



**Delivering on the European  
Green Deal and Fit for 55**

# **Energy Performance of Buildings Directive (EPBD) recast**

## **Commission Guidance on phasing out financial incentives for stand-alone fossil fuel boilers**

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# Fossil fuel phase-out – an evolving context

**Two thirds** of energy for heating and cooling comes from **fossil fuels**.

**REPowerEU** > rapidly reduce dependence on Russian fossil fuels

**EU Save Energy Communication** recommendations:

- advance phase-out of financial incentives for boilers powered by fossil fuels to 2025 and incentivize heat pumps instead
- tighten national heating system requirements for new and existing buildings
- Introduce national bans for boilers based on fossil fuels

**COP 28:**

**“transition away from fossil fuels in energy systems** in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science”

# Overview of relevant provisions for fossil fuels

- From **1 January 2025: no more financial incentives for stand-alone boilers** powered by fossil fuels (Article 17(15))
- **Legal basis for Member States to set requirements** on GHG emissions, share of renewables, type of fuel for heat generators (Article 13(1) subpara. 3); **encouragement** to phase out stand-alone boilers powered by fossil fuels (Article 13(7))
- Plan policies and measures **with a view to a complete phase-out of fossil fuel boilers by 2040** through the national Building Renovation Plans (Article 3 and Annex II)
- **Zero-emission buildings** must not produce any on-site emissions from fossil fuels (Article 11(1))
- **Inspections** of heating systems to include basic assessment of feasibility to reduce on-site use of fossil fuels (Article 23(4))

## Next steps

- Guidance on phasing out financial incentives for stand-alone boilers powered by fossil fuels – Article 17(15)
  - Ongoing discussion with Member States
  - Stakeholder discussion on 22 May
  - Tentative planning: second half of 2024
- Additional guidance shall be provided in due time as per Article 13(8) (not discussed here):  
*The Commission shall issue guidance on what qualifies as a fossil fuel boiler.*

# Phasing out of financial incentives – 1

## Article 17(15)

From 1 January 2025, Member States shall not provide any financial incentives for the installation of stand-alone boilers powered by fossil fuels, with the exception of those selected for investment, before 2025, in accordance with Regulation (EU) 2021/241, Article 7(1), point (h)(i), third indent, of Regulation (EU) 2021/1058 and with Article 73 of Regulation (EU) 2021/2115 of the European Parliament and of the Council.

- “Boiler”: definition in Article 2(48)
- “Powered by fossil fuels”
  - Decisive moment: situation upon **installation**
  - Fossil fuels: Article 2(62) Governance Regulation: “non-renewable carbon-based energy sources such as solid fuels, natural gas and oil” > **coal, oil, natural gas**
  - Biofuels, biomass, renewable hydrogen etc. are NOT considered fossil fuels.

# Phasing out of financial incentives - 2

- “Stand-alone” boilers
  - Recital 14: distinct from “hybrid heating systems with a considerable share of renewable energy, such as the combination of a boiler with solar thermal or with a heat pump”
- “Installation” to be understood as the purchase, assembly and putting into operation of a stand-alone boiler.
- “Financial incentives”
  - To be understood in a broad manner as economic support provided by a public body and/or through public resources.
  - Public procurement is outside of the scope.
  - Examples: grants, fiscal incentives such as reduced tax rates.

# Phasing out of financial incentives – 3

- The provision does NOT cover, for example
  - Hybrid heating systems with a considerable share of RES (to be determined by MS);
  - Any additional costs related to the transition to the use of renewable gases in a boiler, e.g. upgrade of the distribution system inside the dwelling, the connection point or on-site hybridization;
  - Incentives unrelated to installation, e.g. maintenance or decommissioning;
  - Measures to address energy affordability, e.g. consumer price support, social tariffs or income support for heating with fossil fuels;
  - Incentives unrelated to boilers, e.g. stoves or micro-generation.

## Phasing out of financial incentives - 4

- Exceptions in the cases of investment incentives in stand-alone boilers powered by fossil fuels that simultaneously meet two conditions:
  - (1) are being financed under the Recovery and Resilience Facility , the European Regional Development Fund (ERDF) and the Cohesion Fund (solely fuel switch to natural gas in buildings) and under investments for rural development under Regulation (EU) 2021/2115 (CAP Strategic Plans), and
  - (2) have been selected for investment prior to 2025.



## Phasing out of financial incentives - 5

- Where financial incentives for boilers are part of national or regional programmes under the afore-mentioned EU funds that have been adopted before 1 January 2025, they are considered as “selected to investment” before that date.
- Intention: the exception covers all investments as agreed (in the programmes, plans, etc) before 1 January 2025 regardless of when the call for projects and all the following steps are done. It allows for modifications before 1 January 2025, but not after.

# Phasing out of financial incentives – 6

## Article 7(2) Energy Labelling Regulation

Where Member States provide incentives for a product specified in a delegated act, those incentives shall aim at the highest two significantly populated classes of energy efficiency, or at higher classes as laid down in that delegated act.

- Space heaters with capacities below 70 kW are covered by energy labelling.
  - Based on current data available, stand-alone boilers do not belong to the highest two significantly populated classes.
- > **Already today, stand-alone boilers < 70 kW shall not be incentivised** in principle, independently of whether they combust fossil fuels or renewable fuels.

Thank you!

