

EuroACE Contribution
Consultation on Climate, Energy and Environmental State Aid Guidelines (CEEAG)

Introduction

EuroACE – Energy Efficient Buildings welcomes the work of the European Commission in revising the Climate, Energy and Environmental State Aid Guidelines (CEEAG). We agree that delivering on the objectives of climate neutrality, climate change adaptation, resource efficiency and, in particular, energy efficiency, will require significant efforts and support. Without a clear boost in the uptake of energy efficiency measures by 2030 and beyond, the EU will miss its -55% GHG reduction target, and the realisation of the ambition for the uptake of renewable energy sources will be jeopardised too.

To ensure that investments in energy efficiency (especially if directed to buildings) drive a substantial reduction in energy needs, which will ultimately enable a swifter and more feasible transition to renewable energy sources (in line with Article 252 of the EPBD 2010), we believe that the application of the Energy Efficiency First Principle, pursuant to the newly proposed Article 3 of the Energy Efficiency Directive (EED) recast, should be maintained across the CEEAG. For instance, the application of this Principle should be translated into the definition of a general maximum aid intensity ceiling for energy efficiency measures including in buildings to (at least) the same level as those provided for aid to renewable energies under the current CEEAG. In our view, this will create a level playing field across different measures aiming at unlocking high energy savings in the building sector, and beyond. All of this is especially pertinent in view of the newly published headline binding target of 39% reduction of primary energy consumption (and 36% in final energy consumption) by 2030 contained in the same proposal for a recast of the EED.

Multiple benefits of energy efficiency solutions incentivise investments

In the case of the buildings sector, investment in energy efficiency is an activity which entails several positive impacts, not only on the environment but also on society at large. According to the Building Performance Institute Europe (BPIE) and the Renovate Europe Campaign (REC) [Study](#): for every €1 million invested in energy renovation of buildings, an average of 18 jobs are created in the EU. These are local, long-term jobs that will stimulate economic activity across the EU, especially in a post-COVID recovery period (which has been reiterated by the IEA, [here](#)). Beyond employment rate and GDP, also health, productivity, comfort and a high level of indoor environmental quality (IEQ) are important **incentive factors** that we think Member States should quantify and include in the descriptions of how their aid contributes to the objectives of European Union climate and energy policies (pursuant to section 3.1.1 para 24, CEEAG 2022).

An incentive for Member States to achieve the 2030 and 2050 ambition, rapidly and coherently with EU legislation.

Since the first launch of the main directives that impact the energy use and performance of the building stock in the EU, (namely the Energy Performance of Buildings Directive (EPBD), the Energy Efficiency Directive (EED) and the Renewable Energy Directive (RED)), Member States have been falling behind when it comes to the achievement of the requirements set out in those directives and agreed on by the Member States.

In light of this, EuroACE believes that, in view of the short timeline available to achieve the new 2030 climate targets, and to be in line with the Renovation Wave Strategy, Member States should grant aid to swiftly adapt to the newly adopted requirements (especially from the EED and the EPBD) before their entry into force, as this will prepare the internal market to boost related investments in energy renovation of buildings long before their actual application. (Reference to Section 3.1.2 para 31 and Section 4.2.3 para 122). To achieve this, a high level of compliance with EPBD requirements (i.e., 2050-aligned nZEB, stronger long-term renovation strategies, updated energy performance certificates framework, and the introduction of Building Renovation Passports, among others) will be of extreme importance to ensure mutually reinforcing synergies between the CEEAG and the Directive itself.

The right approach to boost investment in building energy renovation

For existing buildings:

EuroACE believes that, in view of the current climate emergency, and the important role that buildings play in the decarbonisation process of our economy, ambition needs to be maintained in the CEEAG to allow **both rate and depth of energy renovation to increase** on time for the achievement of the 2030 and 2050 milestones.

