

EuroACE Position Paper: Energy Efficiency Directive (EED 2021)

EuroACE – Energy Efficient Buildings welcomes the work of the Commission in revising the Energy Efficiency Directive (EED) which, over the years, has helped move the energy efficiency topic higher on the political agenda, both at EU and national level. However, since its last revision, **the annual rate and the quality of energy renovations across the EU has stubbornly remained low**¹. This tells us that an additional push is needed if we are to achieve the revised and increased EU climate ambitions for 2030 and the 2050.

Beyond these climate-related challenges, the COVID-19 pandemic has required the European Union to come up with a forward-looking strategy that will be able to counteract its unsettling socio-economic effects. Against this challenging background and with **energy efficiency being, *de facto*², a catalyst for job creation and economic growth**, EuroACE agrees that the revision of the Energy Efficiency Directive is timely and very welcome.

In our view, revising the EED means first of all addressing the shortcomings (or missing pieces) of the past revision in a **forward-looking and holistic perspective**. This means that we must make sure that the ambitious proposals stemming from the Renovation Wave Strategy become reality, whilst creating strong links across the different pieces of EU legislation regulating the overall energy performance and use of our buildings to ensure mutual reinforcement and consistency.

To achieve all of the above, EuroACE brings forward the following recommendations that will make the Energy Efficiency Directive and the building stock in the EU truly 'Fit for 55'.

Recommendations

1. Mainstream the **EE1 Principle**: from policy design towards a more upskilled workforce
2. EU and National Energy Efficiency Targets should be ambitious and mandatory:
 - a. The EU EE Target should be **increased to at least 40% by 2030**
 - b. EU and National energy efficiency targets should be made **binding**
3. **Reinforce the exemplary role of public authorities and public buildings** vis-à-vis energy efficiency:
 - a. **Extension of Article 5** provisions to **all public buildings**
 - b. **Deletion of alternative approaches that do not deliver savings**
 - c. **Stronger monitoring and reporting requirements** (coupled with Technical assistance, project development assistance and access to financing)
 - d. **Extension of Article 6** provisions to **public bodies at all levels** (national, regional and local)
4. Further improve the EED:
 - a. Updating **energy savings requirements** under Article 7
 - b. **Extending energy audit requirements** under Article 8 to **highly energy-consuming companies**
 - c. Better addressing **regulatory and non-regulatory** barriers under Article 19
 - d. Creating a **stronger policy framework for energy efficiency financing** under Article 20

¹ https://ec.europa.eu/energy/sites/ener/files/documents/1.final_report.pdf

² <https://www.renovate-europe.eu/2020/06/10/building-renovation-a-kick-starter-for-the-eu-economy/>

Recommendation #1

Mainstreaming the Energy Efficiency First Principle (EE1): from policy design towards a more upskilled workforce

Even though the EED is primarily focussed on demand side measures, we see the revision of 2021 as an opportunity to look at **operationalising the EE1 Principle and applying it to the thinking and design of policies affecting the overall energy system.**

We also believe that the EE1 Principle has the potential to shape an energy efficiency-proofed workforce. That is why a **dedicated module on the EE1 principle** should be made available at Member State level (in the national language) **to all staff working on energy and climate-related issues in national administrations.** Also, measures to ensure **reskilling and upskilling of workers for energy efficiency improvements** are essential to achieve a higher energy efficiency ambition. On this last point, EuroACE believes that the availability of a well-trained workforce can significantly increase the quality of renovation projects, thus such training must be further guaranteed. The current assessment of the EED shows that a majority of Member States have established certification and/or accreditation schemes and/or equivalent qualification schemes covering energy services, energy audits, energy managers and installers, to which Article 16 contributed (as some of the schemes pre-existed in some Member States). However, the effectiveness of these schemes varies across Member States and the level of technical competence varies across the category of specialists. To address these issues, we believe that the revision of **Article 16 will need to focus on:**

1. **Simplifying and making existing certification and labelling schemes clearer and more accessible,**
2. Taking the **EE1 Principle** into consideration,
3. **Being updated in line with the new EU climate ambition,**
4. **Leveraging the knowledge of all solutions** (active, passive or a combination of both) **available in the market to support the uptake of deep energy renovations** (in one or more stages) - whilst ensuring that the quality and technical competence of operators are checked and duly assessed,
5. ensuring that the skilled workforce advising on renovation projects take due account of **all building parameters** (including health).

