

UPEI Answer to European Commission call for evidence on the EU Heating and Cooling Strategy.

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1. Introduction

Housing has become a priority for the European Commission, especially as regards its affordability. For UPEI, the Voice of Europe's Independent Energy and Mobility Suppliers, this is not a surprise, as rising housing costs have become a major issue for many of our members' customers, particularly as it comes to heating and - increasingly - cooling.

For us, the first EU Affordable Housing Plan and the new Heating and Cooling Strategy, both expected early 2026, go hand in hand to a large extent. Decarbonisation of energy systems comes with a cost and is part of what the Commission has analysed as a constant deterioration of housing affordability in the EU since the 2008 financial crisis.

To attempt to overcome the surge in housing costs, it is necessary to keep an open mind to all technologies that can both contribute to affordability and decarbonisation of household energy systems. Efficiency and electrification should be accompanied by the use of renewable liquid fuels and hybrid heating systems, which can provide cost-effective and low-carbon options for existing homes, without the need for extensive renovation investments.

Finally, the issue of energy security has also to be addressed to organise the resilience of energy systems and protect the EU citizens.

2. UPEI contribution.

Whereas the call for evidence on the Heating and Cooling is presented on the same day and in the same "package" as a call on an EU Electrification Action Plan, UPEI wants to stress that electrification is not the only solution for decarbonisation and affordability of heating energy systems.

In a brochure on "[Heating with liquid fuels: a pathway for a sustainable future](#)" written together with several association in the energy heating sector, UPEI has proposed several solutions to achieve zero-carbon emissions, notably for the twenty million oil heated homes in Europe:

- Maintain a reliable and predictable policy framework that gives the right long-term signals to the market to invest in renewable fuel production and distribution.

- Follow a technology-open pragmatic approach that recognises the potential of renewable fuels. Policy objectives should include all heating technologies and all potential fuels that offer the opportunity to reach the emission targets.
- Follow a “full life cycle” approach to emissions’ calculations at the point of use that encompasses the emission to manufacture all the assets involved in the production of different energy pathways and deduct the emissions of the circular carbon used as feedstock in the manufacturing of low-carbon liquid fuels for heating from their combustion emissions.
- Push forward innovation: specific fuel or technology bans will stop research and development by industry which could bring an essential contribution to a successful energy transition and could help sustain the resilience of the European energy system.
- Consider the social implications of the energy transition and its affordability for those on lower incomes. Also, consider the practicality of converting to zero-carbon liquid fuels in older and remote rural homes instead of enforcing a completely different system at the expense of higher capital cost to society.
- Improve efficiency standards of buildings, including heating, in a socially acceptable way. Energy poverty remains critical in the move towards a carbon-neutral economy. Currently, there is a lack of affordable low or zero-carbon heating alternatives in rural areas due to the lack of infrastructure connections and the irrelevance of their extension.

The Energy Taxation Directive, currently under revision, should also allow for the favourable taxation of low carbon fuels for heating.

3. Policy recommendation.

UPEI would like to recommend the following elements to the European Commission

In terms of efficiency: support and speed up the replacement of obsolete and inefficient heating systems through financial and policy incentives.

In terms of diversity of energy systems:

- Promote and fund the installation of hybrid heating systems for most houses (e.g., solar linked to liquid fuel-condensing boilers or combinations with small heat pumps). This will provide substantial emission reductions while maintaining a secure supply of energy for citizens.
- Develop tools to improve their resilience against growing threats (diversity of sources and technologies, protection against physical or cyber-attacks).

In terms of renewable fuels: develop stable and enabling policy framework that includes grants for research and innovation on renewable liquid fuels as a substantial long-term contribution to the reduction of carbon emissions from heating.

In terms of overall policy framework: make use and improve the current legislative framework to implement both the Affordable Housing plan and the Heating and Cooling Strategy, without creating further legislative burdens.

During this phase of preparation of the Heating and Cooling Strategy, UPEI remains at the disposal of the European Commission to further detail our position. We will contribute separately to the public consultation.

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UPEI, the voice of Europe's independent energy and mobility suppliers, represents nearly 2,000 European importers and wholesale/retail distributors of energy for the transport and heating sectors, supplying Europe's customers independently of the major energy producers. They are the interface between producers and consumers, using their own infrastructure and flexibility to supply existing demand for conventional and renewable liquid fuels, as well as non-liquid alternatives as part of the energy transition. They cover more than a third of Europe's current demand. The organisation brings together national associations and suppliers across Europe. Independent fuel suppliers bring competition to Europe's energy market and are able to respond rapidly to changes affecting supply, contributing to security on a local, national and regional level. They have developed and maintain a comprehensive infrastructure for the sourcing, storage and distribution of transport and heating fuels, with a commitment to delivering a high-quality service to all consumers, including those in remote areas.