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## COMMISSION NOTICE

**on phasing out financial incentives for stand-alone boilers powered by fossil fuels under  
the recast Energy Performance of Buildings Directive**

(Text with EEA relevance)

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## **1. INTRODUCTION**

The recast Energy Performance of Buildings Directive ('recast EPBD') <sup>(1)</sup> sets out how the European Union (EU) can achieve a fully decarbonised building stock by 2050 via a range of measures that will help EU governments structurally boost the energy performance of buildings, with a specific focus on renovating the worst-performing buildings.

The recast EPBD entered into force on 28 May 2024 with a transposition deadline of 29 May 2026, unless a specific transposition deadline is indicated in certain provisions. This is the case for Article 17(15) of the recast EPBD, which is the subject of this notice. In accordance with Article 35(1), Member States must bring into force the laws, regulations and administrative provisions necessary to comply with Article 17(15) by 1 January 2025, and must notify them to the Commission. This could also include an explanation of any practical implementation measures taken in the context of the transposition of Article 17(15).

## **2. PURPOSE OF THE NOTICE**

This notice provides guidance on Article 17(15) of the recast EPBD. The guidance aims to contribute to a better understanding of the provisions and facilitate a more uniform and coherent application. It is addressed to the Member States and others who need to be informed of the provisions. The notice provides clarifications only on the provisions of Directive (EU) 2024/1275. It also brings together information from exchanges with the relevant national authorities and stakeholders, following the adoption of the recast EPBD. The Commission will in due course issue further guidance documents on other aspects relevant for the transposition and implementation of the recast EPBD, including guidance on the definition of fossil fuel boilers.

This notice is intended solely as a guidance document; only the text of the EU act itself has legal force. This document reflects the legislation at the time when the document was drafted, and the guidance offered may be subject to later modification.

The binding interpretation of EU legislation is the exclusive competence of the Court of Justice of the European Union. The views expressed in this guidance have no bearing on the position that the Commission might take before the Court of Justice. Neither the European Commission nor any person acting on behalf of the Commission is responsible for the use that might be made of the following information.

## **3. SUMMARY OF THE LEGAL PROVISIONS**

The recast EPBD will help the EU to phase out, in a gradual manner, boilers powered by fossil fuels. According to Article 17(15) of the recast EPBD, from 1 January 2025 at the latest Member States must not provide any financial incentives for the installation of stand-alone boilers powered by fossil fuels other than those already approved under EU funds.

## **4. GUIDANCE ON IMPLEMENTING THE LEGAL PROVISIONS**

Article 17(15) reads as follows: *'From 1 January 2025, Member States shall not provide any financial incentives for the installation of stand-alone boilers powered by fossil fuels,*

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<sup>(1)</sup> [Directive \(EU\) 2024/1275 \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2024/1275/oj)

*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 the Council (2).*

#### 4.1. Definitions

The EPBD defines ‘boiler’ in Article 2(48): “‘**boiler**’ means the combined boiler body-burner unit, designed to transmit to fluids the heat released from burning’.

The term ‘**stand-alone boiler**’ is not defined in the EPBD. Recital 14 clarifies that stand-alone boilers need to be distinguished 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’. For the purpose of Article 17(15), a stand-alone boiler is therefore a boiler that is not combined with another heat generator using renewable energy which provides a considerable share of the overall energy output of the combined system.

A **hybrid heating system** means a hybrid product that combines at least two different types of heat generator. Examples of hybrid heating systems that combine two or more technologies to provide heat and hot water in a building include any combination of heat pumps with boilers, hybrid solar (combination of boiler and solar thermal panels), and combinations of these systems. A hybrid heating system may be manufactured as such or the hybridisation may take place at the time of installation or added on afterwards as on-site hybridisation. Co-firing, for example direct co-combustion of biomass and coal in a solid fuel boiler, is not considered a hybrid heating system.

For the purpose of this guidance, **installation** refers to the purchase, assembly and putting into operation of a stand-alone boiler.

**Fossil fuels** are not defined in the EPBD, but are understood in the same manner as in Regulation (EU) 2018/1999 (3), which defines them in Article 2(62) as ‘non-renewable carbon-based energy sources such as solid fuels, natural gas and oil’.

Article 2(14) of the recast EPBD, aligned with Article 2(1) of the amended Renewable Energy Directive (Directive (EU) 2018/2001, as amended by Directive (EU) 2023/2413 (4) defines ‘energy from renewable sources’ or ‘**renewable energy**’ as ‘energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, osmotic energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas’.

