



European Technology and Innovation Platform

First Timeline of Research Policy Inputs

Deliverable 4.1

WP4 - RD&I Framework for the RHC sector

T4.1 - RD&I policy framework at EU and national level

Grant agreement: 825998

From December 2018 to November 2021

Prepared by: Andrea Bogi, EGEC

Date: 27/05/2019



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 825998.

Disclaimer: The sole responsibility for any error or omissions lies with the editor. The content does not necessarily reflect the opinion of the European Commission. The European Commission is also not responsible for any use that may be made of the information contained herein

Document	D4.1	Version:	3
Author	EGEC	Date	29/5/19
Reference	D4.1 RHC ETIP ID GA 825998		

DISCLAIMER OF WARRANTIES

“This project has received funding from the European Union’s Horizon 2020 research and innovation programme under Grant Agreement No 825998”.

This document has been prepared by RHC ETIP project partners as an account of work carried out within the framework of the EC-GA contract no 825998.

Neither Project Coordinator, nor any signatory party of RHC ETIP Project Consortium Agreement, nor any person acting on behalf of any of them:

- (a) makes any warranty or representation whatsoever, expressed or implied,
 - (i). with respect to the use of any information, apparatus, method, process, or similar item disclosed in this document, including merchantability and fitness for a particular purpose, or
 - (ii). that such use does not infringe on or interfere with privately owned rights, including any party's intellectual property, or
 - (iii). that this document is suitable to any particular user's circumstance; or
- (b) assumes responsibility for any damages or other liability whatsoever (including any consequential damages, even if the Project Coordinator or any representative of a signatory party of the RHC ETIP Project Consortium Agreement has been informed of the possibility of such damages) resulting from your selection or use of this document or any information, apparatus, method, process, or similar item disclosed in this document.



Document	D4.1		
Author	EGEC	Version:	3
Reference	D4.1 RHC ETIP ID GA 825998	Date	29/5/19

European Technology and Innovation Platform on Renewable Heating and Cooling

ABBREVIATIONS

RHC ETIP: European Technology and Innovation Platform on Renewable Heating and Cooling

PARTNERS

EUREC: the Association of European Renewable Energy Research Centres

Bioenergy Europe (formerly known as AEBIOM)

EGEC: European Energy Council

EHP: Euroheat &Power

SolarHeatEurope (formerly known as ESTIF).

EHPA: European Heat Pump Association

Document	D4.1		
Author	EGEC	Version:	3
Reference	D4.1 RHC ETIP ID GA 825998	Date	29/5/19

TABLE OF CONTENTS

DISCLAIMER OF WARRANTIES	1
ABBREVIATIONS	2
PARTNERS	2
INTRODUCTION	4
OVERVIEW	4
POLICY TIMELINE	6
1. Financing Research Framework	6
Horizon Europe.....	6
Cohesion Policy (ERDF, Cohesion Fund, Interreg)	7
Innovation Fund.....	7
Modernization Fund	8
The Energy Transition Fund.....	8
2. Regulatory Framework	8
Renewable Energy Sources	9
Renewable Energy Directive.....	9
Energy Efficiency	10
Energy Efficiency Directive	10
Energy Performance in Buildings Directive	10
Governance	10
Governance Regulation	10
Sustainable Finance	10
State Aid guidelines:	11

Document	D4.1		
Author	EGEC	Version:	3
Reference	D4.1 RHC ETIP ID GA 825998	Date	29/5/19

