



ecee views on the Energy Performance of Buildings Directive (EPBD) recast proposal

January 2009

Introduction

The European Council for an Energy Efficient Economy (ecee) is the largest membership-based independent NGO promoting energy efficiency in Europe. ecee fully supports the European Commission with its efforts to tap into the full energy efficiency potential of the European building stock. ecee is actively working to secure an effective recast, drawing on its membership and contacts in Member States to provide evidence on what can be achieved in practice. This entails not only securing effective content, but also timely adoption of the proposal.

Energy efficiency helps to address issues of energy security, energy bills, and carbon emissions, all of which are high on the political agenda. ecee hopes that progress in the adoption process will start in early 2009. This can be achieved if the Czech Presidency gives it higher priority. Also, the European Parliament should give it a first reading before recessing for elections in June 2009. ecee calls for adoption of the Directive by the end of 2009.

While ecee is taking an active role throughout the approval process, it will also be taking a more enhanced and independent approach in monitoring the on-going implementation of the EPBD.

ecee's views in short

With the ecee taking a more active role in the approval process, it is important to explain to a wider audience the position of the organisation. This note briefly describes ecee's views regarding the European Commission's proposal of November 2008 for the recast of the Directive on the Energy Performance of Buildings (EPBD). ¹The proposal is now going through the approval process of the European Parliament and Council.

ecee welcomes this proposal which lays out a framework for the long-term improvement in the energy performance of buildings, the sector with high untapped potential for energy efficiency improvements. The recast proposal confirms the importance of effective implementation at the Member State level, the importance of Community-wide co-operation and the strong long-term commitment and role of the Commission itself to support such effective implementation.

There are several new elements to the proposed directive that ecee welcomes. These include:

- dropping of the 1,000m² threshold for major refurbishment;
- clarification of "buildings frequently visited by the public" for a display of an Energy Performance Certificate (EPC);
- a requirement for effective control systems and penalties for non-compliance; and
- a requirement to draw up national plans and targets for increasing the number of low/zero energy and carbon buildings.

¹ European Commission: "Proposal for a Directive of the European Parliament and of the Council on the Energy Performance of Buildings (recast)", 13th November 2008. See: http://ec.europa.eu/energy/strategies/2008/doc/2008_11_ser2/buildings_directive_proposal.pdf



eceee is actively working to ensure these recommended changes will be approved. Furthermore, eceee is actively working to add or to consolidate the following:

- set a timeframe for when all new buildings are net zero-energy, both in energy consumption and carbon dioxide emissions;
- set a timeframe for when all existing buildings meet appropriate low-energy standards;
- introduce tough minimum performance requirements for components and systems;
- introduce mechanisms to support action on the back of EPBD requirements;
- introduce information and awareness campaigns to help EPBD requirements to take off;
- monitor and verify energy and carbon savings arising (in accordance with the Energy Services Directive (ESD) methodology); and
- include the social cost of carbon and opportunity cost of inaction, under "cost-optimal"

In order to avoid unnecessary delays in the approval process, eceee firmly believes there should be a first reading within the European Parliament in the spring of 2009 before the EP recesses for elections in June. eceee hopes that the Czech Presidency will give the recast a higher priority than it has publicly stated it will. eceee will also be encouraging the Swedish Government that takes over the Presidency in the second half of 2009 to give top priority to this recast proposal in order to have it adopted by the end of 2009.

Background

The deadline for transposing and implementing the current EPBD in Member States was January 2006. To date there has been modest success compared to expectations. The Directive is far from achieving the full energy saving potential of the European buildings stock. This is because:

- The current Directive turned out to be more complex than some Governments had prepared for, even though many stakeholders were calling upon Governments to accelerate their pre-implementation activities;
- Many Member States simply have not implemented all the requirements, (several have asked for an extension to January 2009 and it is doubtful that date will be met by some);
- There are differing interpretations of some of the provisions and these have led to confusion and sub-optimal implementation;
- The Directive sets thresholds in order to allow Member States to introduce policies gradually, but these thresholds mean that large categories of building are not addressed;
- The mechanisms for feedback and ensuring compliance are weak; and
- While not completely assessed, anecdotal evidence concludes that many MS either did not have enough or planned insufficient capacity to implement fully.

The Commission, in several communications in the past few years, announced that a revision to the EPBD would be forthcoming (see box below). Accordingly, after an extensive public consultation exercise, the Commission issued a proposal for a "recast" of the EPBD on 13th November 2008, with the aim of clarifying and strengthening the Directive. This proposal is now to go through the approval process in the European Parliament and Council.

To follow are eceee's main views on the Articles of the EPBD recast proposal.