Renewable fuels as defined in Article 2(22a) of the amended Renewable Energy Directive, i.e. ‘biofuels, bioliquids, biomass fuels and renewable fuels of non-biological origin’, are not considered fossil fuels. Both off-grid and grid-based fuels are covered by the definition of renewable fuels.

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(2) Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013 (OJ L 435, 6.12.2021, p. 1)

(3) [Regulation \(EU\) 2018/1999](#) on the Governance of the Energy Union and Climate Action

(4) [Directive \(EU\) 2018/2001](#) and [Directive \(EU\) 2023/2413](#)

**‘Financial incentives’** are not defined in the EPBD. These are understood in a broad way as economic support provided by a public body <sup>(5)</sup> and/or through public resources <sup>(6)</sup>. Such incentives provided at national, regional and/or local level can be a potent tool for accelerating the decarbonisation of heating in buildings and can take different forms, including but not limited to direct grants to buyers, installers and third parties, as well as the non-exhaustive list of funding and financial tools in Article 17(7) of the EPBD, in particular fiscal incentives (e.g. reduced tax rates) <sup>(7)</sup>. Financial incentives can target among others end users, installers, manufacturers and third parties or economic operators involved directly or indirectly in the installation of boilers. In so far as the recipient of the financial incentive is an undertaking, State aid rules apply <sup>(8)</sup>. Such financial incentives can be understood as a type of fossil fuel subsidy, hence their phase-out would contribute to the phase-out of fossil fuel subsidies.

The notion of ‘financial incentives’ does not extend to e.g. procedures for procurement and public contracts within the meaning of Directive 2014/24/EU <sup>(9)</sup> for installations in public bodies that depend fully or in part on the public budget insofar as such contracts reflect market conditions and do not include (or are not combined with) any form of subsidy. Public procurement in and for buildings needs to comply with Article 7 of Directive (EU) 2023/1791 <sup>(10)</sup>.

## 4.2. Interpretation

Article 17(15) applies to the **installation of stand-alone boilers powered by fossil fuels**. This means the purchase, assembly and putting into operation of a boiler that (1) burns fossil fuels, i.e. non-renewable carbon-based energy sources such as solid fuels, natural gas and oil; and (2) is a stand-alone boiler, i.e. not combined with another heat generator using renewable energy which provides a considerable share of the overall energy output of the combined system. Whether the installation of a stand-alone boiler powered by fossil fuels is a part of e.g. deep or integrated renovation is irrelevant in this context.

Whether a gas boiler is considered to be ‘powered by fossil fuels’ depends on the fuel mix in the **gas grid at the time when the boiler is installed**. As a general rule, where the local gas grid predominantly carries natural gas, the installation of gas boilers should not receive financial incentives. Where the local gas grid predominantly carries renewable fuels, the installation of a gas boiler may receive financial incentives under Article 17(15). It is for the competent authorities in Member States to ensure that there is a verification tool that can check this at the time of installation.

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<sup>(5)</sup> As defined in Article 2, point (12) of [Directive \(EU\) 2023/1791](#) on energy efficiency

<sup>(6)</sup> Financing through white certificate schemes falls under the notion of “financial incentives” to the extent that it can be considered public or publicly controlled

<sup>(7)</sup> Article 17(7) refers to ‘enabling funding and financial tools, such as energy efficiency loans and mortgages for building renovation, energy performance contracting, pay-as-you-save financial schemes, fiscal incentives, for example reduced tax rates on renovation works and materials, on-tax schemes, on-bill schemes, guarantee funds, funds targeting deep renovations, funds targeting renovations with a significant minimum threshold of targeted energy savings and mortgage portfolio standards’

<sup>(8)</sup> See Article 38a of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187, 26.6.2014, p. 1, and Section 4.2 of the Communication from the Commission – Guidelines on State aid for climate, environmental protection and energy 2022, OJ C 80, 18.2.2022, p. 1

<sup>(9)</sup> [Directive 2014/24/EU](#)

<sup>(10)</sup> [Directive \(EU\) 2023/1791](#)

For **off-grid boilers** not to be considered ‘powered by fossil fuels’, the competent authorities in Member States need to require and verify in a robust and credible manner that in reality the unit will operate on renewable fuels **at the time of installation and also over its lifetime**, given that the beneficiary remains in control of the fuel used in an off-grid boiler during the entire lifetime.

Such monitoring may be part of the regular on-site heating system inspections or other types of inspections covering heating systems as carried out in Member States. It should also take into account the EU database for the tracing of liquid and gaseous renewable fuels and recycled carbon fuels <sup>(11)</sup>.

