Renovate Europe Response to EPBD Roadmap

22 March 2021

The Inception Impact Assessment for the revision of the EPBD proposes 3 different pathways.

- *Renovate Europe strongly supports Option 3 'Amend the EPBD' as this will be crucial to achieving the Renovation Wave objectives, with a clear focus on 1) Introduction of MEPS 2) Updating of the EPC framework and 3) Definition of deep renovation standard.*
- *Renovate Europe strongly believes that the non-regulatory measures outlined in Option 2 (particularly technical and financial support measures and supply chain capacity) also have a key enabling role to play.*
- *Recent assessment of the Long-term Renovation Strategies and their non-compliance with the EPBD objectives of climate-neutrality by 2050[1], combined with the stubbornly low renovation rates in the EU, clearly preclude Option 1 'No policy change' from being a responsible option.*

Renovate Europe therefore emphasises that both regulatory and non-regulatory measures must be synchronised in the most effective way in the context of the upcoming revision of the EPBD.

Option 3: Amend the EPBD

The revision of the Energy Performance of Buildings Directive (EPBD) is a pre-condition to meet the objectives set out in the Renovation Wave Strategy. Renovate Europe is convinced that the following 3 elements foreseen in the revision of the EPBD will be crucial in boosting the renovation rates and depths in the EU:

1) Introduction of Minimum Energy Performance Standards (MEPS)

The Commission has proposed the phased introduction of mandatory minimum energy performance standards for different types of buildings as a central part of the EPBD revision. Given the diversity of the building stock in the EU, Renovate Europe agrees with the Commission proposal that segment-based regulations introduced at national or regional level which set a future date to achieve a set performance level are the most effective means of making measurable progress. Several examples of the use of MEPS in Member States have proven successful so far[2]. Renovate Europe suggests that the introduction of MEPS in the EPBD should take account of the following elements:

- **Flexibility on where to start**: Having scrutinised each segment in their building stock, Member States will be equipped with the necessary knowledge to make an informed decision about where to start with MEPS for which building types, before progressively extending the requirements to all buildings. Scrutiny of each building segment should include an assessment of the energy savings potential, expected carbon performance as well as the critical multiple benefits that would be delivered. Deciding to tackle the 'worst-performing buildings' for example will not only achieve significant energy savings but will also lead in most cases to addressing vulnerable consumers suffering from energy poverty.
- **Financial and technical support:** MEPS must be accompanied by financial and technical support measures deployed at national and/or regional level to ensure the affordability of housing, especially for vulnerable groups.

[1] BPIE Report on LTRSs (2021): » On the way to a climate-neutral Europe – Contributions from the building sector to a strengthened 2030 climate target BPIE - Buildings Performance Institute Europe

[2] RAP Report (2020): Case studies: Minimum energy performance standards for European buildings | Regulatory Assistance Project (raponline.org)

- **Design to increase ambition**: MEPS provide MS with the ability to decide on the building segment to address first, the metric to be used and the trigger point for action for each building segment depending on their specific national characteristics. MEPS should also be designed to increase the ambition of each of these three elements over time, in order to support the transformation of the stock towards nZEB or equivalent levels of performance.
- **Market Predictability**: MEPS are also a means of providing progressive policy signals and thereby ensuring market predictability for all involved actors, including owners but also the workforce which needs to be upskilled. Industry, planners, builders and installers also need a long-term predictable perspective for their projects and for capacity-building.
- **Improved enforcement and data collection through EPCs:** A critical aspect for MEPS is enforcement and how authorities in the Member States can and will verify that MEPS targets are met. Without a functioning and effective verification/enforcement scheme in place, MEPS will not succeed in delivering on their potential.
- **Synergy with EED, RED and LTRS:** Once designed, MEPS should be integrated as an element in the Long-Term Renovation Strategies that are required under Article 2a of the EPBD and should be taken into account for the revision of Article 5 of the Energy Efficiency Directive on the renovation of public buildings. The deployment of MEPS should not however wait for the publication of the next version of the LTRS.
- **Energy Efficiency First and RES:** The EPBD revision must support the Energy Efficiency First principle as reducing energy demand will pave the way for a smooth transition from fossil fuels to renewables and help to achieve an energy efficient and decarbonised building stock by 2050. MEPS should plan for the tangible improvement of the energy performance of the building and integrate requirements linked to a mandatory minimum share of renewable sources, in line with the Energy Efficiency First principle. This will encourage building owners to undertake holistic, deep renovations combining the reduction of energy demand with the introduction of renewables.

2) Updating of the Energy Performance Certification (EPC) Framework

The Commission has announced a strengthening of the EPC framework as part of the EPBD revision. The EPC framework is the most used methodology for gathering energy performance and other data on the existing building stock. Renovate Europe suggests taking into account the following in the context of the EPC framework:

- **Accessibility of data:** The data collected should be accessible to a range of actors in the construction value chain for the purposes of planning renovation programmes, performance calculations, gathering information before and after works and reinforcing the accuracy of monitoring and evaluation in the market. The data could also be useful for local/ regional authorities in developing the needed social support schemes for vulnerable households suffering from energy poverty.
- **Reliability of data**: This improved system of data collection should cover elements such as training of certifiers, use of standard methodologies to calculate EPCs, and checking EPC after the works have been performed to increase the reliability of the document.
- **Financing sector:** Increasing the quantity of reliable data is essential in better engaging the financial sector in the renovation field, as improving the availability of such data will lead to a better risk-rating and more standardised solutions that can be deployed for renovation schemes.