**From: Action Plan for Energy Efficiency: Realising the Potential
COM(2006)545 final, October 19, 2006**

Priority Action 2

Building performance requirements and very low energy buildings ("passive houses")

The Commission will propose expanding the scope of the Energy Performance of Buildings Directive substantially in 2009, after its complete implementation. It will also propose EU minimum performance requirements for new and renovated buildings (kWh/m²). For new buildings, the Commission will also by the end of 2008 develop a strategy for very low energy or passive houses in dialogue with Member States and key stakeholders towards more wide-spread deployment of these houses by 2015. The Commission will set a good example by leading the way, as far as its own buildings are concerned.

Major Comments on the Recast Proposal

Article 2 Definitions - major comments

The Directive requires action upon "major renovation" of a building. This is defined as a situation where the total cost of renovation of the building envelope or the technical building system is higher than 25% of the value of the building, or where more than 25% of the surface of the building envelope undergoes renovation. **While it is important to have a clear definition of "major renovation," eceee believes that major renovation should be set at around 10%, not 25%.** Leaving it at 25% leaves out a high share of renovations that deservedly need to give greater attention to improving the energy performance. The threshold would also have to meet the cost-optimal test.

The proposal defines "cost-optimal" to take into account life-cycle costs. **eceee welcomes this long-term consideration, but would also like to see included the social cost of carbon, and the opportunity cost of inaction.** On the latter, the point is that, if there is a need for improvement in order to meet carbon reduction targets by a certain date, then not undertaking the improvement at a particular time means it will need to be paid for, at possibly higher cost, at a later time².

Article 7 Existing Buildings - major comments

The proposed recast requires buildings undergoing major renovation to meet minimum energy performance requirements, with no minimum floor area. **eceee strongly supports the abolition of the 1,000m² threshold under this requirement.** This will ensure that all buildings are improved, at marginal cost, when undergoing major renovation over the course of their business-as-usual lifetimes. **eceee would like to add a requirement for "investment in monitoring and enforcement systems to ensure that such a mechanism is effective."** Without this, little is likely to happen on the ground.

² While Member States will be required to provide their assumptions on developing "cost-optimal," there is concern that energy price expectations may be too vague. Plus, the EU will have GHG emissions targets under the Kyoto Protocol that will be independent of the price of energy and there is a need to have ambitious long-term signals.

Impact Potential: The Commission's communication states that abolishing the 1,000m² threshold would lead to €8 billion/year additional capital investments and would trigger €25 billion/year of energy cost savings by 2020. It is not stated how many more buildings would be included; however, under the current Directive, only 29% of buildings are covered.

Article 9 Low-Energy/Carbon Buildings - major comments

The proposal requires Member States to draw up national plans, with targets by 2020, for increasing the number of buildings of which both carbon dioxide emissions and primary energy consumption are low or equal to zero (i.e.: net zero).

ecee welcomes the intention of this article, but is concerned at the possible interpretation and general lack of ambition. **ecee wishes to see a target for all new buildings to achieve this standard, and a roadmap produced for how this will be met, with significant progress by 2020. There are examples of MS that have set the national objective to achieve this by 2016 and ecee is convinced that the original EU-15 will be able to meet the 2020 deadline.**

Without such specific wording, ecee believes this Article is open to misinterpretation, to the point of seeing nothing more than a few additional demonstration projects by 2020.

ecee would in the same vein like to see a target and roadmap for all existing buildings to meet an appropriate low-energy/low-carbon standard.

Article 10 Energy Performance Certificates - major comments

The proposed Directive introduces a more robust process for the issuing of Energy Performance Certificates that should definitely improve effectiveness. However, it says nothing on ensuring that these EPCs are acted upon, beyond the provision of information. **ecee wishes to see the introduction of mechanisms to support and encourage action on the back of EPBD requirements, notably of EPCs.** Most countries will already have a range of support schemes for energy efficiency in place; the issue here is to ensure that these mechanisms are directly linked in with EPBD, thereby consolidating EPBD policies. This is particularly important where different Government Ministries run support schemes and EPBD policies.

Article 12 Display of Energy Performance Certificates - major comments

The proposal requires the display of Energy Performance Certificates in buildings with a floor area of 250m² occupied by public authorities. **ecee welcomes this reduction of the floor area threshold from 1,000m².** Public authorities have a leading role on buildings energy performance independent of their size. **ecee would like to see clarification in the definition of "public authority," to include organisations whose business significantly relies on public funding.** This clarification is needed to avoid any further ambiguity - for example, housing associations. Such ambiguity leads to confusion and unnecessary delays in implementation.

The proposal also requires the display of Energy Performance Certificates in buildings with a floor area of 250m² that are frequently visited by the public. **ecee wholeheartedly welcomes this clarification.** Organisations such as supermarkets have millions of people passing through their doors, and prominently displayed EPCs will not only help raise awareness of energy performance among householders; they will also encourage these organisations to improve their own buildings for the sake of their public image.

