

Renovate Europe calls to strengthen Article 5 of the Energy Efficiency Directive

The role of public buildings in increasing the renovation rate and depth in the EU

February 2021

Article 5 of the EED currently requires public authorities to renovate 3% of buildings owned and occupied by the central government. Unfortunately, the limited scope, weak enforcement and availability of alternative measures has resulted in Article 5 having very little impact on the ground¹. The upcoming revision of the EED is the opportunity to strengthen Article 5 in order to achieve our shared goal of increased rate and depth of renovation across Europe.

The Renovation Wave sets the objective of at least doubling the annual energy renovation rate by 2030. Indeed, **reducing energy demand in the buildings sector** is a prerequisite for achieving the EU's agreed climate objectives². Energy renovation will also significantly contribute to the EU's economic recovery³, in addition to delivering multiple benefits to citizens (comfort, better air quality, improved health and productivity, lower energy bills, etc.). Unfortunately, the energy renovation rates and depths across the EU remains stubbornly low.

Article 5 of the EED has the potential to make a difference in boosting energy renovation in the EU, given the important role of **public buildings**. Since they are frequently visited by the public, public buildings contribute to raising awareness and must lead the way by example in achieving a high level of energy performance. The diversity of public buildings also means that they are a microcosm of what will need to happen in other building segments, and as such play a key role in preparing the market for wider uptake.

The upcoming review of the EED is the opportunity to strengthen Article 5 in the following ways:

➤ **Wider scope beyond central government buildings**

In its current state, the provision only applies to a small proportion of the stock: public buildings represent 10% of the whole stock in the EU, but buildings owned and occupied by central government (as defined by Member States themselves) only covers about 0.2% of those. The scope of Article 5 must extend beyond buildings owned and occupied by central government to also include regional and local government buildings as well as those serving the public's interest (museums, schools, hospitals and social housing etc.), in line with the Renovation Wave goal.

➤ **Removal of alternative measures**

The possibility for Member States to apply alternative measures leading to the same amount of energy savings (such as selling buildings or rolling out information campaigns) instead of renovating public buildings severely hampered the impact of Article 5 in terms of delivering the highest energy savings. Such alternatives in Article 5 must be removed, both to simplify implementation and to deliver tangible results on the renovation rates and depth.

¹ According to the Member States Progress Report towards the 2020 energy efficiency target, published by the Commission in July 2020, 12 Member States still have not fulfilled their Article 5 total targets and 16 Member States have chosen to apply alternative measures (such as selling buildings or rolling out information campaigns)

² The 2018 EPBD set out the objective to achieve a "highly energy efficient and decarbonised building stock by 2050"

³ According to a 2020 study by the Buildings Performance Institute Europe for the Renovate Europe Campaign (available here: [link](#) for every €1m invested in the energy efficient renovation of buildings, up to 18 local quality jobs could be created.

➤ **Depth of renovation ensured through MEPS**

The energy renovations undertaken must be quality renovations that avoid lock-in effects and ensure we meet our common climate goals through (staged) deep renovation, defined by the Commission as achieving at least 60% energy savings. Article 5 only focuses on increasing the rate (3% per year) but does not encourage an increase of the depth of renovations as it does not require that renovations go beyond the relatively low and outdated EPBD minimum energy performance requirements. Article 5 could require public buildings to be renovated to NZEB standards, therefore fulfilling its exemplary role and preparing the market for wider deployment in other building segments. In fact, public buildings could be one segment for applying a framework for Minimum Energy Performance Standards (MEPS), expected in the Energy Performance of Buildings Directive also to be reviewed this year. For example, according to the long-term renovation strategy of the Walloon Region (Belgium), public buildings must reach an EPC label A by 2030 and schools by 2035⁴.

