Opinion of the European Economic and Social Committee on the Proposal for a Directive of the European Parliament and of the Council on the energy performance of buildings (recast)

(COM(2021) 802 final — 2021/0426 (COD))

(2022/C 290/18)

Rapporteur: **Mordechaj Martin SALAMON**

Referral	European Parliament, 14.2.2022
	Council, 9.2.2022
Legal basis	Article 194(2) of the Treaty on the Functioning of the European Union
Section responsible	Transport, Energy, Infrastructure and the Information Society
Adopted in section	10.3.2022
Adopted at plenary	23.3.2022
Plenary session No	568
Outcome of vote	
(for/against/abstentions)	212/6/6

1. **Conclusions and recommendations**

1.1. The EESC welcomes the proposal for a recast Energy Performance of Buildings Directive (EPBD), as it takes up the key challenges identified in previous EESC opinions to provide tools to tackle energy poverty and remedy structural long-term under-investment in the building area, boosting renovation of especially the worst-performing buildings and setting us on a path of decarbonised heating and cooling.

1.2. The EESC wholeheartedly supports this EU approach to achieve an energy-efficient, high-quality and fossil-free built environment, as measures at EU level are more efficient in accelerating the necessary transition.

1.3. The EESC considers that the recent sharp price increases for energy and the prospect of high prices in at least the medium term have shown that it is even more important to put a strategy in place to alleviate and eradicate energy poverty. Concrete measures must be implemented aimed at improving the energy efficiency of buildings to ensure decent, affordable and healthy housing for all. These measures must include the safe removal of asbestos.

1.4. The EESC strongly supports the establishment of Minimum Energy Performance Standards, specifically for the worst-performing residential buildings. Introducing the principle at EU level is a significant step forward.

1.5. The EESC calls for a more comprehensive progression of requirements for improvements to be established from the outset, with a clearer and more complete timeline leading up to 2050, to encourage forward-thinking renovations.

As the EBPD itself does not provide new financing and the task of financing the needed renovations is daunting, the EESC consider it crucial that the framework and tools provided for access to both public and banking finance in the EBPD be up to the task.

1.6. Considering their central role in improving the energy efficiency of building stock, the EESC welcomes the increased requirements, reliability and useability of the Energy Performance Certificates (EPCs).

1.7. The EESC welcomes the increased importance of the National building renovation plans and the inclusion of reporting of the Member State's efforts to reduce energy poverty.

1.8. The EESC supports the establishment of a building 'Renovation passport' by 2024, giving consumers easier access to information and lower costs when planning the renovation of their buildings.

1.9. The EESC recognises the need to include requirements to report on whole life-cycle carbon emissions (manufacturing and construction, use and end of life) of buildings, as the main climate influence from new houses may come from the materials and the construction effort. The EESC highlights the need to ensure that the definition of a 'zero-emission building' allows it to interact in an optimal way with the surrounding energy systems and includes all the embedded greenhouse gas emissions. Life-cycle assessments should be understood as project-specific guidance tools comparing different choices of materials and techniques.

1.10. The EESC calls for the implementation of a real community process for training and upgrading in the building trades.

2. **Background**

2.1. The Commission has proposed an Energy Performance of Buildings Directive (EPBD) in the context of the European Green Deal ambition to achieve climate neutrality by 2050. Within the 'Fit for 55' strategy, the EPBD follow up on the Renovation Wave Strategy, which set out the goal of at least doubling the annual energy renovation rate of buildings by 2030, and highlighted the need for the necessary regulatory, financing and enabling measures.

2.2. The EPBD attempts to provide the necessary measures and tools within the three focus areas of the Renovation Wave Strategy, namely tackling energy poverty and worst-performing buildings; public buildings and social infrastructure showing the way; and decarbonising heating and cooling.

2.3. A series of changes and additions to the current EPBD is proposed, in particular:

— As of 2030 all new buildings must be zero-emission; new public buildings must be zero-emission already by 2027.