Based on the underlying rationale of Article 17(15) that **the use of fossil fuels in boilers should not be incentivised**, financial incentives should only be granted for hybrid heating systems with a considerable share of renewable energy, and only **proportionately** to the extent that renewables are used in the hybrid heating system. As a result, the installation of a heating system that is 100% based on renewable energy should be incentivised more strongly than the installation of a hybrid heating system.

When defining ‘**hybrid heating systems with a considerable share of renewable energy**’, Member States must ensure that the part of the hybrid system using renewable energy, such as solar thermal or a heat pump, provides a considerable part of the energy output (i.e. the heating needs of the building). This assessment needs to be done by the competent authority and will depend on the situation. This may be on-site hybridisation added on afterwards, whereby financing is necessary only for the elements related to the add-on renewable heat generator and/or specific controls used to manage how the component technologies operate together. A different case is factory-made hybrid heating systems that are put on the market as a hybrid product, where the financial incentive can cover the entire product but should be proportionate to the share of renewables used in the hybrid heating system.

It is for Member States to specify what share of renewable energy within hybrid heating systems is ‘considerable’, while ensuring that the implementation gives useful effect to this notion and is in the spirit of Recital 14. As the final objective is to phase out the use of fossil fuels in boilers, hybrid heating systems should only be incentivised as a transitional solution, if there is a realistic perspective that the use of fossil fuels in the system is transitional, avoiding a lock-in in fossil fuels. To this effect, Member States should establish a monitoring and compliance system that is fit for the purpose in the specific national context. Member States must ensure that any national measure that provides financial incentives to such hybrid systems contributes effectively to achieving the climate and energy targets as defined in other EU legislation <sup>(12)</sup>, taking into account also how their national energy and climate plans will deliver on those targets.

In this context, it is important to point out that, while Article 17(15) does not preclude financial incentives for the installation of stand-alone boilers powered by renewable fuels, such financial incentives might be excluded by Article 7(2) of the Energy

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<sup>(11)</sup> Article 31a of the Renewable Energy Directive stipulates that by 21 November 2024, the Commission must ensure that an EU database is set up to enable the tracing of liquid and gaseous renewable fuels and recycled carbon fuels. Commission Delegated Regulation (EU) 2023/1184 establishes Union methodology setting out detailed rules for the production of renewable fuels of non-biological origin

<sup>(12)</sup> Including [Regulation \(EU\) 2021/1119 European Climate law](#), [Regulation \(EU\) 2018/842 Effort Sharing Regulation](#), [Directive \(EU\) 2023/2413 Renewable Energy Directive](#) and [Directive \(EU\) 2023/1791](#) on energy efficiency

Labelling Regulation <sup>(13)</sup>. This provision obliges Member States to target any incentives they provide at the ‘**highest two significantly populated classes of energy efficiency**’, or at higher classes as laid down in any EU delegated act on the energy labelling of the product in question. This means that for space heaters with capacities up to 70 kW that are covered by the energy label, Member States may only incentivise space heaters in the highest two significantly populated energy classes <sup>(14)</sup>. Based on current data available, stand-alone boilers are not in the highest two significantly populated classes <sup>(15)</sup> and cannot therefore be incentivised, irrespective of whether they burn fossil fuels or renewable fuels. Hybrid boilers and heat pumps can be incentivised as they are more efficient and therefore figure in the highest two significantly populated energy classes of their label <sup>(16)</sup>. The above-mentioned provision does not apply to boilers specifically designed for using gaseous or liquid fuels predominantly produced from biomass <sup>(17)</sup> as they are not subject to EU energy labelling rules.

Solid fuel biomass boilers have their own energy labelling regulation and adapted scale: because they figure in the highest two significantly populated classes, they can be eligible to be incentivised <sup>(18)</sup> <sup>(19)</sup>.

The way Article 7(2) of the Energy Labelling Regulation has been implemented will be part of an upcoming evaluation report by the Commission, due by August 2025, to inform the European Parliament and the Council how effectively Regulation (EU) 2017/1369 and the acts adopted under them have allowed consumers to choose more efficient products.