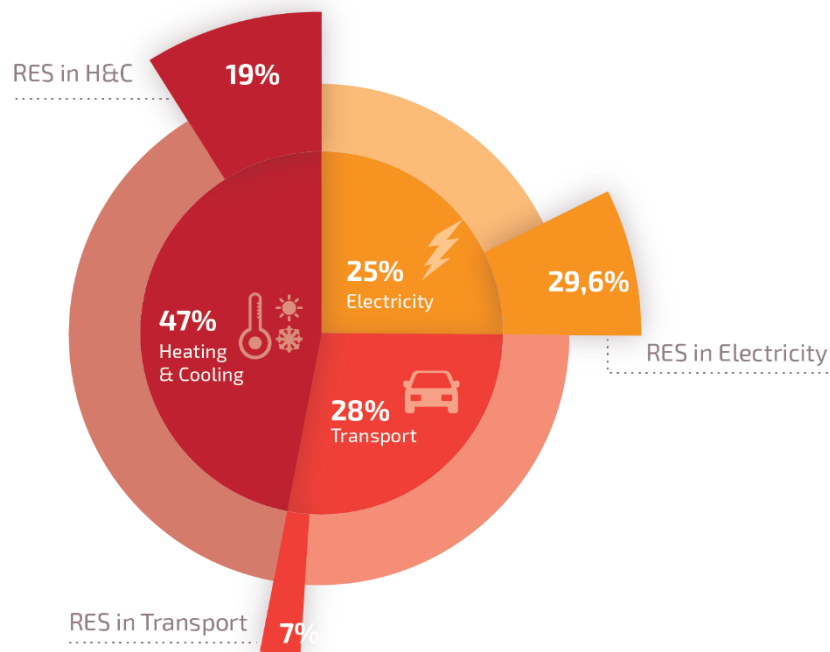
INTRODUCTION

This Strategic document is part of Task 4.1 “RD&I policy framework at EU and national level” and it is intended to provide guidance to the Policy Working Group, by identifying and mapping relevant policy and regulatory issues of general interest to the heating and cooling sector as well as a list of actions to be undertaken.

This list will be annually updated in order to take into account new developments.

OVERVIEW

Heating and cooling represent almost 50% of EU’s energy consumption, yet, only 18% of heating in Europe is currently renewable. In order to fill this gap, an adequate financing and regulatory framework taking into consideration the specificities, needs and potential of the sector is needed at European level.



Document	D4.1	Version:	3
Author	EGEC	Date	29/5/19
Reference	D4.1 RHC ETIP ID GA 825998		

The current framework

Over the past decade the 2020 Climate and Energy Package has been instrumental in spurring investments in the renewable energy sector across Europe. At the same time, the establishment of a 'resilient Energy Union with a forward-looking climate policy' in 2015 helped re-organise all EU actions in the field towards the creation of a European single energy market.

More recently, important new steps have been taken with the adoption of the 2016 "Clean Energy for All European Package", which corresponded to a bundle of 8 legislative proposals aiming to propose a consistent climate and energy framework for the EU after 2030. In terms of ambition, the European Union is aiming for a share of renewable energy of at least 32% in 2030, alongside a 32.5% improvement in energy efficiency compared to a baseline. Altogether, these targets should put the EU on track to overshoot its 40% greenhouse gas emission reduction objective (compared to 1990).

Most importantly, Art. 23 of the recast of the RES Directive finally recognized the importance of setting well defined targets to develop and deploy RHC solutions. All the while, Member States will have to comply to the Governance framework that was also agreed upon, proposing National Energy and Climate Plans that lay out their national contributions to the EU objectives (which should amount to meeting the EU targets when all the Member States contributions are aggregated).

New Commission, New Budget, New policies

Although the bulk of the legislative framework post 2020 have been adopted, crucial aspects for its implementation are still under discussion (e.g. Art. 23, NECPs, etc.), while the programmes to support and finance energy RD&I to achieve the new targets will be defined in the coming months according to the new Multiannual Financial Framework 2021-2027 currently under discussion.

Indeed, the political agenda that govern legislative work will depend on the result of the European Parliament elections in May 2019, and of the European Commission college to be appointed thereafter. From 2019 onwards, the priorities will be determined by the new European Commission.

Document	D4.1		
Author	EGEC	Version:	3
Reference	D4.1 RHC ETIP ID GA 825998	Date	29/5/19

POLICY TIMELINE

This part of the publication presents an overview of the regulatory and policy framework that directly affects investments in RD&I in renewable heating and cooling. To that end, two main policy and regulation areas have been identified as being instrumental:

- Research financing
- Regulatory issues

1. Financing Research Framework

Financing is key for the viability of RHC projects. From research and development stage, to project at scale, the right financing mechanisms are necessary to lower the cost and improve the competitiveness of the sector.