Article 17-18 Independent Control System and Review - major comments

The proposed recast requires Energy Performance Certificates and boiler and A/C inspection reports to be registered or made available to the competent bodies for quality control purposes. **eceee wishes these authorities to make an assessment of the energy and carbon savings arising from these EPCs, and from other aspects of the EPBD, and to report these to the Commission.** Without this feedback loop, EPCs may not fulfil their potential. It is not enough to schedule a review for the future, without the monitoring mechanism in place now. The reporting method should be in accordance with the methodology as set out in the Energy Services Directive.

Under Annex II, eceee notes an ambiguity in requirements regarding the need for verification. **The statement "verification shall be carried out at one of the three alternative levels" should be deleted.** It then brings clarity to the subsequent sentence "each verification level shall be carried out at least for a statistically significant proportion" of certificates.

Article 19 Information - major comments

The proposal requires building owners and tenants to be informed of the purpose of Energy Performance Certificates. Again, more is needed. **eceee would like to see well-resourced information campaigns to cover all stakeholders in the building supply chain, including the public.** It is not enough to explain a document once it has been provided; people first need to be sensitised to it, to the point of demanding it.

Further Comments

Article 6 New Buildings - further comments

The Directive requires a feasibility assessment of alternative energy systems for all new buildings, independent of size, before construction starts, and that this assessment is documented in a transparent manner. **eceee strongly supports the abolition of the 1,000m² threshold under this requirement.** All new buildings should benefit from an assessment of the potential for low-carbon energy supplies, and this requirement will act as a means of prompting designers to think beyond traditional systems.

Article 8 Technical Building Systems - further comments

The proposal requires minimum energy performance requirements in respect of technical building systems that are installed in buildings, and that this must be based on proper installation of the products. **eceee strongly supports the requirement to assess 'as-installed' systems, not just stand-alone products, and would like to see the associated minimum standard to be based on "good practice."** This will ensure that the effort gone into establishing minimum performance standards for products under other Directives are not then compromised by poor installation.

Article 9 Low-Energy/Carbon Buildings - further comments

There is also a requirement for the plans to take into account the leading role of public authorities in the field of energy performance of buildings. **eceee welcomes this role, which is consistent with the requirements of the Energy Services Directive.**

Article 10 Energy Performance Certificates - further comments

The Directive requires Energy Performance Certificates to include recommendations for the cost-effective improvement of the energy performance of the building, which should include measures carried out in connection with a major renovation. MS need complementary measures to support the effective implementation of the Directive.

eceee whole-heartedly welcomes this inclusion; the cost-effectiveness of many measures improves markedly when installed at marginal cost as part of a major renovation. Furthermore, and for the avoidance of any doubt, **production of an**

Energy Performance Certificate should be mandatory before major refurbishment works can commence in order to have a set of recommended actions to implement during refurbishment.

The Directive sets a maximum lifetime for Energy Performance Certificates of 10 years. Given fluctuations in energy prices, changes in markets for energy efficiency measures and for operational ratings, variations in occupant behaviour, **ecee believes the validity of an EPC should not exceed 5 years.**

Final Comments

The new proposal has made strong progress. It provides a long-term policy signal that will help energy consumers, energy service industries and energy efficiency supply companies. With these long-term signals, investments can be made with more confidence. But, possibly more importantly, it sends a signal to policymakers at all levels of the importance of buildings to energy policy as well as to climate change policy and that there is a need for a long-term commitment to addressing this sector.

The recast proposal is very welcome but not perfect. It goes quite far in addressing some of the shortcomings of the original Directive and ecee has raised some areas where even more improvements can be made.

One area that the recast does not directly address is financing the energy efficiency investments to ensure the requirements under the EPBD are met (complementary measures discussed above under Article 10). Understandably, it is not under the remit of the Directive to provide a financing facility. ecee is deeply committed, particularly for the new MS, to ensure that the barriers to financing are tackled effectively. ecee will be monitoring the complementary measures being implemented and that are under development and encourages that complementary measures be closely linked to Energy Performance Certificates. And to support this need, ecee is currently developing an initiative to bring together relevant stakeholders on the issue of financing energy efficiency investments in buildings in order to determine what can be done effectively, efficiently and realistically.

ecee will be closely following the progress that this proposal makes throughout the approval process. At the same time, ecee is more closely monitoring the implementation of the current Directive, assessing the reaction of stakeholders in MS to the new proposals as well as the capacity of MS to expand implementation.

ecee is fully convinced that the most ambitious recast possible is needed. It is a complex sector that needs many different solutions. The recast places a strong obligation on all stakeholders to rise to the challenge. The rewards, however, will no doubt prove it was worth that effort.

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