

President von der Leyen on Buildings Renovation: « Let's Accelerate »

REDay2022 Event Highlights

23rd November 2022

Against a backdrop of spiralling energy bills, alarming reports from COP27 and ongoing negotiations on the EU's key Buildings Directive, President von der Leyen threw her weight behind the need to boost renovations at Renovate Europe Day 2022 (REDay2022).

"We all know, making buildings more energy efficient is indispensable in the fight against climate change. Now we're learning the lesson that renovation will also help build an independent Europe," explained President von der Leyen at REDay2022.

President von der Leyen's words confirm building renovation as a priority sector in the EU's 3 key recent flagship programmes: for the economy in the Recovery Facility, for the environment in the Green Deal, and for energy security in REPowerEU as the EU charts its course to cut Russian gas.

The Energy Performance of Buildings Directive (EPBD) offers the key opportunity, precisely at the right time, to translate the political discourse on helping citizens and businesses faced with skyrocketing energy bills into tangible actions that will deliver also for the longer-term.

MEP Ciaran Cuffe (Greens/EFA, Ireland), lead Rapporteur for the EP and co-host of the event, recalled the importance of getting the Buildings Directive right: *"The EPBD must offer a **clear regulatory framework** to ensure a smooth 'glide path' over the next 28 years, for safe arrival in 2050."*

It is a crucial moment for EPBD negotiations, with co-rapporteurs in the Parliament actively engaged on agreeing a Parliament position. Minimum Energy Performance Standards (MEPS) are seen as the clinching element which could transform the renovation market if designed correctly.

"An ambitious MEPS regime, which will mandate that certain energy classes of buildings must be upgraded to a minimum level by a fixed deadline, sends this clear regulatory signal", explained Louise Sunderland, Senior Advisor at RAP. ***"That allows supply chains, homeowners, labour markets property owners, banks and every other actor that will be involved with the sector to adapt accordingly and in good time."***

The Council finalised its position end of October, retaining the proposal to have MEPS included, although these must be bolstered in order to send a powerful signal to the sector that the EU's Renovation Wave goal—doubling annual renovation rates by the end of the decade—is not a futile dream but a reality.

The EU's leading Buildings Directive cannot fall short on its renovation goals and must not allow governments too much flexibility in stacking renovation efforts towards the end of the decade. Ambitious MEPS in the EPBD which cover the full building stock must be the gamechanger to moving faster and deeper on buildings.

For the financing world, **regulatory certainty (ensured via MEPS) is also key to secure investment channels towards renovation.** Financial representatives at REDay2022 were adamant that *"Stability is what creates business and business models. If we have targets in one or another way, it creates the stability we need for long-term investment, skills, and the willingness for the financial sector to invest in this market."*

It is clear looking at the figures, that the **availability of EU funding for energy renovation has never been so high¹, but the ball is in the court of Member States to make the most out of this funding for buildings.**

The National Recovery and Resilience Plans (NRRPs) are one significant source of funding. Renovate Europe and E3G's work on monitoring² the implementation of the NRRPs shows that so far at least 8 countries have made progress on milestones for energy efficiency in buildings. This indicates countries have started making progress on renovation-related programmes worth €23bn.

"Grant schemes that provide high subsidies do not leave room to the private sector to invest and banks to engage in business." recalled the financial representatives participating in REDay. *"We have to work on how to get the financial sector in there".*

MEP Sean Kelly (EPP, Ireland), Shadow Rapporteur on the EPBD, also emphasised **the importance of better drawing in private financing**: *"In my view, bank lending is an appropriate channel to respond to the financing of renovations."*

Bringing banks actively onboard via **Mortgage Portfolio Standards and providing attractive lending conditions for banks via an EU-wide guarantee framework, or EU Renovation Loan**, could be a driving force in the EPBD proposal to making renovation affordable and accessible to all. The availability of technical assistance and a range of financing models which can accommodate the needs of the different segments in society will also be crucial.

Indeed, MEP Kelly cautioned against leaving it entirely up to the market: *"Banks off course are only part of the puzzle, governments will need to provide incentives and support innovative financial mechanisms."*

Ensuring that (staged) deep renovations become standard practice in funding schemes, linked with the clear objective of attaining Zero Emission Building (ZEB) standard, is another pivotal element in future-proofing the EPBD by avoiding lock-ins and additional costs.

President von der Leyen further reflected on the **need to balance the immediate relief measures being deployed to help households tackle the crisis, with the need to put in place sustainable solutions for the future**: *"Rather than subsidising energy use, we encourage Member States to help families and companies save energy"* she explained.

The EPBD is the perfect tool to help guide all actors throughout the buildings value chain to take the next step towards achieving sustainably lower energy bills for the longer term.

Members in the European Parliament must heed these words and take full advantage of the clear political will and public support behind renovation when negotiating their position on the EPBD and, crucially, when they sit down with Member States in trilateral talks early next year.

With so many multiple benefits to be unlocked and the unique opportunity to have an ambitious Buildings Directive that can deliver, President von der Leyen has definitely got her message on renovation right: *"Let's accelerate."*

ENDS

¹ Renovate Europe has identified up to 1.9bn EU funding available for energy renovation in its updated infographic: [EU Funding Infographic \(renovate-europe.eu\)](https://www.renovate-europe.eu/en/infographic)

² Overview of NRRP monitoring for buildings: [Monitoring the National Recovery and Resilience Plans – Renovate Europe \(renovate-europe.eu\)](https://www.renovate-europe.eu/en/monitoring)

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

#Renovate2Recover

REC Partners (November 2022)

There are currently 49 partner companies and associations actively engaged in the work of the REC, of which 18 National Partners active in the Member States.

