



The Coalition for
ENERGY SAVINGS

Position Paper

EPBD RECAST: GRASPING THE FULL ENERGY SAVINGS POTENTIAL OF EUROPE'S BUILDINGS

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EPBD recast: Grasping the full energy savings potential of Europe's buildings

Saving energy in buildings is crucial to structurally reduce Europe's energy consumption, **but energy renovation rates remain too low**, with only around 1% of our buildings being renovated each year and with deep renovations stuck at 0.2% only.¹

To accelerate the renovation rate and depth in line with the [Renovation Wave Strategy](#), in December 2021, the European Commission published a proposal to recast the [Energy Performance of Buildings Directive](#) to ensure the building sector can contribute to a higher greenhouse gas emission target for 2030, while also cutting energy bills for EU citizens, including the most vulnerable. However, the **Renovation Wave only aims at increasing the energy renovation rate from 1% to 2%, which is not an adequate level of ambition** to ensure that the EU building stock becomes highly energy-efficient and decarbonised by 2050. To achieve this goal, a yearly 3% deep renovation rate is at least required.²

In addition, the urgency to cut dependence on fossil fuel imports from Russia, as outlined by the [REPowerEU plan](#) and [Versailles Declaration](#), means that the clean energy transition must progress even faster. In that context, **an ambitious recast of the EPBD is the starting point** to ensure the building sector can reduce its energy use and contribute to solving both the energy security and climate crises. This paper aims at providing [the Coalition for Energy Savings'](#) suggestions on how to do so.



1. [European Commission \(2020\). Communication: A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives](#)

2. [BPIE - Buildings Performance Institute Europe: Deep Renovation - Shifting from exception to standard practice in EU Policy](#)

Increasing the energy renovation rate & depth for all buildings: Minimum Energy Performance Standards (MEPS) - Article 9

The recast EPBD introduces minimum energy performance standards (MEPS) to address the worst-performing buildings (energy performance class F & G buildings), which is a **much-needed addition to the EU legislative framework for energy efficiency in buildings**. As designed, this provision has the potential to impact between 15% and 30% of the building units across the EU.

However, the proposal only requires that the worst-performing buildings undergo a shallow renovation to reach an energy performance class E. To ensure the achievement of the 2030 and 2040 milestones for the EU building stock and the transformation of all existing buildings into Zero-Emission Buildings (ZEB) by 2050, **MEPS should require that the worst-performing buildings are renovated to much higher level of performance to avoid creating locks-in.**³

This recommendation is already partially reflected in the [EU "Save Energy" communication](#), as the **Commission recognises the key role of MEPS in boosting EU energy security** and invites the co-legislators to set "additional Minimum Energy Performance Standards for buildings to boost renovations that encompass also heating (and cooling) systems, with sufficiently ambitious timelines and setting a pathway to upgrade worst-performing buildings in the Energy Performance Certificate "G class" up to "D class".

Given that building owners only undertake comprehensive energy renovations once every 25-30 years, **it is crucial that MEPS are not limited to a 2033 perspective**, as in the Commission's EPBD recast proposal, **but include a longer-term timeline**, specifying how requirements will be tightened up regularly on the path to 2050. By clearly defining a time-bounded trajectory, MEPS can help building owners ensure that single measures are part of a comprehensive renovation plan, and that staged-deep renovations undertaken today are aligned with future requirements and the final objective of ZEB levels by 2050.

In line with the Energy Efficiency First principle, **renovations should be holistic, addressing the improvement of all elements of a building (from the envelope to heating and cooling systems)**. To facilitate this, Member States should ensure, based on the upcoming EU framework, a rapid roll-out of Renovation Passports that outline the most appropriate limited steps to be taken in carrying out a staged deep renovation. After 2033, the scope of MEPS should be widened to ensure that all buildings (not only the worst-performing ones) are renovated to achieve higher levels of performance over time, with more modern technical building systems and new, efficient and renewable-based heating and cooling technologies.

3. [A recent study by Guidehouse](#) shows that renovating Europe's worst performing buildings to a 'heat-pump-ready' level (B/C class) with a combination of thermal insulation and heat pumps has the potential to reduce the EU's overall gas imports of Russia by about 45%, or 71 bcm. This stands in stark contrast with the Commission's proposal, which would result in a reduction in Russian gas import of only 13%, or 22bcm.