Regarding financial instruments and RD&I support schemes, especially the ones developed at the European level, the following lists showcase the main policy priorities the RHC-ETIP should focus on. The RHC-ETIP will play an active role in ensuring that the RHC-sector defines and circulates targeted messages to ensure support to research, development and deployment for the RHC-sector.

Horizon Europe

Overview	Horizon Europe is the EU's next funding programme for research and innovation for the period 2021-2027 with a proposed budget of €100 billion.
Most important elements impacting RHC	<p>Committing at least 35% of its budget towards climate-relevant priorities, HE will be the main driver to foster innovation and competitiveness in the energy sector, including RHC, at EU level.</p> <ul style="list-style-type: none"> - Climate Energy and mobility Cluster - Digital, Industry and Space Cluster - R&I Mission on Climate-neutral cities - European Investment Council

Document	D4.1		
Author	EGEC	Version:	3
Reference	D4.1 RHC ETIP ID GA 825998	Date	29/5/19

European Technology and Innovation Platform on Renewable Heating and Cooling

Suggested Actions	<ul style="list-style-type: none"> ➤ Ensure a proper representation of RHC in HE Work Programme Structure with a specifically dedicated topic/heading; ➤ Provide the research priorities of the sector to feed HE calls for proposal in the WPs; ➤ Provide inputs for the R&I Mission on Climate-Neutral Cities to ensure that RHC vision and priorities are taken into consideration.
Timeline	2 nd Half 2019: Contribute to HE strategic planning and WP structure; 2019-2020: Provide a list of research priorities for the WP.

Cohesion Policy (ERDF, Cohesion Fund, Interreg)

Overview	European Regional Development Funds (ERDF) the Cohesion Fund (CF) and the Interreg programme are key to implementing EU cohesion policy and supporting regional development, sustainable growth and quality employment.
Most important elements impacting RHC	Priority II: Greener, carbon free Europe, implementing the Paris Agreement and investing in energy transition, renewables and the fight against climate change
Suggested Actions	<ul style="list-style-type: none"> ➤ Outreach to DG Regio to ensure a proper representation and adequate funding is provided for RHC projects under the ERDF and CF.
Timeline	May – December 2019

Innovation Fund

Overview	The Innovation Fund is aimed to support innovation in low-carbon technologies and processes. The Innovation Fund will focus on highly innovative technologies and big flagship projects with European value added that can bring on significant emission reductions.
Most important elements impacting RHC	The Innovation fund has the potential to finance projects to that will be needed for the EU's low-carbon transition. Their scalability depends on early piloting.
Suggested Actions	<ul style="list-style-type: none"> ➤ Participation to the stakeholders' meetings planned by the European Commission to collect input on the first call's design
Timeline	September 2019 – Q1-Q2 2020

Modernization Fund

Overview	The Modernisation Fund is a new fund introduced in the revised ETS Directive meant to support investments proposed by the eligible Member States, 'including the financing of small-scale investment projects, to modernise energy systems and improve energy efficiency'.
Most important elements impacting RHC	The Modernization fund has the potential to finance projects to that will be needed for the EU's low-carbon transition. Their scalability depends on early piloting.
Suggested Actions	<ul style="list-style-type: none"> ➤ Meet with European Commission to ensure RHC is eligible and prevent lock in of emissions
Timeline	September 2019 – Q1-Q2 2020

The Energy Transition Fund

Overview	In November 2018 the European Parliament's budget committee signed off on a proposal that allocates €4.8 billion to an Energy Transition Fund (ETF) aimed at supporting coal-dependent regions green their economies.
Most important elements impacting RHC	Support the Coal Regions in Transition platform in promoting the phasing out of fossil fuels in coal-dependent regions.
Suggested Actions	<ul style="list-style-type: none"> ➤ Monitor MFF negotiations; ➤ Meet with European Commission to ensure that the proposed Energy Transition Fund will support investments in new generation capacities from low-carbon energy sources in RHC.
Timeline	2 nd Half 2019

2. Regulatory Framework

Policies and regulations play a tremendous role in driving developments in RHC RD&I by acting as a top down factor, setting targets to reach, rules to follow and providing opportunities for public funding of research and development. Moreover, monitoring the overall EU regulatory framework feed into the results achieved by the Platform's TPs and HWGs, which in this way can be further integrated in the bigger picture on energy and climate. Regarding policies and regulations, especially the ones developed at the European level, the following lists showcase the main policy priorities the RHC-ETIP should focus on in order to ensure:

