Brussels, 25 November 2024

Lukasz Kolinski
Acting Director for Green Transition and Energy System Integration
Directorate-General for Energy
European Commission

Cc Paula Pinho, Director at European Commission (ENER.B)

Subject: Requirements for heat pumps in the revision of the electricity Network Codes on Demand Connection

Dear Mr Kolinski,

We would like to bring to your attention the negative impact of the proposed requirements of the *Network Codes on Demand Connection* on the roll out of heat pumps in Europe. The fast and unlimited reduction of electricity consumption and/or switch-offs in reaction to grid frequency variation risk significantly increasing the purchase price of heat pumps and potentially leading to an early end-of-life. Since upfront cost and consumer trust in heat pumps are a prerequisite to increase demand for heat pumps, this could severely hamper the decarbonization of buildings. To avoid this, a harmonized approach is crucial, however, the Commission should thoroughly review the technical feasibility and cost implications of the requirements proposed for heat pumps.

The key elements to consider are the following:

1. A harmonized European approach is crucial

Requirements for heat pumps to ensure electricity grid stability and flexibility must be established at EU level, to avoid different national rules. At the same time, we urge the Commission to start discussions with Members States to avoid a scattering of rules in the 27 Member States that will hamper the uptake of heat pumps. This will allow for flexibility to accommodate the specific needs of the grids while safeguarding the principles of free movement of goods within the EU. Such an approach is most beneficial for the roll out of heat pumps, as it would reduce compliance costs but also leverage the benefits of the Single Market.

2. Redesign costs for heat pumps should be minimized to avoid a significant increase in upfront costs for consumers

Heat pump demand has been slowing down, putting REPowerEU's heat pump roll-out targets for 2030 and 2050 at jeopardy. The high upfront and total costs of a heat pump are a determining factor for slowing down the market. Hence, the revision of the *Network Codes on Demand Connection* should not place undue or disproportionate design burden that would lead to a significant price increase and therefore hinder heat pumps' attractiveness for end-consumers.

3. Heat pump design requirements should remain technically feasible and the transition time should be realistic

The latest proposal requires reactions to grid frequency level variations from heat pumps, which do not consider their technical limitations. Heat pumps are not built to react as quickly as proposed and cannot switch off an unlimited number of times without risking and early end-of-life. The Commission should accommodate to technical and physical constraints of heat pumps. Since any future requirements to ensure grid stability will require a redesign of all heat pumps, we suggest a transition time between entry

into force and application that is as close as possible to the normal design cycle of heat pumps, which is 6 years. However, this long transition time should not lead to a scattered adoption of requirements in Member States even if they intend to act faster.

4. Any future design requirements for heat pumps should be evaluated and enforced under Ecodesign

Although we understand that for the purpose of the *Network Codes on Demand Connection,* this might be too late, any future requirements for connecting heat pumps to the grid should be developed and included in the Ecodesign framework. This approach would offer two key advantages: first, the Ecodesign process involves a thorough evaluation of the technical feasibility and impact on heat pumps, ensuring cost-effectiveness; second, Ecodesign includes a suitable conformity assessment for product-specific requirements via CE marking.

5. A review by the Commission of the current proposals would help finding a compromise between grid operators and end use sectors, if not obtained through constructive dialogue

We are willing to continue our technical discussions with ENTSO-E on ACER's revision proposal in a constructive manner in order to reach – or at least to come close to – a consensus. We should avoid any situation where technical limitations of both grids and heat pumps would not allow for compromise. However, in the event of an impasse, we would urge the Commission to thoroughly take the above elements into account.

We would appreciate the opportunity to meeting you and providing further background information and details on the consideration above.

Best regards,

EHI, Eurovent, APPLiA and EPEE

*At **EHI**, we bring together European heating market leaders – Ariston, BDR Thermea, Bosch, Groupe Atlantic, Vaillant, Viessmann, just to mention a few – and since 2012, we have been connecting our members' market knowledge and technological expertise with European policymakers. Our members represent up to 90% of European market for technologies ranging from heat pumps to boilers, from solar thermal systems to fuel cells, and radiators to underfloor heating, smart controls and home energy management systems. These technologies are tailored to the EU's diverse buildings and climates, playing a crucial role in decarbonising the EU's building stock.*

Eurovent is the voice of the European HVACR industry, representing over 100 companies directly and more than 1.000 indirectly through our 16 national associations. The majority are small and medium-sized companies that manufacture indoor climate, process cooling, and cold chain technologies across more than 350 manufacturing sites in Europe. They generate a combined annual turnover of more than 30 billion EUR and employ over 150.000 Europeans in good quality tech jobs.

APPLiA is the association of European manufacturers of home appliances, representing 800,000 jobs in the EU, an annual turnover of 50 bn EUR, and over 1.4 bn EUR invested annually in R&D and innovation. Our companies are well known for consumer products such as refrigerators, washing machines, hoovers and heat pumps, to name only a few. European home appliances often set the global standard for sustainability and energy performance.

EPEE represents the Refrigeration, Air-Conditioning, and Heat Pump industry in Europe. Founded in the year 2000, EPEE's membership is composed of over 50 member companies as well as national and international associations from three continents (Europe, North America, Asia). With manufacturing sites and research and development facilities across the EU, which innovate for the global market, EPEE

member companies realize a turnover of over 30 billion Euros, employ more than 200,000 people in Europe and also create indirect employment through a vast network of small and medium-sized enterprises such as contractors who install, service and maintain equipment. Please see our website (https://www.epeeglobal.org/) for further information.