Where financial incentives are provided for boilers specifically designed for using gaseous or liquid fuels predominantly produced from biomass and (solid fuel) biomass boilers, the relevant authorities should assess how the promotion of such boilers may impact the achievement of other EU legislation such as that related to air pollution <sup>(20)</sup>, or

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<sup>(13)</sup> [Regulation \(EU\) 2017/1369 setting a framework for energy labelling](#)

<sup>(14)</sup> [Commission Delegated Regulation \(EU\) No 811/2013](#)

<sup>(15)</sup> See the European Public Registry for Energy Labelling ([EPREL](#)). For a list of space heaters and the number of models by class and frequency by class, visit the [EPREL public website \(europa.eu\)](#) and click on model distribution by performance class

<sup>(16)</sup> Hybrid boilers are part of heat pumps/packages in [Commission Delegated Regulation \(EU\) No 811/2013](#) and as such are eligible for incentives

<sup>(17)</sup> [The Renewable Energy Directive](#) defines biomass as the biodegradable fraction of products, waste and residues from biological origin from agriculture, including vegetal and animal substances, from forestry and related industries, including fisheries and aquaculture, as well as the biodegradable fraction of waste, including industrial and municipal waste of biological origin. The reference to ‘specifically designed’ is of relevance to boilers that are designed to run on e.g. raw biogas with a high share of impurities

<sup>(18)</sup> Biomass boilers with capacities up to 70 kW are covered under Regulation (EU) 2015/1187 of 27 April 2015 on the energy labelling of solid fuel boilers and packages of a solid fuel boiler, supplementary heaters, temperature controls and solar devices

<sup>(19)</sup> Where biomass fuels are used in installations producing electricity, heating and cooling with a total rated thermal input equal to or exceeding 7.5 MW for solid biomass fuels and equal to or exceeding 2MW for gaseous biofuels, the sustainability and greenhouse gas emissions savings criteria, laid down in Article 29 of the Renewable Energy Directive, should be fulfilled. In such cases, verification of compliance with these criteria is necessary, in accordance with the rules laid down in Article 30 of that Directive

<sup>(20)</sup> [Directive \(EU\) 2016/2284](#) on the reduction of national emissions of certain atmospheric pollutants; [Directive 2008/50/EC](#) on ambient air quality and cleaner air for Europe

the legislation related to greenhouse gas emissions from land use, land-use change and forestry <sup>(21)</sup>.

### **4.3. Examples of financial incentives that are not in the scope of Article 17(15)**

This section provides examples of cases that are not covered by Article 17(15) as they do not qualify as financial incentives for the installation of stand-alone boilers powered by fossil fuels. Member States may give financial incentives for such investments provided incentives are designed in line with State aid rules <sup>(22)</sup> when the recipient of the incentive is an undertaking.

- Hybrid heating systems with considerable share of renewables

As set out in Recital 14, it remains possible to provide financial incentives for the installation of 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). Any such financial incentives should be proportionate to the extent that renewables are used in the hybrid heating system.

- Any additional costs related to the transition to the use of renewable gases in a boiler

These costs can be related to the upgrade of the distribution system inside the dwelling, the connection point, on-site hybridisation or additional investments in technical adaptation that ensure the use of renewable energy in the boiler. These costs can be related, for example, to additional investments in the parts in the heating system that allow the use of 100% renewable energy.

- Incentives unrelated to installation

Any incentives related to activities other than installation – for example maintenance, repair or decommissioning of fossil fuel boilers e.g. via scrapping premiums – are not subject to the financing phase-out provision.

Such incentives can be relevant for preventing emergency replacements following a breakdown and providing for the repair or substitution of a given element. They may include e.g. the temporary lease of boilers for energy consumers in areas of current or planned district heating and cooling.

Another example that is outside the scope of this provision is financial incentives for the installation of building automation and control systems in heating systems powered by stand-alone fossil fuel boilers.

- Measures to address energy affordability

Such measures may include consumer price support, social tariffs or income support for heating with fossil fuels. Vulnerable households are those that suffer most from rising fossil fuel prices. Public support should not lock them into the use of fossil fuels for the

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<sup>(21)</sup> [Regulation \(EU\) 2023/839](#) amending Regulation (EU) 2018/841 as regards the scope, simplifying the reporting and compliance rules, and setting out the targets of the Member States for 2030, and [Regulation \(EU\) 2018/1999](#) as regards improvement in monitoring, reporting, tracking of progress and review

<sup>(22)</sup> See footnote 8. In particular, Member States providing for the granting of such incentives as part of a renovation plan aimed at improving the energy or environmental performance of a building under Section 4.2 of the Climate, Energy and Environmental Aid Guidelines have to notify the Commission and wait for its assessment before setting up their support schemes



future. This is why the above-mentioned measures should remain well-targeted, temporary and complementary to structural measures that also address the root causes of energy poverty, in line with the Commission Recommendation on energy poverty <sup>(23)</sup>. Any measures financed under the Social Climate Fund must follow the rules related to direct income support under the Social Climate Fund Regulation <sup>(24)</sup>.

