District Heating in the European Spotlight

Copenhagen, 30.03.17
CLIMATE SUPPLY COMPETITIVENESS

SUPPLY

CLIMATE

COMPETITIVENESS
The EU’s 2020 Framework

- 20% decrease in the consumption of primary energy
- 20% increase in renewable energy sources
- 20% decrease in CO₂ emissions
- 20% decrease in the consumption of primary energy
The 2012 Efficiency Directive: A Step Forward

WE NEED TO START NOW!

2030
FRAMEWORK for CLIMATE & ENERGY
EU2030
Horizon 2050: CO² Free Europe?
Why do we need this energy anyway?

And yet...
EU Heating and Cooling Policy

• Warm sweaters and cold showers?
• Electrification of everything everywhere?
• Nearly Zero Energy Buildings?
‘The cheapest energy is the energy we don’t use’
What about DHC?
What’s wrong with business as usual?

Something had to happen!
WE NEED TO START NOW!
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WE NEED TO START NOW!
or owners being particularly slow. Community funds and EIB-financing can make a huge difference. Attracting investments at the scale needed remains, however, a challenge, especially at the local level, mainly due to lack of awareness and expertise in small-scale financing. (add something on district heating)
Increasing energy efficiency in the buildings sector

Heating and cooling is the largest single source of energy demand in Europe and the majority of Europe’s gas imports are used for these purposes. Huge efficiency gains remain to be captured with regard to district heating and cooling, which will be addressed in a Commission strategy.

- The Commission will propose a strategy to facilitate investment in heating and cooling.

An EU Strategy on Heating and Cooling

{SWD(2016) 24 final}
The EU’s Heating and Cooling Strategy

Heating and cooling will remain the biggest demand in 2050.

Current reliance on ‘obsolete fossil-fuel boilers’ is unsustainable.

A shift to reliance on RES and surplus heat is possible and necessary.

District heating will have a vital role to play!
Why a Strategy for Heating and Cooling? (II)

- Poorly known, neglected, fragmented sector, without a comprehensive overview and strategic approach so far.

- Largely inefficient: 75% of EU building stock is inefficient.
New areas

- Cooling.
- District heating and district cooling.
- CHP as central to increase generation efficiency, linking heating and cooling with electricity (flexibility), deploy renewables and alternative fuels, self-generation.
- Thermal storage (buildings, heat networks).
- Smart buildings (demand response, storage, self-consumption).
- Waste heat and waste cold.
- Integrated heat planning & mapping (building renovation and energy savings and the deployment of sustainable supply and of energy infrastructure are coordinated).

Exciting times, right?
Winter is Coming
The EU's 2020 Framework
Published on November 30th
More than 4500 pages
Sets the scene for the EU policy on energy for the period 2020 - 2030
Several legislative proposals important for the district heating sector, such as:
- Revision of the Energy Efficiency Directive
- Recast of the Renewable Energy Directive
Key Points on the Winter Package

2. In their long-term renovation strategy, Member States shall set out a roadmap with clear milestones and measures that aim to decarbonise their national building stock with a view to the long term 2050 goal, that is to say, to aim to bring carbon emissions from buildings to zero both through reducing energy needs and ensuring that remaining energy needs are met from zero-carbon sources. The roadmap shall

- **Renewables Directive:**
  - Notion of ‘waste heat and cold’ is introduced
  - Obligation on MS to try to increase RES share in heating by 1% per year
  - Transparency obligations about DH fuel mix and pricing
  - ‘Right to disconnect provisions’ where ‘better’ alternatives exist
  - TPA for DHC networks is proposed, including right to sell directly to end-users
  - Sustainability criteria for solid biomass
Key Points on the Winter Package

General remarks:

• In principle, this package, particularly the RES Directive, is intended to support the development of DHC

• But the love is not unconditional

• Commission is asking for assurances (price, fuel mix, efficiency) about which version of DHC people will end up getting - we should not be surprised! This implicit deal has always been there

• We must be open-minded and accept this offer in principle

• Then we need to make sure we get the details right in practice. It’s going to be a busy 2 years!
Final Thoughts

- The EU is excited about district energy! That’s what we wanted!
- There will be more support (financial and regulatory) AND more scrutiny than in the past (EPBD, EED, RES)
- It’s unlikely to be a one-way street. We will be asked to prove we’re as good as we say we are
- We will need to work together! The Danish DHC sector is a great support!
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