

EuroACE Response: EPBD Inception Impact Assessment Roadmap (IIAR)
Deadline: 22nd March 2021

Introduction:

EuroACE welcomes the work of the Commission in revising the Energy Performance of Buildings Directive (EPBD) as part of the ‘Fit for 55 Package’. This year’s revision is instrumental to the double challenge of:

- 1) ensuring our building stock can play its substantial role in achieving the newly revised 2030 and 2050 EU climate targets
- 2) scaling up the Renovation Wave and supporting a swift economic recovery from the COVID-19 pandemic.

As already announced in the Renovation Wave Strategy, the achievement of the new and more ambitious climate targets will mean scaling up our collective efforts. In this regard, we see that doubling the energy renovation rates (currently around 1%) will not be enough. **Tripling the current rates¹** and focussing more on the **depth** of energy renovations, via a holistic approach (e.g., taking into account energy savings, CO₂ emissions reduction achieved, and improvement of Indoor Environmental Quality (IEQ)), is of vital importance for the upcoming legislative exercise. On this last point, we are pleased to see that the wording of the Commission includes and gives more **importance to the depth of energy renovation**. However, references to both trends (rate and depth) should always be kept at the same level of importance throughout the text of the Roadmap.

A horizontal approach to the EPBD revision:

EuroACE applauds the European Commission’s horizontal approach that will feature the revision of the legal framework of the energy performance of buildings. The 2021 revision should indeed create mutually reinforcing synergies with other legislative initiatives stemming from the *Fit for 55 Package*, and beyond. Such synergies need to start with the alignment around the **Energy Efficiency First principle (EE1)**, and with the recognition of how energy efficiency interacts with the deployment of measures under Directives such as EED, REDII, EU-ETS, ESR, ErP (Ecodesign) and the EU Energy System Integration Strategy.

The energy impact of buildings goes beyond the buildings themselves. The EPBD must recognize that aggregated buildings are a crucial infrastructure for Europe and as such the EE1 Principle should be the guiding principle of this year’s EPBD revision. By factoring the EE1 into all energy related decision-making processes (investments, policy-design etc.), we will make sure that we reduce and optimise the use of energy in buildings whilst reinforcing their role in energy efficient system integration. To this end, focussing specifically on aligning and strengthening synergies among the EED, REDII and the EPBD will ensure maximum momentum.

Moreover, we think that reducing the energy demand first will ultimately enable a swifter and more technically feasible² transition towards fully decarbonised energy supplies. For this reason and considering the volume of energy savings that must still be achieved by our existing buildings, we feel that the revision of the EPBD should drive further, significant improvements in the energy performance

¹ See BPIE [Report](#) (2020) “On the way to a climate-neutral Europe”

² See Agora Energiewende [Report](#) (2019) “European Energy Transition 2030: The Big Picture”

of a building in their **operational phase**. This should be done via the use of available passive and active technologies (and their combination), and those which help to limit energy consumption and support controllability and maintenance of a high energy performance of buildings (i.e.BACS).

We welcome considerations on how broader impacts can be taken into account at the next stage, such as whole life cycle carbon approach, circularity and mobility topics to complement and support the above-mentioned major task. On this matter, it is essential that the Commission supports the further development of a solid framework for using Environmental Product Declarations, as well as the integration of Level(s) and its core indicators into the policy framework. It is on this basis that new approaches to account for the embedded carbon of buildings could be addressed, in the context of the EPBD revision.

The revision of the EPBD should also explore synergies with other EU Initiatives, such as the **EU Skills Agenda** and “**A Europe Fit for the Digital Age**”. Delivering a well-trained workforce and creating a digital and accessible database of building data at EU level, namely the EU Building Stock Observatory, will ultimately support the uptake of building renovation and enhance its quality (both at works and policy-design levels) across Europe. New skills should be developed to address deeper renovation, but also to enable professionals to combine passive, active and digital technologies in the most efficient manner.

Finally, while we welcome the increased ambition and planned revision of the EPBD, it is equally crucial that the Directive is properly implemented. The experience of the last revision, where we saw several Member States failing to meet the transposition deadline (10th March 2020), created uncertainty across the whole energy renovation value chain, resulting in a substantial stalling of energy renovation rates. We therefore urge the Commission to address this structural shortcoming by reinforcing and better monitoring the implementation of regulatory obligations stemming from the Directive in Member States.

