Climate Alliance very much welcomes the European Commission’s initiative to launch a Heating and Cooling Strategy and to consult relevant stakeholders. We understand it as an important part of the Energy Union Strategy and an important stepping stone to achieve a decentralized, sustainable energy system for the European Union.

As mentioned in Issue Paper V, local authorities are best placed to take action on heating and cooling. Heating and cooling markets are local, as was pointed out during the consultation forum. Thanks to the scope of their competences and capacities, local authorities are key to putting a heating and cooling strategy in place.

Local authorities are the closest level to consumers/citizens and other stakeholders and thus best suited to involve them in the energy transition. Furthermore, they take a holistic approach on long term energy and urban planning on their territories: They have a comprehensive view and competences on and can thus take integrated action on sustainable energy supply for heating and cooling, building energy efficiency and energy storage and thereby make sure that energy is not wasted but used in an optimal way, to the best benefit of their citizens.

More than 6,600 local authorities have already committed to developing a Sustainable Energy Action Plan (SEAP) under the Covenant of Mayors, also taking action on heating and cooling. Yet, many barriers persist for local authorities to make use of the full potential they have to put in place sustainable heating and cooling solutions.

Therefore, Climate Alliance suggests:

1. To include local authorities in European and national policy frameworks and strategies to reap the full potential of the multilevel-governance of the energy transition

   - European and national strategies need to take into account, be aligned with and support local integrated plans for heating and cooling.
   - Strengthen the Covenant of Mayors with its more than 6,600 committed signatories in order to reach a large number of committed local authorities. The European Commission needs to make more and better use of this powerful initiative it has launched. Under the Covenant, capacity building, knowledge exchange and access to financing can be accelerated.
• The Covenant of Mayors could assist other stakeholders regarding the issue of availability of data. This question could be further investigated.

2. To provide support to local authorities to overcome financial barriers in order to put in place sustainable heating and cooling solutions.

• **Infrastructure investments** in heating and cooling represent large amounts, which many local authorities cannot shoulder by themselves. Therefore, further support from EU and national levels is needed, e.g. through structural funds or the European Fund for Strategic Investments.

• Due to ever decreasing public funds, many local authorities across Europe turn to **innovative financing instruments** in order to raise investments. However, the expertise to set up these instruments is not widely available yet. **The European Union should support local authorities with this.** The ELENA facility for example has supported a large number of local authorities in the preparation of their projects. We strongly hope that e.g. the European Investment Advisory Hub will follow this line.

• **Local authorities with a Sustainable Energy Action Plan (SEAP) should receive fast-track access to financing** since they already demonstrate that they are to take long-term integrated action.

• The implementation of sustainable energy projects is also hindered by **restrictions imposed on local authorities when it comes to the amounts of debt they can raise**, even though the energy and monetary savings gained though the investment can pay back for it. This is why solutions to overcome this barrier, which is mainly linked to EUROSTAT rules, need to be found.

• The **cost-effectiveness of energy investments needs to be ensured**, also when energy prices are low.

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ABOUT Climate Alliance

For more than 25 years, Climate Alliance member municipalities have been acting in partnership with indigenous rainforest peoples for the benefit of the global climate. With more than 1,700 members spread across 26 European countries, Climate Alliance is the world’s largest city network dedicated to climate action and the only one to set tangible targets: each member city, town and district has committed itself to reducing greenhouse gas emissions by 10 percent every 5 years. Recognising the impact our lifestyles can have on the world’s most vulnerable people and places, Climate Alliance pairs local action with global responsibility. The network fosters cooperation with indigenous peoples, runs awareness raising campaigns and develops tools for climate action planning. It provides ample opportunity for participation and exchange while representing member interests at the national, European and international levels. Climate Alliance is also involved in the coordination of the Covenant of Mayors and the Mayors Adapt initiatives on behalf of the European Commission.