- **Essential for MEPS**: Better data collection on buildings will increase the ability of Member States to roll out ambitious MEPS in their chosen segment of the building stock and will also be essential for Member States to verify how and if the building-segment targets are being met.
- **Evolution towards Building Renovation Passports**: BRPs should build on EPC recommendations to outline the full renovation pathway for each building towards deep and staged deep renovation. BPRs are a needed tool to develop tailor made recommendations on measures to implement and related benefits for occupants. They will be critical to support quality phased renovation and for the introduction of MEPS.
- **Link with Digital Building Logbooks**: DBLs will allow all relevant actors in the construction value chain to have easy access to the building's information online, including the EPC. This will better inform all decisions related to the same building and will take account of the increased digitalisation of the construction sector.

3) Definition of the Deep Renovation Standard

The Commission has announced its intention to consider developing a "Deep Renovation" standard. Having such a standard in place should lead to a more uniform approach by the Member States to their renovation strategies and would be a welcome addition to the EU legislative framework on buildings. Renovate Europe suggests considering the following elements when defining 'deep renovation':

- **Delivering on multiple benefits and avoid lock-in:** Deep renovations are crucial to avoiding lock-in effects, and to deliver on all the multiple benefits for citizens, for businesses and for the environment. In this sense the deep renovation standard should help any building meet an nZEB or an equivalent climate-neutral compatible level of performance.
- **Diversity of buildings:** It is important when discussing deep renovation to consider the starting point of each building as well as its technical and economic potential. Indeed some buildings are less suitable for deep energy renovation, whilst others can be renovated to become energy positive buildings.
- **Energy need:** In developing a deep renovation standard, referring to a reduction in the 'energy need' will be line with the EPBD methodology and standards used to support the directive. Indeed, in the current EPBD[3], Member States are asked to assess the final (and primary) energy need of the reference buildings. Energy need is the main indicator of the quality of the energy concept of the building[4].
- **In line with Renovation Wave:** The Renovation Wave Strategy emphasizes the importance of undertaking deep renovations "reducing energy consumption by at least 60%"[5]. Renovate Europe sees this as a starting point for defining deep renovation, but this 60% should be expressed in terms of reduction in "energy needs".
- **Account for different starting points:**
    - We note however that in the case of ***worst-performing buildings*** (typically 'F', 'G', or 'H' rated) realising 60% improvement would not necessarily capture all the potential (e.g. a building consuming over 500 kWh/m²/year would "only" reach 200 kWh/m²/year, which would require another set of interventions to be "2050 proofed").

[3] See EPBD annex III on the Comparative C-O methodology

[4] More information on the term 'energy need' on p4 of this document: additional eceee EPBD comments - memo 15-12-02 FINAL

[5] See here the Renovation Wave Strategy: Renovation Wave Communication (europa.eu)

  - Reducing the energy need of buildings which have a ***reasonable level*** of performance (for example a 'C' rated building consuming 150kWh/m²/year) will still be necessary to bring it in line with the 2050 climate goals, but will need to take account of the different starting point.
  - A suggestion for a deep renovation standard could therefore be a renovation that either reduces energy need by at least 60% after the works **or** results in an energy need of 80kWh/m²/year, whichever delivers the lower energy demand.
- **Holistic set of measures:** Renovate Europe also underlines the importance of combining multiple measures in each deep renovation project to provide the optimum and most cost-effective renovation, and to avoid unintented consequences due to a narrow focus.
- **Alignment with sustainable investment:** Setting the deep renovation standard as part of the EPBD revision will help guide sustainable investment, as currently discussed in the proposed EU Taxonomy on Sustainable Financing. Defining a 'deep renovation' standard enshrining the Energy Efficiency First principle in EU Taxonomy is important to avoid stranded assets and ensure the building stock contributes adequately to the EU's long-term climate goals.

Option 2: Non-regulatory measures

In addition to the 3 regulatory elements outlined above, Renovate Europe highlights the importance of the following non-regulatory measures mentioned in Option 2:

Support measures: technical assistance and financing

- **Enabling framework for MEPS:** Financial, technical and practical support measures are an essential part of the enabling framework that must be introduced to accompany MEPS. These are important building blocks that must stand behind the MEPS and will be key in driving renovations before the compliance date, and in ensuring social protection for the vulnerable. The Renovation Wave Strategy embeds all three of these elements, and the revision of the EPBD must be planned in conjunction with these crucial support mechanisms.
- **Efficient use of EU funds**: Financing the Renovation Wave through loans and other financial instruments will lead to a more efficient use of public funds, will help to leverage private investment and will avoid distorting the market. The use of grants should be limited to addressing low-income households, or stimulating the market to go further. For example, grants schemes rewarding building owners who voluntarily go beyond the minimum requirements, or who order a Buildings Renovation Roadmap to complement their EPC, could further stimulate the market towards deep renovation and avoid lock-in effects.

Supply Chain Capacity

Member States must upskill their existing workforce, also taking account of the current digitalisation of the construction sector, to meet the demands of the Renovation Wave on the ground. Reliable accreditation systems for qualified professionals will also be essential in improving the quality and reliability of Energy Performance Certificates, as mentioned above.

In conclusion, Renovate Europe suggests that both the regulatory measures proposed in Option 3 and the non-regulatory measures proposed in Option 2 must be synchronised in the most effective way in the context of the upcoming revision of the EPBD to boost the rate and depth of renovation across the EU.

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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

#PrioritisePeople
#AccelerateRenovation
#Renovate2Recover

REC Partners (March 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.