‘Option 3’ as the winning pathway for the EPBD revision:

Concerning the policy options laid out by the Inception Impact Assessment Roadmap (IIAR) of the EPBD, EuroACE sees **‘option 3’ as the right and most compelling pathway** to embark on during this year’s revision process. It is important to mention that non-regulatory measures falling within the scope of ‘option 2’ are also crucial to a successful implementation of the EPBD. In our view, this year’s revision needs to be about **finding the most effective ways to synchronise regulatory signals with non-regulatory measures** such as technical assistance, project development assistance and finance. The latter will ultimately support the upscaling of renovation rates and depths at national level, namely by supporting national, regional and local authorities to aggregate projects in an area-based approach and/or providing advisory services (e.g., one-stop shops) to fill information gaps within the energy renovation value chain.

Measures falling within the scope of ‘Option 3’

Minimum Energy Performance Standards (MEPS)

As the ‘centre piece’ of this year’s EPBD revision, EuroACE welcomes the intention to include the phased introduction of Minimum Energy Performance Standards (MEPS), which, when ambitiously designed³ and embedded in a framework of financial and practical support, will fill the gaps of the current energy renovation rates and depths across the EU.

³ In alignment with the newly revised 2030/2050 EU Climate targets



Overall, MEPS should be introduced gradually, and they should respect the diversity of each building segment. Member States should be able to activate such policy instruments in those segments where the biggest energy savings can be achieved, along with critical multiple benefits, in a cost-efficient way.

MEPS should be designed in a way that enable vulnerable consumers to enjoy the multiple benefits of renovation (i.e., thermal comfort, reduced energy bills, better indoor conditions). MEPS thus have a big role to play in boosting the renovation of the **worst-performing buildings**. Indeed, working on this building segment will ultimately tackle energy poverty; however, the **scope of MEPS should not be restricted to a specific building segment**. Also, MEPS should set a path towards the achievement of long-term goals, as otherwise they could create lock-in effects⁴.

At Member State level, designing MEPS that address all building segments in a tailored way means that provisions under Article 2a EPBD (2018), namely the role of **Long-term renovation strategies (LTRSs)** should be further strengthened and aligned with the 2050 ambition⁵. Within the framework of the phased introduction of MEPS, LTRS can play a key role in evaluating the long-term perspective of the national building stocks and target the best segments to maximise results (energy savings, carbon performance, IEQ etc.).

Overall, MEPS will have to be introduced with a sufficiently long lead time to ensure the creation of a certain level of **'predictability'** (especially for market actors) over the future evolution of national policies that will be implemented to achieve more and deeper energy renovations. It is important to reiterate that designing MEPS with a certain level of "flexibility" should not come at the expense of the improvement of the overall implementation framework of the EPBD nor be an excuse to delay the introduction of these **'market signals'** within sectors (e.g., residential, which counts almost 75% of the EU building stock) that will benefit the most.

Lastly, it is vital that MEPS deliver the level of energy savings that the European Union needs to reach a highly energy-efficient and decarbonised building stock by 2050. To that end, measurement and verification will be crucial, including a wider use of real performance solutions, which should gradually complement calculated performance.

Energy Performance Certificates and Building Renovation Passports

EuroACE also welcomes the proposal to revise the Energy Performance Certificate (EPC) framework and strengthen its requirements at Member State level. In our view, EPC systems should become **more comparable, cover all building segments** and be as **transparent** and **accessible** as possible. Recommendations stemming from EPCs should be transformed into **Building Renovation Passports (BRPs)**, that should act as 'renovation pathways' and create a trajectory with a clear timeline with defined **milestones**, accompanied by a **list of works, the best order to implement the measures, and available financing** to achieve them.

Pivotal to increase EPC coverage could be extending the requirement to issue an EPC to all **existing buildings that undergo any renovation that affects the building envelope, technical systems and/or**

⁴ See RAP [Paper](#) (2021) "Considering minimum energy performance standards for Germany"

⁵ See BPIE [Analysis](#) (2021) "The road to climate-neutrality: Are national long-term renovation strategies fit for 2050?"



heating and cooling equipment and at nationally defined ‘**trigger points**’ (which could be set for each building segment via the LTRs).

Increasing the level of transparency for both EPCs and their BRPs is also crucial for this year’s revision. The creation of national-level EPC databases should be encouraged in view of a better exchange of information on building data between various actors in the value chain, as well as between national and EU levels. This will ultimately benefit the quality and the volume of data stored in the **EU Building Stock Observatory**.