— A new requirement is imposed on Member States to ensure that all buildings owned by public bodies and all non-residential buildings are upgraded to at least energy performance class F by 2027 and at least class E by 2030. All residential buildings must also be upgraded to at least class F by 2030 and at least class E by 2033. Given the recalibration of the energy performance classes, the requirements will lead to more than 15 % of the building stock getting an upgrade by 2033.

— The obligation to have an EPC is extended to buildings undergoing major renovation, buildings for which a rental contract is renewed and all public buildings. Buildings or building units which are offered for sale or rent must have an EPC, which must be stated in all advertisements.

— National Building Renovation Plans will be fully integrated into National Energy and Climate Plans to ensure comparability and tracking of progress — including roadmaps for phasing out fossil fuels in heating and cooling by 2040 at the latest.

— A building 'Renovation passport' will give access to information and lower costs for consumers to facilitate their planning and a step-by-step renovation towards zero-emission level.

— Member States are invited to include renovation considerations in public and private financing rules and to establish appropriate instruments, in particular for low-income households.

— A sunset clause is introduced for financial incentives to use fossil fuels in buildings.

— Charging infrastructure for electric vehicles and parking space for bicycles must be established.

3. **General comments**

3.1. The EESC welcomes the proposal for a recast Energy Performance of Buildings Directive (EPBD), as it takes up the key challenges identified in previous EESC opinions to provide tools to tackle energy poverty, remedy structural long-term under-investment in the building area, boosting renovation of especially the worst-performing buildings and setting us onto a path of decarbonised heating and cooling.

3.2. The problem of poorly or moderately insulated buildings that depend on fossil fuels for heating and cooling is EU-wide. In the absence of coordinated policies at EU level, there is a risk that Member States will not take sufficient action due to concerns about an uneven playing field.

3.3. Therefore, the EESC wholeheartedly supports this Commission proposal of an EU approach to achieve an energy-efficient, high-quality and fossil-free built environment. Measures at EU level are more efficient in accelerating the necessary transition. In addition, a joint approach at EU level helps to reap the benefits of the internal market, such as economies of scale and technological cooperation between Member States. It also contributes to more certainty for investors and generally underpins the leading role that Europe and European companies can play as global standard-setters and front runners in this field.

3.4. The EESC considers that the recent sharp price increases for energy and the prospect of high prices in at least the medium term have shown it even more important to put a strategy in place to alleviate and eradicate energy poverty. While in 2018, 6,8 % of people across the EU (30,3 million) were unable to keep up with utility bills, and so were at risk of having their supply cut off, the recent developments have aggravated this problem. In the long term, concrete measures must be taken aimed at improving the energy efficiency of buildings to ensure decent, affordable and healthy housing for all. This is all the more urgent, as costs for heating and cooling based on fossil fuels will increase through rising costs of ETS allowances.

3.5. The EESC strongly supports the establishment of Minimum Energy Performance Standards, specifically for the worst performing residential buildings. Introducing the principle at EU level is a significant step forwards. It is, however, up to Member States whether the rest of the residential building mass should be covered by nationally set standards.

3.6. While the EESC supports the emphasis on eradicating energy poverty through prioritised renovation of the poorest performing part of the residential building stock, this should not lead to lack of improvement for the other residential buildings. The EESC therefore calls for a more comprehensive progression of requirements for improvements to be established from the outset, with a clearer and more complete timeline leading up to 2050. This will also give building owners insight into future requirements in order to plan renovation to optimal cost level.

3.7. As Energy Performance Certificates (EPCs) are becoming a central tool, their reliability and usability need to be improved. The EESC therefore welcomes the greater demands for upgrading to a digital format, good-quality and detailed content and calculation methods, affordability, access to and publication of the EPCs. An EPC in paper format should always be available for citizens who need one.

3.8. The EESC welcomes the inclusion of each Member State's efforts to reduce energy poverty in the National building renovation plans, where they will report on the reduction of the number of people affected by energy poverty and share of the population living in inadequate housing (e.g. leaking walls or roofs) or with inadequate thermal comfort conditions.

3.9. The EESC supports the establishment of a building 'Renovation passport' by 2024 but questions its effect, as it is not mandatory. The Passport will give consumers easier access to information and lower costs when planning renovation of their buildings. As a positive development, it also includes wider benefits related to health, comfort and the building's response to climate change.