Finally, adequate financial incentives and subsidies schemes need to be rolled out to ensure that the **MEPS framework is accompanied by an overall package of measures that support and empower citizens, in the form of adequate financing tools** (with dedicated specific support for the more vulnerable households) , precise information, opportunity for participation, advice as well as technical assistance.

The Coalition recommends to:

- Renovate the worst-performing buildings beyond class E;
- Extend the MEPS framework beyond 2033 by outlining future regulatory milestones;
- Roll-out Renovation Passports to facilitate deep and staged deep renovations.

The draft ITRE report of MEP Ciarán Cuffe proposes that non-residential buildings achieve the energy performance class D by 2027 and class C by 2030 while residential buildings should achieve those levels by 2030 and 2033 respectively. Member States are also required to establish MEPS for the rest of the building stock.

The Coalition for Energy Savings supports those amendments.



New buildings showing the way: The Zero-Emission Building standard - Article 7

The Commission's proposal introduces a new zero-emission building (ZEB) standard that all new buildings must comply with as of 1 January 2030. This is helpful to avoid replicating the current divergence in national Nearly-Zero Energy Buildings (NZEB) standards.

However, the recast EPBD does not sufficiently differentiate between new and existing buildings, as the ZEB level must also be achieved by buildings that undergo deep renovations.⁴ New constructions have some inherent advantages in terms of planning and execution capacity when compared to renovations, meaning that substantially greater energy performance can be achieved. The energy consumption thresholds proposed in Annex III are not sufficiently ambitious for new buildings, as they merely reflect the values recommended by the Commission for NZEBs in 2016. EU countries, such as Denmark, Ireland and France, have shown that lower energy consumption thresholds for new buildings are in line with cost-optimality and technically feasible. While setting more ambitious thresholds will only benefit the market for new constructions, it risks rendering the ZEB standard unachievable for many existing dwellings. Therefore, **it is imperative that two separate sets of thresholds are established for new and existing buildings.** Similarly, obligations related to renewables can also be more ambitious for new buildings.

The Coalition supports the Commission's proposal to require renewable energy production on-site and promote the use of renewable energy communities. The Commission's REPowerEU proposal for a new [EPBD Article 9a](#) on mandatory solar PV on roofs of new buildings is another positive step in that direction. However, the ZEB definition should provide flexibility to building owners and users and allow energy sharing through all legally allowed business models, not just through renewable energy communities. **Where renewable energy from on-site production, from energy sharing and/or a renewable energy community, or from an efficient district heating & cooling system is not available, renewable energy from the grid could also be used to meet the very low energy demand of ZEBs.**

All energy waste – renewable or otherwise – should be avoided whenever possible. A balance needs to be struck when defining ZEB between energy efficiency and renewables. The proposed ZEB definition relies on primary energy consumption as its sole energy performance metric. Such an approach would deprioritize end-use energy savings measures in buildings. To promote quality design of ZEB that respects the Energy Efficiency First principle, **the EPBD Annex III should establish thresholds for both final and primary energy consumption.**

According to the Commission proposal, the ZEB standard would first impact new public buildings as of 2027, before being rolled-out to all new buildings as of 2030. Given that many Member States already have robust NZEB standards that go beyond the Commission's proposal, **a more ambitious timeline is feasible.**

4. The EPBD recast article 2.19 links the deep renovation definition with ZEB standards by defining a deep renovation as a renovation that transforms a building or a building unit, as of 1st January 2030, into a zero-emission building.

Finally, we note that the **ZEB standard does not clearly reflect that embodied emissions must be reduced too, as the legal framework only addresses operational emissions.** The Coalition welcomes the introduction of the new requirement for Member States to calculate the life-cycle Global Warming Potential (GWP) of newly constructed buildings, whose calculation should be based on both standard EN 15978 and the Level(s) framework. But national regulators and the construction industry would benefit from a more long-term perspective enshrined in the EPBD; one that outlines when and how benchmarking and targets for reducing whole-life carbon emissions will be established on the basis of the data collected as a result of the new disclosure obligations.

