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Contactpersoon

Kenmerk

2023-0000391467

Uw kenmerk

Datum 13 juli 2023
Betreft Heat pump action plan

Dear Commissioner,

There is an urgent need to accelerate the installation of heat pumps throughout the European Union. They are of key importance to reach a sustainable built environment in 2050. Therefore, the Dutch government welcomes and supports the EU Heat Pump Action Plan. Many aspects seem to be supportive of the Dutch policy for promoting both all-electric and hybrid heat pumps. The Dutch government is however concerned that the proposed ban of the sale of standalone fossil-fuel boilers as of 2029 could lead to a disproportionate impact on some households. I would therefore like to call your attention to the following.¹

In your plan, you refer to the proposed phasing out of stand-alone boilers by 2029 through a revision of the ecodesign and energy labeling regulations for space and water heaters. We welcome most parts of the proposals as this will accelerate the transition to heating homes more efficiently. Especially the elements that give consumers insight in the functioning of the heat pump, for instance the energy labeling for hybrid products and the introduction of real-world monitoring of space-heating appliances. We also welcome the development of the Code of Conduct for Energy Smart Appliances aiming at increasing the number of interoperable energy smart appliances that support flexibility, including heat pumps, on the Union market.

However, we do not agree with your proposal of the revision of the ecodesign regulation of space heaters to increase the minimum seasonal space heating efficiency of specified space heater to 115% as of 1 September 2029. By opting to regulate space heaters in this way, it will be impossible to sell stand-alone fossil fuel boilers. We believe that there still will be situations in upcoming years where

¹ As part of the heat pump action plan, efforts are being made to update legislative rules to ensure a robust policy signal for the heat pump market. You have presented several proposals that are currently under discussion or nearing finalization. The Dutch input and/or position on these proposals will be given during the discussion on these proposals. These rules include the recast EPBD and EED, the Article 122 emergency measure on permitting for renewables, the revised RED, the revision of electricity market design legislation, the Net-Zero Industry Act and the Critical Materials Act, and the Commission's proposals for the recast of the Energy Taxation Directive and for a regulation on fluorinated greenhouse gases.

natural gas boilers are needed, because of the technical aspects of a building or because a building is situated in an area that will switch to a collective alternative for natural gas in the foreseeable future. That is why the Netherlands thinks it is important that any proposal aimed at regulating the efficiency of heating systems provides enough flexibility for Member States to be able to identify these specific situations and come up with tailored policies and regulation.

We also have questions as to how a ban on a mono fossil-fuel boiler will work exactly when using a hybrid heat pump system. We want to emphasize the significance of replacing only the necessary components of the hybrid system, such as the fossil fuel boiler, in order to reduce pressure on natural resources and in line with the circular economy action plan and the proposal to facilitate the right to repair.

In line with the Heat Pump Action Plan, the Dutch government promotes the adoption of heat pumps through various policy measures.

1. Hybrid Heat Pump Action Plan:

In collaboration with the sector, the Dutch government is collaborating with the sector in the Hybrid Heat Pump Action Plan. This action plan aims to accelerate the deployment of (hybrid) heat pumps in the Netherlands. The objectives include:

- Ensuring that there are enough qualified personnel and products. We would like to establish a robust pool of skilled workers and reliable products. It involves training existing installers and streamlining the installation process for hybrid heat pumps to make this more efficient.
- Lowering the costs for consumers. The sector is working on lower prices for installations through scaling up production, standardization and innovation. The streamlining of the installation process can also contribute to lower costs for consumers. We monitor the cost price development over time in order to identify the issues that are currently causing higher prices, such as shortages of materials.

2. Upgrading the Electricity Grid:

The surge in electricity demand (primarily driven by the increase of heat pumps and electric vehicles) and the increasing amount of solar panels lead to a major grid reinforcement and need for demand-side flexibility.

Strengthening the grid in the Netherlands is challenging. The Ministry of Economic Affairs and Climate Policy is working on an action plan together with grid operators to mitigate future grid congestion.

3. Providing Homeowners with Heat Pump Information:

Research has shown that consumers lack adequate knowledge about heat pumps, including basic information about costs, types of heat pumps, and which heat pump best suits their homes. The Dutch government collaborates with Milieu Centraal on the "verbeterjehuis.nl" platform in order to improve the knowledge base. Together we develop a comprehensive communication campaign with the aim to provide homeowners with reliable and independent information on heat pumps.

4. ISDE Subsidy:

The Dutch government offers a lump-sum subsidy known as ISDE (Investment Subsidy for Sustainable Energy) to financially support homeowners with insulation, the connection to a sustainable heating or cooling network and the installation of heat pumps. On average, this subsidy

covers 30% of the investment costs (product costs). In addition, the National Heating Fund provides attractive and responsible financing for all homeowners. Homeowners without borrowing ability do not pay repayments the first five years. Homeowners with household incomes below € 60k do not pay interest. The National Heating Fund can bear the residual debt risk.

5. Circular Economy and Environmental Impact:

Circularity and limiting the environmental impact of heat pumps is of key importance. The production of heat pumps and the use of f-gasses should not lead to a negative effect on the environment. Regarding circular economy and environmental impact, the Dutch government therefore recognizes the need to promote heat pumps with a (very) low GWP and to ensure that parts and/or materials at the end of life can be recycled.

6. Legislation:

The Dutch government is currently developing a national requirement for efficient methods for the heating of buildings as of 2026. The objective is to make it mandatory for building owners to switch to a more efficient heating system when replacing a stand-alone fossil fuel boiler. The requirement on higher energy efficiency for heating systems will be included in the national building codes. In practice, this means that stand-alone fossil fuel boilers should be replaced by at least a hybrid heat pump and that the system has to be adequately installed, dimensioned and regulated. There will be exceptions for buildings where replacement to a more efficient heating system is technically, economically or functionally not feasible yet. Monuments and apartment buildings will also be exempted as well as cases where the additional investment is not offset by lowering of the energy bill or cases where the building is located in an area that will connect to a collective sustainable alternative for heating, such as district heating, in the foreseeable future. In the Netherlands, these areas are identified through neighborhood-specific heat transition plans by municipal governments which are obligatory as of 2021.

The role out of all-electric and hybrid heat pumps is of key importance to reach a sustainable built environment and it requires more action. Accordingly, the Dutch government will be a vocal advocate for the EU Heat Pump Action Plan. However, the Dutch government raises concerns on the proposed ban on the sale of stand-alone fossil fuel boilers as of 2029. For now the Dutch government calls on the Commission to reconsider this proposal.

Yours sincerely,

Minister for Housing and Spatial Planning,

Hugo de Jonge