3.10. Given the widespread inability to meet the financing requirements for initiating renovation among the energy poor and also for many small home owners, the EESC considers it crucial that the framework and tools provided in the EBPD for financing are up to the task. This must include clear explanations and guidance in the financial aspects of renovation, including the use of credits at local level. The EESC also points to its call in (TEN/723) for the multiple schemes to be unified in order to make them clearer and more accessible to the households and public authorities they target.

3.11. The EESC recognises the need to include in the EPBD requirements to report on whole life-cycle carbon emissions (manufacturing and construction, use and end of life) of buildings. When new low-energy buildings are built, the main climate influence may come not from the use of the building but from the materials and the construction effort. Life-cycle assessments should be understood as project-specific guidance tools comparing different choices of materials and techniques.

3.12. The EESC highlights the need to ensure that the way a 'zero-emission building' is defined allows it to interact in an optimal way with the surrounding energy systems and includes the embedded greenhouse gas emissions from the use of building materials and the construction site.

4. **Specific comments**

4.1. While the EBPD in itself does not provide new financing, it sets requirements for Member States' levels of financing and coordination of financial efforts to create a tailored legal and financial framework, including targeted financial support. The EESC questions, however, whether financing in reality will be easily made available to the prospective renovators and thinks it is not clear if the total financing effort in each Member State will suffice for the renovation targets to be met.

4.2. Today, financing and grants all too often can only be disbursed once energy renovation is completed, thus making it difficult for many consumers to initiate the work. The EESC therefore recommends that the text state that financing schemes need to provide at least part of the up-front costs faced by consumers.

4.3. The EESC reiterates its call (TEN/749) for a substantial share of the 37 % of the Recovery and Resilience Facility that is ring-fenced for green projects to be allocated to energy-efficiency projects in line with the real demand and need in each Member State.

4.4. The EESC thinks it central to the success of the EPBD that Member States be required to adjust regulatory frameworks not fit for purpose and remove non-economic barriers, of which especially the problem of split incentives stand in the way of renovation for many house-owners and tenants. At the same time, the EESC finds it necessary to include protection shielding tenants from disproportionate rent levels following renovation, either through rent support or caps on rent increases.

4.5. The EESC considers an overhaul of the articles in the Directive related to Energy Performance Certificates (EPCs) as long overdue. Experience with EPCs across Europe points to a number of necessary adjustments, some of which are in the current proposal.

4.6. The EESC recognises as a step forward that Member States will have to ensure the quality, reliability and the affordability of EPCs, and must carry out controls and establish a well-functioning control system.

The EESC regards as valuable improvements the shortened period of validity of the EPC to five years for the least performant building stock, the need for experts to be qualified or certified and independent and the explicit requirement to include an onsite visit before issuing the EPC.

4.7. The EESC proposes making the EPC more useful for consumers by including information about:

(a) the remaining lifespan of the heating system, average cost of works; and

(b) contact information of the nearest one-stop-shop.

4.8. The EESC supports the proposal to streamline at EU-level the performance classes (A-F) within the EPC and the establishment of common templates. The requirements to establish easily accessible databases at national level for EPCs, building renovation passports and smart readiness indicators, coupled with the transfer of information from national databases to the Building Stock Observatory, are also positive.

4.9. The EESC notes that coherence between the Building Renovation Passport and Energy Performance Certificates is needed to avoid redundancy and unnecessary additional costs.

4.10. The EESC reiterates its call (TEN/723) call for a further strengthening of the Energy Poverty Observatory and the establishment of close cooperation with the Building Stock Observatory.

4.11. For European citizens, access to advice, information, planning assistance and financial guidance will be crucial. At present, one-stop shops are estimated to only help approximately 100 000 homeowners per year to energy renovate, whereas the potential in 2030 may be about 2 000 000 owners per year ([1]). The EESC calls for better national development and coordination of one-stop-shops, their adequate financing, crossborder sharing of best practices and a closer follow-up by the Commission.

