector, whilst helping to satisfy the five points mentioned above.

We remain at your disposal for further discussion.



Yours sincerely
Beate Raabe

Cc: Dominique Ristori, Director General, DG ENER
Marie Donnelly, Director, DG ENER