The Coalition recommends to:

-  Increase the level of ambition of the energy performance requirements in Annex III for new buildings; establish a separate set of energy performance requirements for existing buildings undergoing deep renovations;
-  Establish energy performance thresholds in Annex III for both final and primary energy use;
-  Accelerate the roll-out of the ZEB standard well before 2027 (for public buildings) and 2030 (for all buildings);
-  Allow the usage of renewable energy from the grid if the renewable energy from on-site production, renewable energy communities or from an efficient district heating & cooling system is not available;
-  Provide mid-long term milestones for integrating requirements to reduce whole-life carbon emissions together with thresholds in the EPBD.

The draft ITRE report of MEP Ciarán Cuffe proposes to set different thresholds for new and existing buildings to reach the ZEB standard, that renewable energy coming from the grid may be used when other options are not technically feasible, to make the ZEB standard mandatory for all new buildings by 2025, and to require the Commission to establish a harmonized methodology for the calculation of the GWP while Member States will have to set national GWP limits by 2030.

The Coalition for Energy Savings supports those amendments.

Ensuring that the right financial incentives are put in place to mobilise finance for renovation – Article 15

A strong and coherent financing framework is critical to unlock the EPBD's energy saving potential and to bridge the staggering EUR 165 billion investment gap faced annually by the building renovation sector.⁵

To this end, the Commission's proposal to introduce Mortgage Portfolio Standards, requiring mortgage lenders to improve the average energy efficiency of their mortgage portfolios over time in line with the Paris Agreement, is important but needs to be specified. They should also be **safeguarded socially to avoid penalizing low-income households, through innovative financial solutions** such as housing cooperatives, Social Rental Intermediation, revolving funds and policies to impose caps on rent increases. To ensure the most effective use of public money, it should be used to provide higher financial, fiscal, administrative, and technical support to low-income households like grants, subsidies, and guarantee funds.

In addition, **national renovation programmes should provide proportionately greater financial incentives for deep renovations** (which could be carried out via a one-step or staged deep approach). When deep renovations are undertaken in a sequence of steps, receipt of public funds should be conditional on obtaining a Building Renovation Passport.

The Coalition recommends:

-  The improvement of Mortgage Portfolio Standards for mortgage lenders;
-  The priority use of public money to help low income households to renovate their house;
-  To grant proportionately greater financial incentives for deep and staged-deep renovations.

The [draft ITRE report](#) of MEP Ciarán Cuffe positively reinforces Article 15, improving the provisions on Mortgage Portfolio Standards by mandating the Commission to develop a delegated act specifying them and by ensuring that the right social safeguards are in place, while requesting Member States to prioritise deep renovations with higher financial, fiscal, administrative and technical support.

The Coalition for Energy Savings supports those amendments.

5. BPIE (2020), '[Investment opportunities in deep renovation in Europe](#)'

Consolidating a clear and reliable overview of building's performance: Energy Performance Certificates (EPCs) - Article 16 &17

The European Commission proposed several positive changes to the existing Energy Performance Certificate (EPC) framework, which the Coalition for Energy Savings overall welcomes. The provisions aim at ensuring more: 1) **Comparability** of the certificates via the introduction of a common template in Annex V; 2) **Harmonisation** via a rescaling of EPC classes by 2025⁶, and 3) **Better quality** of the certificates thanks to the shortening of the validity periods for the lowest EPC classes (G,F,E,D)⁷ coupled with a requirement for mandatory on-site visits by independent experts before issuing an EPC.

In addition to the improvements above, **a clear requirement for Member States to have an EPC in place, for all buildings, before 2030, must be introduced.** Precise, up-to-date and complete information on the energy performance of all buildings is the prerequisite for a strong implementation of the main EPBD provisions aimed at fostering renovation rate and depth (i.e., MEPS), but also for the implementation of the Energy Efficiency Directive (EED) (ensuring an exemplary role of public bodies and their buildings under Article 5 & 6). **Adequate financial support and social safeguards shall be put in place to ensure that the most vulnerable are helped with bearing the costs of the certificate.**

The Coalition also welcomes the fact that in Annex V, the operational carbon performance of a building was included as part of the data that should be included in an EPC. In view of the decarbonisation and integration of buildings in the energy system objectives, the template's information should be complemented by data related to the whole-life carbon performance and the value of the smart readiness assessment of a building, whenever possible.⁸ More generally, **EPCs should also be better linked to Building Renovation Passports.**

The Coalition recommends to:

-  Introduce a requirement for Member States to have an EPC in place for all buildings before 2030;
-  Include information in the EPC on the Smart Readiness assessment and the whole-life carbon performance of the building, whenever possible;

6. Where EPC class A corresponds to the 'zero-emissions building' standard level while G to the 15% worst-performing buildings of all national building stock. As for the remaining EPC classes they should have an even bandwidth distribution of energy performance indicators among the energy performance classes.