Rather than using financial incentives to encourage fossil fuel boilers to be replaced with new fossil fuel boilers, Member States should support the repair of existing boilers and/or provide for temporary heating solutions (e.g. leasing of boilers) coupled with higher levels of support for vulnerable households for heating systems other than stand-alone boilers powered by fossil fuels (such as renewable-based heating systems or hybrid systems with a considerable share of renewables).

- Incentives unrelated to boilers

Appliances that do not fall under the definition of boilers – such as stoves or micro-cogeneration – are not in the scope of the phase-out of financial incentives for stand-alone boilers powered by fossil fuels.

Nevertheless, in the broader context and in the spirit of the provision to phase out financial incentives for stand-alone boilers under this guidance, Member States are rather encouraged to incentivise the switch to renewable fuels of all fossil fuel-based heating and cooling systems.

In particular, the fourth sub-paragraph of Article 13(6) of the recast EPBD stipulates that ‘Member States may provide for new incentives and funding to encourage the switch from fossil-fuel-based heating and cooling systems to non-fossil fuel-based heating and cooling systems’.

- Disbursement of incentives granted and communicated to the individual beneficiary before 1 January 2025

If a decision to provide a financial incentive has already been taken by a public body and communicated to the individual beneficiary before 1 January 2025, then legitimate expectations have been created before that date and the actual disbursement of such financial incentives may take place after that date.

#### 4.4. Exceptions

Article 17(15) provides an **exception** to the prohibition of financial incentives for the installation of stand-alone boilers powered by fossil fuels after 1 January 2025 if the investment incentives **simultaneously** meet **two conditions**:

(1) They are financed under:

- The Recovery and Resilience Facility <sup>(25)</sup>.
- The European Regional Development Fund (ERDF) and the Cohesion Fund, solely where the provisions of Article (7)(1), point (h)(i), third indent

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<sup>(23)</sup> Commission [Recommendation \(EU\) 2023/2407 on energy poverty](#)

<sup>(24)</sup> [Regulation \(EU\) 2023/955](#) establishing a Social Climate Fund

<sup>(25)</sup> [Regulation \(EU\) 2021/241 \(europa.eu\)](#)

of Regulation (EU) 2021/1058 apply<sup>(26)</sup>. This provision allows for investment in natural gas-fired boilers and heating systems in housing and buildings that replace coal-, peat-, lignite- or oil shale-based installations.

- Article 73 of Regulation (EU) 2021/2115<sup>(27)</sup>, which refers to investments in rural development.

**and**

(2) They were selected for investment before 2025.

In this context, where financial incentives for boilers are part of national or regional programmes under the aforementioned EU funds that have been **adopted before 1 January 2025**, they are considered as ‘selected for investment’ before that date.

For example, in the case of the ERDF and the Cohesion Fund, this exception refers to investments in natural gas-fired boilers that are part of a national or regional 2021-27 cohesion policy programme adopted before 1 January 2025, eligible for support under the ERDF and/or the Cohesion Fund, in accordance with Regulation (EU) 2021/1058 of the European Parliament and of the Council<sup>(28)</sup>.

In the case of the Recover and Resilience Facility, this exception refers to investments that are part of a national recovery and resilience plan, as adopted via a Council implementing decision.

In the case of rural development investments under the CAP strategic plans, this exception refers to investments that are part of the national CAP strategic plans as approved by the Commission.

The exception aim is to allow the completion of all investments as agreed (in the programmes, plans and their modifications) before 1 January 2025 regardless of when the call for projects and all subsequent steps are undertaken.

## **5. UPCOMING GUIDANCE OF RELEVANCE**

The Commission will develop guidance on the new and substantially modified provisions of the recast EPBD in view of the transposition deadline. This includes guidance on what qualifies as a fossil fuel boiler in line with the obligation under Article 13(8) of the recast EPBD.

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<sup>(26)</sup> [Regulation \(EU\) 2021/1058 \(europa.eu\)](#)

<sup>(27)</sup> [Regulation \(EU\) 2021/2115 \(europa.eu\)](#)

<sup>(28)</sup> See further guidance at [QA00313](#)

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**For the Secretary-General**

**Martine DEPREZ**  
**Director**  
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**EUROPEAN COMMISSION**