

The EU Green Deal: A Man on the Moon or Cosy at Home?

Last December, the European Commission published its Communication on the *European Green Deal*. Dubbed by Commission President as “*Europe’s man on the moon moment*”, it should also be the tool to provide all Europeans ‘cosy at home moments’. How? By unfurling a truly game-changing Renovation Wave across Europe. Our analysis below.



✓ **We’ve got a specific mention of building renovation in the Green Deal.** The Commission has presented its EU Green Deal as its new growth strategy, but also its vision to achieve climate neutrality by 2050. This ambitious plan would enable Europe to be a front leader in fighting climate change and is supported by a roadmap of (too?) many actions, clustered in a set of eight “*deeply transformative policies*”. One of these is specifically about “*building and renovating in an energy and resources efficient way*”. So far, so good. We’re happy to see that the Commission recognises the key role that buildings, and specifically, building renovation, will play in the Green Deal and in delivering climate neutrality by 2050, by proposing a new Renovation Wave Initiative. But for building renovation projects to be developed on the ground, stars need to be aligned (regulation, incentives, financing, awareness & information, etc.).

✓ **Good things, which we would like to see strengthened.** There are several positive elements included in the Green Deal Communication when it comes to energy efficiency in buildings.

- Commission guidance to Member States in addressing energy poverty
- Rigorous enforcement by the Commission of existing legislation, such as EPBD
- Open platform with stakeholders to address renovation barriers
- Innovative financing schemes to build a pipeline of projects
- Including energy efficient housing in the activities which could be financed by the Just Transition Mechanism (to be published next week)

✗ **Missing Links and Doubts.** First, where has the Energy Efficiency First principle gone? The Commission states that “*energy efficiency must be prioritised*” – but this is not enough. As stated in the latest [IEA Market Report](#), progress on energy efficiency is slowing down if policies are not sustained. We know DG Energy is working on guidelines to operationalise the principle: once ready, they should be widely used in other policy areas. Second, why proposing to extend the ETS to “*emissions from buildings*”? Is this the best solution to spur renovation works? Third, will the updated Skills Agenda touch upon the construction and renovation sector?



So, is the proposed Renovation Wave ‘deeply transformative’? Quick answer: not sure, or better said, not yet. The Green Deal includes some very positive elements on building renovation, but those are mostly ‘enabling conditions’. And as ‘enabling conditions’, they *enable* renovation activity, but won’t do the trick on their own, without regulation. Besides, while the vision of



climate neutrality and the importance of building renovation is all right, clarity is missing on what the Commission exactly has in mind for the Renovation Initiative. More details are needed to make it an actionable strategic plan that will solve the current situation in the renovation market. As a recent study from the own European Commission showed, the energy renovation rates in Europe are very low (at around 0.12% per year), way below the potential. So, let the renovation activity take off (not to the moon, but at least 3% would do)!



Bright Ideas to Bring the Renovation Wave to SEA (*Sexy, Easy, and Affordable*). The good thing is, we have some ideas to operationalise the Renovation Initiative over the next few months to make it:

- **Sexy:** making renovation more attractive through regulatory measures introducing Building Renovation Passports and one-stop-shops, or phasing out the worst performing buildings of the stock, which are buildings not fit for people to live in. Minimum performance requirements are already becoming a reality in several Member States.
- **Easy:** the open platforms with stakeholders could be organised around building segments, as each has its own challenges and solutions. The Commission stated it wants to pay particular attention to schools and hospitals. Why not widening this approach and look at other segments of the building stock and their own specificities? The open platforms should, for each segment, look into best practices in Member States and identify how those renovation models (including the financing aspects) could be replicated in Member States facing similar situations. The Renovation Wave should be about scaling up good approaches, and accelerating action. This should be easy to put in place as Member States will submit their Long-Term Renovation Strategies, based on a mapping of their national building stock, in two months.
- **Affordable:** making renovation financially doable, by using the EIB Renovation Initiative to leverage private financing for renovation projects, as well as promoting the use of carbon revenues (from the ETS). The revision of state aid rules should also make it easier for public authorities to programme big building renovation projects.

The Commission should not be shy in proposing some of these as additional EU measures this year or next year, once it has assessed the Final NECPs and the first new versions of the national Long-Renovation Strategies. Looking forward to the more concrete proposals from the Commission in 2020!