7. From 10 to 5 years.

8. To accelerate the calculation of life-cycle GWP of buildings, the Commission should establish a harmonized methodology based on both the standard EN 15978 and the Level(s) framework.

The draft ITRE report of MEP Ciarán Cuffe proposes that EPCs and BRPs are made available for free for vulnerable households. It adds that EPCs shall include information on final energy use alongside primary energy use and the calculation of the life-cycle GWP.

The Coalition for Energy Savings supports those amendments.



Improving the accuracy and comparability of long-term planning - National Building Renovation Plans (NBRPs) - Article 3

The Coalition for Energy Savings welcomes the amendments proposed to the current Long-term Renovation Strategies to become more operational National Building Renovation Plans (NBRPs). The latter are **crucial planning (and reporting) tools** to clearly design the actions and policies to be put in place at the national level to ensure the buildings sector is aligned with, and contributes to, reaching the EU 2030 and 2050 climate and energy goals.

Among the suggested changes, it is positive that the update process of the NBRPs will be aligned with the update of the National Energy and Climate Plans (NECPs); **relevant national Ministries shall ensure full coordination to build on the positive synergies with other areas as to fast-track building decarbonisation.** In particular, NBRPs should be developed in conjunction with the comprehensive heating and cooling assessments under Article 23 of the EED, which following the EED recast proposal will also be part of the NECPs. NBRPs should also take into account, when available, local heating and cooling plans developed in line with EED Article 23, and showcase the contribution of key local actors, including local authorities and energy communities to achieve building decarbonisation.

The **engagement of all the relevant stakeholders**, including regional and local authorities, energy communities and citizens (especially low-income ones), during the drafting process of NBRPs is another crucial element that should be improved and safeguarded in the Directive. This becomes all the more important in view of the need to tackle energy poverty and to ensure that a just and fair transition towards a highly energy-efficient and decarbonised EU building stock is achieved.

The Coalition for Energy Savings welcomes the introduction of a template (in Annex II) to ensure comparability of NBRPs across Member States. **The content of this Annex must be complemented with a reflection of the MEPS timelines** (for worst-performing and all other relevant building segments) against relevant milestones, until the achievement of A-class by 2050. This will prepare the renovation value chain in a timely manner. Also, an overview of the implemented and planned policies to increase the adoption of EPCs is of paramount importance to ensure the implementation of this Directive at national level.

The Coalition therefore recommends to:

-  Better coordinate at Member State level in order to create stronger interlinkages between NBRPs and all elements of the NECPs to fast-track building decarbonisation;
-  Safeguard the social dimension of NBRPs: ensure engagement with all stakeholders via public consultation and focus on energy poverty issues;

 Strengthen the requirements of Annex II by requiring information on MEPS design at Member State level and planned policies for the increased coverage of EPCs.

The draft ITRE report of MEP Ciarán Cuffe proposes to reinforce the synergies between NBRPs and NECPs. It also requires the introduction in the NBRP of an energy poverty roadmap, a timeline for progressively more ambitious MEPS, the planned policies to increase the uptake of EPCs, and information on the development of citizen-led energy efficiency and renovation initiatives.

The Coalition for Energy Savings supports those amendments.





The **Coalition for Energy Savings** strives to make energy efficiency and savings the first consideration of energy policies and the driving force towards a secure, sustainable and competitive European Union. Its membership unites businesses, local authorities, energy agencies, energy communities and civil society organisations in pursuit of this goal.

Coalition members represent:

- more than 500 associations, 200 companies, 1,500 cooperatives
- 15 million supporters and 1 million citizens as members of cooperatives
- 2,500 cities and towns in 30 countries in Europe