4.12. The EESC supports the broadening of the public consultation on the draft National building renovation plan and proposes that consumer organisations be mentioned specifically, as they are best placed to provide assessment and feedback on how well programmes and financial instruments reach out to consumers.

4.13. The EESC notes the reinforcement of the Smart Readiness Indicator (SRI) through establishing the necessary definitions, requirements and sharing of data, but regrets that residential buildings are not yet included and that the required levels to achieve have not yet been introduced.

4.14. Given the large investments, expected innovations and raised activity levels in the relevant sectors, the need for skilled, reskilled and upskilled labour will mount considerably. The EESC therefore welcomes the requirement for Member States to promote and finance education and training to ensure a skilled workforce in the building sector, and the corresponding requirement to report an overview of the capacities in the construction, energy efficiency and renewable energy sectors in the National building renovation plan. The ESEC calls for the implementation of a real community process for training and upgrading in the building trades.

4.15. The EESC reiterates its call (CCMI/166) for the Commission and Member States to ensure that harmful substances are removed during building renovation, and emphasises the need for the safe removal of asbestos.

4.16. With a view to the accelerated demand for charging infrastructure already seen today, the EESC proposes raising the level of requirements, including the installation of smart recharging points in non-residential buildings earlier, possibly before 2027.

4.17. Provision of information, advice and financing for renovation is largely likely to take place locally and regionally. Also, local and regional authorities are expected by the EPBD to go in front with upgrading their buildings. The EESC therefore finds it important that attention and effort at EU and national level goes into coordinating with and engaging local and regional authorities, also exploring the potential of initiatives such as the Covenant of Mayors.

4.18. In order to go beyond reporting and spur action on climate impact before 2030, the EESC urges the Commission to set maximum values well before 2030 for CO_2 emissions per square meter per year, adjusted for climate zones.

4.19. The EESC supports the widening of the definition of 'Energy from renewable sources' to include more energy sources, especially ambient energy harnessed by electric devices such as heat pumps, but suggests that biomass and biogas be defined as partially renewable as only a very small part of the biomass used or biogas produced can be considered fully renewable. For limited use in a transitory period, where alternatives do not exist, this broader definition could also include renewable liquid energy (biofuels and RFNBOs). A new annex to the Directive could be introduced where the climate impact of different biomass forms, of biogas production and of liquid energy is determined.

4.20. In addition to climate-damaging emissions and regardless of the energy carrier, the classic air pollutants must not be ignored, such as particulate matter/fine dust, NOx and others.

4.21. The EESC highlights the need to carefully consider the practical effects of using the chosen definition of a 'zero-emission building' as a building with a low energy requirement and where all the necessary energy must be produced on-site or in the connected district heating or district cooling systems. The definition:

(a) regulates in principle the building as an 'island' that is poorly connected to the surrounding electricity system, as only a limited range of external renewable energy sources are explicitly allowed;

(b) does not include the embedded greenhouse gas emissions from the use of building materials and the emissions from the construction site.

([1]) https://op.europa.eu/en/publication-detail/-/publication/423a4cad-df95-11eb-895a-01aa75ed71a1/language-en

4.22. The EESC proposes including electricity produced externally from renewable energy sources on an equal footing with on-site electricity production for zero emissions buildings. The 'get-out-clause' in Annex III, end of paragraph I, will not provide the general means for a national cost-efficient shift of buildings towards being energy efficient and for energy systems to be supplied with renewable energy. Expanding the overall energy system with large units is much cheaper per unit of energy produced than small units on each building. This is especially important for periods where the building's own production is not working (sun/wind). Also, flexibility in relation to the electricity system will lower costs both within the building and in the system as a whole.

4.23. The Commission proposes ceasing the granting of subsidies for fossil fuel installations from 2027. The EESC is surprised by this, as a reasonable depreciation period of 15 years means installations will be subsidised that have to be phased out by 2040 at the latest. The EESC therefore strongly recommends bringing the deadline forward to 2025 at the latest.

Brussels, 23 March 2022.

The President
of the European Economic and Social Committee
Christa SCHWENG