

Swedenergy's feedback on public consultation for 'The EU Heating and Cooling Strategy'

The European Commission is developing a [Heating and Cooling Strategy](#), with publication planned for Q2 2026. The initiative aims to decarbonise heating and cooling, which accounts for roughly half of the EU's energy use and still relies heavily on fossil fuels. Key objectives include accelerating the uptake of renewable-based solutions, expanding and modernising district heating networks, improving energy efficiency, and promoting waste-heat recovery.

Key barriers to affordable decarbonisation

Swedenergy notes a broad spectrum of barriers to affordable decarbonisation. In the case of space heating, thermal energy storage, and the use of waste heat, Swedenergy sees the main key barriers for affordable decarbonisation being high financing costs, regulatory complexity, and high initial investment.

- **For space heating**, Energy Performance of Buildings Directive (EPBD) and the current system boundaries with "purchased energy" favours on-site heating solutions. A system boundary should take into account all used energy in the building to create a level-playing field for all kinds of heating sources where off-site solutions such as district heating should not be discriminated.
- **When it comes to district heating** (in line with article 26 EED), administrative barriers and complexity and length of state aid procedures are key barriers for affordable decarbonisation through district heating and cooling. CCS/CCU also needs to be considered and integrated within the EU policies and directives such as EED, RED, and ETS.
- **With thermal energy storage**, Swedenergy sees the growing importance of increasing the ability for sector integration between DHC and electricity markets and to decrease the need for peakload capacity.
- **Lastly, the use of waste (excess) heat** needs to be evaluated more extensively and is sometimes considered a too small business in relation to industry's core business. There is a need for creating conditions for a mutual view between DHC operators and the industry that waste heat use is a win-win solution.

Policy- and legislative framework

To accelerate affordable decarbonisation of heating and cooling, it is important to fully implement the current EU regulatory framework and to simplify the current framework (towards 2030). Swedenergy sees the EU ETS and ETS 2 as the main instruments for decarbonisation. Furthermore, EPBD should be simplified and the system boundary for energy use in buildings should be changed from purchased energy to actually used energy. There is also a need to address the capacity need dimension in the EU policy, since the capacity use at peak-load hours with the highest costs needs should be limited.

Swedenergy notes a range of priorities to accelerate affordable decarbonisation of heating and cooling:

- **integrate planning of electricity and heat infrastructure** at both a national and local level,

- **adequate carbon pricing** within EU ETS/ETS2,
- **enable and promote DHC operators** to be active in balancing market within the electricity system,
- **integrated physical energy infrastructure planning,**
- **promotion of de-risking schemes** for efficient district heating development and of model public-private partnerships for waste heat reuse in district heating, and
- **availability of RDI funding for DHC innovation projects** – taking into account the broad sector integration opportunities connected to electrification in industrial sectors such as bioenergy combines.

In the case of affordable deployment of space cooling, geothermal- and solar thermal energy, waste heat, and cold recovery, Swedenergy sees the need for better integration of cooling urban planning, as well as connecting cooling demand with cold sources in particular via district cooling. Furthermore, de-risking schemes for geothermal and solar thermal energy, and additional R&D funding are needed for developing new technical solutions that could contribute to further diversification of renewable district heating supply.

Swedenergy believes that solar energy should be developed together with cost-efficient thermal storage solutions and that awareness raising and financial advice for deployment of waste heat and cold recovery, as well as state-aid for waste heat transmission pipe connections are feasible de-risking instruments. Lastly, waste heat recovery should be counted as energy savings within article 8 in the upcoming revision of EED.