



To: Members of the European Parliament
Brussels, 13 February 2017

European heating sector urges Members of the European Parliament to support EU ETS reform

In 2015, the European Commission tabled a legislative proposal to revise the European Emission Trading System (EU ETS) for the IV trading phase (2021 - 2030). EU ETS is the corner stone of Europe's climate and energy policies, but it can only retain this status if it begins to demonstrate its ability to send an effective CO₂ price signal to the market. Since its inception, due to a series of economic, regulatory and market factors, the ETS has struggled to deliver on this basic ambition. Urgent reform is required.

Currently, heating accounts for more than half of the EU's energy consumption. The decarbonisation of the heating sector will therefore play a fundamental role in achieving the ambitious Energy Union goals and meeting the EU's climate targets. This has also been established by the European Parliament's EU Strategy on Heating and Cooling adopted in September 2016. We have already witnessed tremendous progress in the sector with significant developments in such areas as district heating and cogeneration, as well as the increasing uptake of renewable heat from geothermal, solar and heat pumps technologies. To continue the progress, we need the right investment environment and policy incentives to reduce our dependency on fossil fuels and embrace renewable heat. An effective EU ETS is an essential piece of the puzzle.

The EU ETS report adopted by the European Parliament's Environment committee on 15 December 2016 promises to both strengthen the carbon price signal and promote innovation in new sustainable technologies. As representatives of industries committed to a sustainable, low carbon future, we the undersigned call on the Members of the European Parliament to support the report during the plenary vote on 15 February so that its provisions can be implemented without further delay. The adoption of an ambitious EU ETS will send a reaffirming message that the EU is committed to leading the global climate action and respecting its obligations under the Paris Agreement. The Environment Committee took a step in a right direction, and the European Parliament should follow it.

Paul Voss, *Managing Director of Euroheat & Power*

Philippe Dumas, *Secretary General of the European Geothermal Energy Council (EGEC)*

Valérie Plainemaison, *Secretary General of the European Federation of Intelligent Energy Efficiency Services (EFIEES)*

Thomas Nowak, *Secretary General of the European Heat Pump Association (EHPA)*

Simon Minett, *Head of Policy, COGEN Europe*