

COMMUNICATION

**from the European Affairs Committee of the Federal Council
to the European Parliament, the Council and the European Commission**

pursuant to Article 23 f (4) of the Austrian Constitutional Law

31 May 2016

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Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions / An EU Strategy on Heating and Cooling

In principle, the Federal Council welcomes the development of an EU strategy on heating and cooling, as this is the first time that issues relating to buildings and to heat generation are to be considered from a common point of view. In particular, the Federal Council appreciates the focus on increasing the energy efficiency of multi-apartment buildings through improved thermal insulation and the consideration given to energy-poor households. However, the Communication from the European Commission in its present form contains a number of items that are to be critically reviewed in light of the principles of subsidiarity and proportionality.

This applies, in particular, to the financing of projects. From the Federal Council's point of view, the bundling of individual projects into bigger investment packages is problematic. In practice, bundling will be difficult, since an order of magnitude required to improve the bankability of investments, as foreseen by the Commission, will hardly be reached, even if several regional projects are aggregated. Moreover, the procedure of applying for funding is so complicated that only major projects and large enterprises will be able to produce all the documents, put up the necessary collateral and demonstrate the necessary control systems. As a result, smaller regional actors and their projects will be institutionally disadvantaged and/or regional projects will be denied access to EU funding, which runs counter to the idea of stimulating energy-related activities at local and regional level. For reasons of subsidiarity, access to EU funding must be open, in particular, to those local, regional and municipal projects that are in line with the objectives of the EU Strategy on Heating and Cooling.

Moreover, the Federal Council holds that mandatory thermal storage, as foreseen in the

Communication, may be economically inefficient and is to be rejected for reasons of subsidiarity. The instruments presented within the framework of the Strategy on Heating and Cooling include only few legal measures – this invites the question why binding rules are to be adopted for the integration of thermal storage into the flexibility and balancing mechanisms of the grid. It would be much more appropriate to create a framework for competition between different technologies for the flexibility and balancing mechanisms of the grid. Moreover, the rules provided for in the Communication would interfere substantially with the freedom of Member States and regions to design their own energy policies and are therefore to be rejected for reasons of subsidiarity.

The Federal Council also notes that the Communication from the European Commission appears to place an exaggerated emphasis on the electrification of heating, and that the Communication, as well as the Working Document (SWD (2016) 24 final Part 1), clearly aims to include nuclear energy in the mix of primary energy sources for heating and cooling via the route of “decarbonized electricity and district heating”. The Federal Council wishes to point out that it takes a firm stance against upgrading the role of nuclear energy through the integration of heating and cooling into the electricity system.