Recommendations #2

EU and National Energy Efficiency Targets should be ambitious and mandatory

EuroACE strongly supports the Commission's work in raising the 2030 climate target to at least 55% of the GHG emissions reduction and the objective of reaching climate neutrality by 2050, whose achievement will strongly rely on all sectors, in particular buildings³. Currently, the **EU energy efficiency target is non-binding and national contributions are voluntary.** Considering the lack of progress towards the 2020 targets⁴, due to the lack of coercive force of measures at national level, **it is urgent to give energy efficiency a binding nature and increase it to at least 40% by 2030.**

The establishment of a binding nature for energy efficiency targets at both EU and national levels will support national efforts in both transposing and implementing the EED. Moreover, mandatory targets that are expressed in a comparable manner, **taking into account both primary and final energy consumption**, which **quantify the multiple benefits of energy efficiency** (i.e., health, comfort and wellbeing)⁵ are, in our view, essential to strengthen the monitoring, reporting and verification framework in the EED.

Finally, EuroACE believes that additional political support across the EU towards **more 55%-compatible ambition** levels for energy efficiency could be built via updating the discount rate to calculate the energy system costs of

³ Buildings are responsible for about 40% of the EU's energy consumption, and 36% of greenhouse gas emissions from energy

⁴https://ec.europa.eu/energy/sites/ener/files/progress_report_towards_the_implementation_of_the_energy_efficiency_directive_com2020954.pdf

⁵ <https://www.iea.org/reports/multiple-benefits-of-energy-efficiency>



the different scenarios. **The usual 10% rate used in the Commission modelling should be amended** and reduced (in line with lower capital costs and ‘real-world investment constraints’ in all scenarios) to illustrate policy options which can reasonably be expected to deliver the objectives under the EED. Moreover, walking the talk on the operationalisation of the EE1 principle will enable the factoring-in of the success stemming from related policies in modelling tools.

Recommendation #3

Reinforce the exemplary role of public authorities and public buildings vis-à-vis energy efficiency

The Renovation Wave Strategy states⁶ that by at least doubling energy renovation rates per annum by 2030, 35 million building units will be renovated by the same year, **if all forces at all levels are fully mobilised**. To achieve this goal, a stronger coordination of the collective effort towards the achievement of a highly energy efficient and decarbonised building stock by mid-century⁷ has to start by ‘someone’ and ‘somewhere’. In this sense, the revision of **Article 5**⁸ is an unmissable opportunity to strengthen the ‘exemplary role’ of public bodies (at all levels) in **raising awareness on the multiple benefits of energy renovation** and enabling public buildings to achieve a high-level energy performance **well before 2050**. In light of this, the revision of Article 5 should:

- **Extend its provision to all public buildings:** the current provisions apply to a very tiny portion of the building stock and the requirements on the depth of renovation do not go beyond the EPBD requirements. To ensure greater effectiveness, it must include regional and local government buildings, prioritising worst-performing ones and those serving the public interest (i.e., hospitals, schools).
- **Delete alternative approaches that do not deliver savings:** measures such as selling buildings, rolling-out information campaigns etc., cannot by design deliver equivalent energy savings⁹, let alone the associated benefits, to energy renovation of buildings. Also, considering the leadership role of public buildings, deep renovation (or staged deep) should be mainstreamed, not considered as an alternative.
- **Strengthen monitoring and reporting: ‘Delivery mechanisms’** and stronger monitoring/reporting requirements will enable the collection of better data on a buildings’ energy performance. To this end, reporting requirements should always include the delivered energy savings, and not only the renovated total floor area as currently prescribed by the default approach. A more structured monitoring and implementation framework can identify specific shortcomings and better address them via the provision of ad hoc **technical support** and **project development assistance** (especially directed to local and regional authorities). Coupling such supports to an easier access to financing will encourage the scaling-up of deep renovations.

Article 5 is also the perfect place to create mutually reinforcing synergies between the EED and the EPBD. **By linking Article 5 with the Article 2A EPBD (2018) objective¹⁰, we will ensure an increase in its ambition in both rate and depth of energy renovation**. Also, connections between Article 5 and the **long-term renovation strategies (LTRSs)**, will encourage **a better exchange of best practices from national level strategies¹¹**. Making results publicly available (e.g., success factors/barriers, results in terms of energy savings and CO₂ emission reduction etc.) will ultimately support Member States to explore more advanced solutions (e.g., Minimum Energy Performance Standards¹²/deep energy renovation standard etc.), before rolling them out to other segments of the building stock.