➤ **Synergy with Long-term Renovation Strategies and National Recovery Plans**

A stronger link with National Long-term Renovation Strategies should be introduced in order to ensure that the renovation of public buildings under Article 5 of the EED is fully integrated into the National Long-term Renovation Strategy for all building segments required under Article 2A of the Energy Performance of Buildings Directive (EPBD). Sharing best practices on the renovation of public buildings, for example at the EED Concerted Action Workshops, could prove helpful as inspiration to other Member States. Opportunities to better integrate plans to renovate public buildings with priorities outlined in the National Recovery Plans should also be considered, given that Renovation is strongly encouraged as a Flagship priority to help the EU Recovery. Prioritising the renovation of public buildings in a country's National Recovery Plan would ensure this objective is readily resourced by the EU's Recovery and Resilience Facility funding.

➤ **Include worst-performing buildings to tackle energy poverty**

Article 5 should be in line with the ambition of the Renovation Wave and make provisions to tackle the worst-performing buildings at highest risk of energy poverty. Indeed, social housing and elderly homes are classified as public buildings in many Member States and represent a vulnerable section of society. Article 5 should require Member States to define Minimum Energy Performance Requirements and adequate financing support schemes for this segment of the building stock.

➤ **Provision of Technical Assistance, especially for regional and local authorities**

Ensuring that public authorities, especially at local and regional level, have the capacity and appropriate funding to renovate their buildings will play a key role in the implementation of Article 5. Referencing and including measures in Article 5 to boost the facilitation services and technical assistance provided by independent market intermediaries with public mandates, such as local/regional energy agencies, would drastically increase impact on the ground to achieve the Renovation Wave goals. One-stop-shops are an example of technical assistance that can help regional and local authorities roll out renovation schemes, monitor and measure the performance, administer the funding and maximise on the upscaling potential for public buildings.

➤ **Prioritization of loans and other financial instruments**

⁴ Walloon Renovation Strategy: [Stratégie wallonne de rénovation - Site énergie du Service Public de Wallonie](#)

Encouraging Member States to finance the renovation of public buildings through loans or other financial instruments in Article 5 will lead to a more efficient use of public funds, leverage private investment and avoid distorting the market. It is the opportunity to prove the efficacy of a financing mechanism (set up with the best-available conditions given institutional backing and facilitated decision-making) which in turn will lead to a better risk-rating and more standardised solutions than can then be deployed to other building segments.

➤ **Support Innovation and upskilling of workforce**

Public buildings play a key role in boosting innovation and preparing the market for wider uptake. Encouraging the deployment of advanced innovative solutions in public buildings through Article 5 would serve as a learning curve for the market. Given the diversity of public buildings, this will also be the opportunity for the public sector to develop a decarbonization roadmap to upskill the workforce through quality jobs and improved accreditation which can then be extended to other building segments.

➤ **Stronger oversight and better data collection**

Better implementation of Article 5 should be ensured via a 'delivery mechanism', including stronger monitoring and reporting requirements to better collect data on energy savings delivered. Improved data collection will better inform the design the energy efficiency policies also at national level, and will lead to better measuring of their impact. Member States should be required in Article 5 to engage with regional energy observatories that have developed across Europe, who have public mandates and who are specialised in collecting data, processing it and informing local/regional policy makers.

➤ **Greater emphasis on multiple benefits**

Highlighting the wider benefits (beyond energy savings, such as improved Indoor Air Quality, Improved Environmental Quality and comfort) of renovating public buildings, especially schools, elderly homes, hospitals and social housing, should be factored in when planning for Article 5 implementation, as it would encourage public authorities to be more ambitious.

A stronger Article 5 in the upcoming review of the EED will be crucial in boosting the renovation rate and depth in the EU and ensuring we can meet the Renovation Wave goals.

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About the Renovate Europe Campaign:

Renovate Europe is a political communications campaign with the ambition to reduce the energy demand of the EU building stock by 80% by 2050 through legislation and ambitious renovation programmes. Accelerating the rate of renovation is a key tool in the fight against climate change, and will deliver major benefits for people, their quality of life, and the economy. www.renovate-europe.eu

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#AccelerateRenovation

#Renovate2Recover

REC Partners (February 2021)

There are currently 47 partner companies and associations actively engaged in the work of the REC, of which 18 National Partners active in the Member States.