Firstly, we believe that we should account for both **primary and final energy demand** when referring to energy savings. Energy efficiency measures that are solely focussed on greening the energy supply, may indeed produce primary energy savings, however there is the risk to leave behind the ‘multiple benefits’ usually achieved via energy demand reduction measures which, as previously said, could work as incentive factors to spur investments in energy renovation of buildings. Having this in mind, we believe it is important to add that **combination of measures** (both active and passive) operating on both energy demand reduction and uptake of renewable energy supply **entail great energy savings potential**, therefore they should be facilitated by the CEEAG.

Secondly, although we see that, in the case of renovation of existing buildings, allowing aid to support energy improvements that lead to a **reduction in primary energy demand of at least 20%** (and for **staged renovations to at least 30% of the overall reduction in primary energy demand over a three-year period**) could potentially spur the rate of energy renovations, revising the CEEAG should also be an opportunity to spur deep renovations. Currently the CEEAG draft responds to this need by increasing the aid intensity ceiling for deeper renovations to at least 45%. EuroACE believes that, as the current deep renovation rate stands at 0.2% per annum, **if we really want to achieve the 2030 and 2050 climate goals, this rate should grow by at least a factor 10 to 2% and should approach 3% as quickly as possible** (see BPIE report [here](#)). **In light of this, we believe that even higher support should be granted if deep renovations achieve $\geq 60\%$ energy savings.**

Better conditions for deep energy renovations will incentivise more investments and ultimately support the move towards a “highly energy efficient and decarbonised” building stock by 2050 as required by the EPBD (2018) in its Article 2a, which is likely to be revised and aligned with the new EU climate ambitions. The need to facilitate deep energy renovations becomes even more important in view of 1) the achievement of the EU 2030 climate target, which aims at a reduction in GHG emissions by at least 55% (compared to 1990) in the EU, enshrined by the EU Climate Law, 2) the long-awaited new Article 6 of the EED recast requiring all public bodies to renovate 3% of the useful floor area of all public buildings owned by them to reach nZEB level.



Finally, as part of the Renovation Wave Strategy and the revised EPBD, the Minimum Energy Performance Standards (MEPS) will be a very important instruments to spur both rate and depth of energy renovation across the EU. In order to untap its future potential, it will be important that State Aid is allowed for their realisation before and after the enforcement deadline. This could be made clear in the CEEAG draft by excluding them from the ‘Union Standard’ category.

For new buildings:

EuroACE also notes that aid should be granted for energy improvements in **new buildings** if they deliver **at least 10% of primary energy savings** compared to the threshold set for the nearly zero energy building (nZEB) requirements (pursuant to Article 9 EPBD 2010). Considering that nearly-zero energy building requirements will have to be increased to meet the new EU climate targets (because nZEB standards in some Member States were calculated some years ago, meaning that they can’t reflect the EU’s commitment in 2020 to achieve climate neutrality by 2050 – as stated by the BPIE in this [report](#)), and their implementation at national level must be done thoroughly and ambitiously as the standard is also used as a reference point in the Taxonomy technical screening criteria for new buildings, EuroACE believes that the threshold does not satisfy the level of ambition required by either the EU Climate Law or the Renovation Wave Strategy.

In the case of new buildings, Member States should be incentivised to go beyond nZEB requirements, thus we suggest the European Commission to set the threshold at 20% primary energy savings (at minimum) above nZEB requirements to create coherence with the EU Taxonomy Climate Delegated Act.

Making sure energy efficiency investments truly mirror the EU climate ambition

EuroACE notes that the proposal allows aid to be granted for the improvement of the energy efficiency of heating or cooling equipment inside buildings, without explicitly excluding investments in fossil-based systems. This provision should be deleted as it would significantly hamper our ability to fully decarbonise our building stock (a central requirement of the EPBD) by 2050.

EuroACE and its Member Companies stand ready to propose amendments to the CEEAG 2022 and support the European Commission in the revision process.



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)