Lastly, within the framework of the EPC revision and introduction of BRPs, we also believe that the creation of **Digital Building logbooks** is of great importance to boost data transparency, stakeholder engagement and support further digitalisation of the building sector⁶.

Deep Renovation Standard

The introduction of a **Deep Renovation Standard** is a promising and needed proposal, especially in view of delivering deeper energy renovations. EuroACE feels that the starting point for an EU level definition of such a standard could cover renovation projects that deliver at least 60% reduction in (final) energy needs (in one or more stages), and it should also help any building comply with long term climate goals (i.e., beyond 60% savings). At Member State level, definitions of such a standard could possibly be aligned with national NZEB definitions, which, however, will have to be updated vis-à-vis the new EU climate targets.

Lastly, in the context of financing building renovation, we see a possible role for the deep renovation standard within the EU taxonomy requirement⁷ for labelling investment in renovation as “sustainable”, but only if the threshold of the screening criteria (currently set at 30% reduction of primary energy demand) increases to 60%.

Requirements for new buildings, NZEB and Digitalisation

In the aftermath of the adoption of more ambitious EU climate targets, this year’s EPBD revision is an opportunity to update the definition of ‘nearly-zero energy buildings’ and align it with the EE1 principle and ensure more convergence of national definitions in line with the 2016 recommendations⁸. Within this framework, the EPBD revision should also look at ways to address the ‘cost-optimality’ methodology which has led Member States to make sub-optimal choices when deciding to comply with NZEB requirements for new (or existing) buildings (and occupied/owned by public bodies). To address this issue, the **quantification of multiple benefits** stemming from energy renovation (i.e., aspects linked to health, wellbeing, and indoor comfort) should be included in any cost-benefit analysis exercise as well as in the modelling of the different sub-options of the upcoming Impact Assessments.

For new and existing buildings, EuroACE also agrees with the Commission that this EPBD revision should further strengthen the digitalisation process, in line with the Communication on a Renovation Wave Strategy. Optimisation of technical building systems to enhance energy efficiency, indoor air

⁶ See Final European Commission Study (2020) on the development of a European Union framework for digital building logbooks (available [here](#))

⁷ See EuroACE [Feedback](#) (2020) on Draft Delegated Act on Taxonomy Screening Criteria

⁸ European Commission [Recommendations](#) (EU) 2016/1318 (July 2016) on guidelines for the promotion of nearly zero-energy buildings and best practices to ensure that, by 2020, all new buildings are nearly zero-energy buildings



quality and controllability of buildings and accelerate digitalisation and use of advanced technologies (e.g., BIM) towards Smart Buildings should be mandated where it makes sense. In our view, promoting technologies that ensure better mapping, accurate monitoring of energy performance and progress made ex-post energy renovation that are available for different segments, will ultimately enable a better integration of the building within the whole energy system, and it will make the matching between energy demand and response easier.

Concluding considerations:

In conclusion, the EPBD deserves the highest political attention this year, as a major tool to deliver on the 2030 agenda. EuroACE concurs with the Commission on the positive economic and environmental impacts that higher and deeper energy renovation rates will entail. It is worth reiterating that the revision of the EPBD, as part of the Renovation Wave, should indeed take into greater consideration its social component.

Better performing and healthier buildings should be accessible for financially vulnerable **occupants and tenants**, hence tailored financing schemes combined with technical assistance should be further developed. The strengthening of regulatory requirements aiming at delivering more and deeper energy renovations should be supported by a strong financing component. On this last point, EuroACE regrets to see that this element has not been given the level of attention it deserves within the Roadmap. We would like to reiterate that exploring this element will be of crucial importance in the upcoming EPBD revision as it will make sure to leave ‘no one behind’, and to avoid any negative socio-economic repercussions that could hinder political consensus over more ambitious solutions aimed at scaling-up energy renovations across different building sectors.

EuroACE and its members are looking forward to contributing further to the discussions over the coming months and participating in the stakeholder dialogue with the Commission.



For further information

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About EuroACE - Energy Efficient Buildings

EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ more than 220,000 people in these activities in Europe and have over 1,100 production facilities and office locations. The mission of EuroACE is to work together with the EU institutions to help Europe move towards a more efficient use of energy in buildings, thereby contributing to Europe's commitments on climate change, energy security and economic growth.

EuroACE Members (2021)