⁶ [Renovation Wave Strategy](#) para 1 ‘Boosting Building Renovation for Climate Neutrality and Recovery’

⁷ EPBD 2018 Article 2A sets the objective for Member States to achieve a highly energy efficient and decarbonised building stock by 2050

⁸ Article 5 currently requires public authorities to renovate 3% of the total floor area of buildings owned and occupied by the central Government

⁹ European Commission [Progress Report](#) assessing the implementation of EED (2020)

¹⁰ Ibid

¹¹ See example: 2020 Walloon Region (Belgium) long-term renovation [strategy](#), where public buildings have to reach an EPC level A by 2030 and schools by 2035

¹² Regulatory Assistance Project (RAP) [Paper](#) ‘Case studies: Minimum energy performance standards for European buildings’

Beyond building energy renovation, an additional way to reinforce the exemplary role of public bodies in making ‘more energy efficient choices’ **could be via revising Article 6**. Generally, this article has been a first step in raising awareness and in nudging public authorities to deploy energy efficiency services, products and buildings, however a lot has still to be done.

Often, **regional and local authorities are more willing to be ambitious** when it comes to improved energy efficiency and delivering on their own decarbonisation roadmaps¹³, although **they lack capacity** (administrative, technical and financial) to do so, or they simply lack **guidance ‘from above’** as there isn’t any mandatory regulation that would support them in setting their priorities (not to mention the no longer fit for purpose State Aid Rules). For these reasons, EuroACE believes that **Article 6 should be revised according to Article 5, thus going beyond obligations on central governments and extending them to regional and local authorities**. By linking a stricter regulatory framework, with technical assistance and easier access to financing at all levels of national governance, we will ensure that public authorities’ willingness, know-how and capacity are brought to the same level when it comes to energy efficiency.

Recommendation #4

Further improve the EED

- **Energy Savings:** Article 7 which expects Member States to achieve new energy savings each year¹⁴ should be updated according to the new 2030 EU climate targets and it should introduce unambiguous wording on ‘eligibility’ and ‘additionality’ measures. Moreover, the revision of Article 7 should encourage national governments to include within their Energy Efficiency Obligation schemes (EEOSs) measures and policies that support energy renovation of buildings as they can critically contribute to the achievement of their national energy savings targets.
- **Energy Audits:** Article 8 requires large enterprises to carry out an energy audit every four years to assess their energy consumption and identify energy saving opportunities. While the current provisions are applicable to 2% of the total number of companies in the EU, **some SMEs could be large energy users, which would benefit from the findings of an energy audit**. The latter should be strongly linked to the Energy Performance Certificates (EPC), whose recommendations should be enshrined into Building Renovation Passports (BRP), developed for the building owned and occupied by the enterprise subject to this exercise. BRPs that include recommendations to achieve milestones in terms of the building’s energy performance, which are incentivised with proportionate financial support would nudge building owners to promptly take actions. An example of this approach could be the French ‘Tertiary Decree’ or Decree 2019/771 (23rd July 2019) which lays down requirements for tertiary buildings to incrementally reduce their final energy consumption by defined milestones, which are at least 40% by 2030, 50% by 2040 and 60% by 2050.
- **Better address regulatory and non-regulatory barriers to energy efficiency:** under Article 19, Member States are required to take action to remove regulatory and non-regulatory barriers to energy efficiency and report back to the Commission via National Energy Efficiency Action Plans (NEEAP). EuroACE believes that this Article should be further strengthened as it does not really require Member States to act, but only to do so after evaluation of the existence of barriers and if “necessary”. Additionally, provisions proposed in the Article to address some of the structural barriers to energy efficiency (e.g., split incentive hampering energy renovation projects) might not be enough.
- **Strengthen the EE financing component within the Directive:** to make sure that financing ‘moves up’ the priority ladder within the EED, a revised Article 20 should create a more structured framework for technical assistance (at local, regional and national levels), also in cooperation with the EIB, in order to create stronger pipelines of projects and allow financing to flow into energy efficiency measures, especially building renovation.

¹³ Energy Cities conducted an internal survey aiming at assessing the responsiveness of Cities towards achievement of Renovation Wave goals – 90% of respondents stated that they would be positive vis-à-vis more stringent renovation requirements.

¹⁴ 1.5% of energy sales in the period 2014-2020 and of 0.8% of final energy consumption by 2021-2030.



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)