Document	D4.1	
Author	EGEC	Version: 3
Reference	D4.1 RHC ETIP ID GA 825998	Date 29/5/19

European Technology and Innovation Platform on Renewable Heating and Cooling

- a) a levelled playing field at European level so that subsidies and/or taxation do not befog the overall consistency of the vision for renewable heating and cooling in Europe.
- b) a clear understanding of the specific agenda of the different countries (depending on their own situation), and the common core.
- c) a dedicated policy framework for the desired share of low carbon/carbon free technologies in the mix of energies produced.

The RHC-ETIP will mainly monitor these initiatives, while industrial associations will play a more pro-active role in the definition of lobbying actions.

Renewable Energy Sources

Renewable Energy Directive

Overview	The recast Renewable Energy Directive (REDII) sets a target of 32% renewable energy by 2030 at the European level. It also defines a framework for supporting renewable energy projects, where financing should be provided as a premium on top of market price, and where Member States can choose to support specific technologies according to certain criteria (notably the need for diversification and to allow technologies with unachieved potential to emerge).
Key Features for RHC	Art.23 introduced new provisions for mainstreaming renewable heating and cooling: <ul style="list-style-type: none"> • A national objective to increase by 1.3 percentage point annually the share of RES in the energy supplied for heating and cooling; • Local and regional administrative bodies must include renewable heating and cooling in the planning of city infrastructure; • Member States must provide adequate information to consumers regarding the renewable alternatives for heating and cooling.
Suggested Actions	<ul style="list-style-type: none"> ➤ Monitor the implementation of measures of the REDII at the national level. In particular, Article 23, Article 24, Article 15, Annex VII (HP, RES cooling...); ➤ Ensure proper integration of RES-HC provisions in NECPs; ➤ Monitor and, if necessary, ensure that delegated act appropriately reflect provisions on RES-HC.
Timeline	2019-2020: Monitoring of delegated act, implementation 2020-2030: monitoring of trajectories and advocacy for achievement of targets

Energy Efficiency

Energy Efficiency Directive

Key features	Connecting demand side energy efficiency with RES-HC
Articles impacting RHC	Article 7 Annex VIII
Suggested Actions	<ul style="list-style-type: none"> ➤ Monitor implementation of Annex VIII, and ensure consideration of RD&I in RES-H&C

Energy Performance in Buildings Directive

Key features	Objective of decarbonisation of the building stock by 2050 (recital)
Articles impacting RHC	Article 2 (3) Article 7. (5) Annex I point 2 Annex IA point 2 (a)
Suggested Actions	<ul style="list-style-type: none"> ➤ Monitor delegated acts to ensure that RES-HC is a factor of energy performance of a building

Governance

Governance Regulation

Key features	NECPs
Articles impacting RHC	Article 1-4. Article 32, 33.
Suggested Actions	<ul style="list-style-type: none"> ➤ Ensure adequate consideration of RES-H&C in NECPs (notably compliance with REDII art 23), ensure eligibility of RES-HC and RD&I in RES-HC in gap fillers.

Sustainable Finance

Key features	Typology of eligibility as sustainable investment
Articles impacting RHC	Monitor the work of the technical expert group on H&C investments
Suggested Actions	<ul style="list-style-type: none"> ➤ Ensure consideration of RES-HC (and RD&I in RES-HC) as a sustainable investment under the regulation.

Document	D4.1		
Author	EGEC	Version:	3
Reference	D4.1 RHC ETIP ID GA 825998	Date	29/5/19

European Technology and Innovation Platform on Renewable Heating and Cooling

State Aid guidelines:

Key feature	Eligibility of RES-HC RD&I investments to state aid guidelines
Paragraphs impacting RHC	3.3.2.2. Aid for energy from renewable sources other than electricity: paragraphs 131-137
Suggested actions	<ul style="list-style-type: none"> ➤ Monitor state aid revision timeline ➤ Ensure adequate consideration of RES-H&C in the new guidelines
Timeline	2 nd half 2019: Fitness check state aid guidelines Q12021: Impact assessment and revision of guidelines