Energy Efficiency Policies for Buildings

In search of sustainability, quality, and predictability
13th of November 2024

Background

On Wednesday 13th of November 2024, Adrian Joyce will speak (online participation) at the Renovate Bulgaria national Roundtable on the above theme. This note provides an outline of his speech. It can be distributed to the participants if the organisers find that it would be useful to them.

Title of presentation:
Objectives and Challenges for the Renovation of the Buildings Stock in Europe

Congratulations to Renovate Bulgaria for arranging this National Roundtable event and thank you for the opportunity to address you this morning. The event comes at a very timely moment for the EU, with the recent adoption of the recast Directive on the Energy Performance of Buildings and during the Hearings for the new College of Commissioners.

I am the Director of the Renovate Europe Campaign, a political communications campaign that today has 51 partners working together to urgently raise the deep energy renovation of our buildings to 3% per year and to maintain that rate until 2050. Among our 18 national partners, we are proud to count Renovate Bulgaria as an engaged and active partner.

It is always worth recalling a few key facts about the buildings sector in the EU:

- We spend around 90% of our time inside a building
- Our use of buildings consumes around 40% of all primary energy produced in the EU leading to 36% of greenhouse gas emissions
- Without urgent and well-planned action to reduce the energy used in our buildings, we cannot reach our medium- and long-term energy and climate goals
- Energy renovation activities are local activities that stimulate our economies in all corners of the EU, using materials that are generally produced in the EU
- A quality energy renovation delivers a more comfortable and healthier indoor environment, leading to higher productivity and healthier people

As a result of this high impact, it is right that the EU legislates to address our sector and the 2024 recast of the Energy Performance of Buildings Directive (which was first adopted in 2002) is a good example of a coherent, ambitious, and well-structured law that the member states, including Bulgaria, must now transpose into national laws and regulations.

The Recast Buildings Directive

The recast of the Buildings Directive was part of the European Green Deal, the legislative package that is designed to put the EU on the path to achieve a fully climate neutral economy by 2025. The Green Deal goes beyond buildings to address many of the key economic sectors in our economy but many of us here in Brussels, believe that without strong and concerted action on the deep energy renovation of our buildings, we can never achieve the objectives of the Green Deal.

So, what are the key innovations of the recast? In a few sentences, here you have them:

- Minimum energy performance standards for non-residential buildings that means that the 26% of the worst performing buildings will be renovated by 2033

A requirement to improve the average energy performance of the residential building stock by more than 20% by 2035

A convergence of the energy performance certificates to ensure that buildings in the "A" class are zero-emission buildings and that buildings in the "G" class (now the lowest permissible letter) are the very worst performing ones

Member states are required to prepare National Buildings Renovation Plans the clearly set out how the member states will achieve a zero-emission building stock by 2050. The plans must include measures that are practical and actionable. They must also describe how the objectives with be funded.

For individual buildings, a greater use of building renovation passports is now required to bring support to building owners in deciding when to renovate

The directive requires a roll-out of one-stop-shops that will bring technical assistance and independent guidance to building owners when they undertake the renovation journey

Whole life carbon calculations and reporting for all new buildings built from 2030 onwards must be carried out

This is not a complete list of the innovations in the recast directive but give an overview of some key elements. It is worth noting that the European Commission is working on a series of guidance notes that should be published in the Spring of 2025 and which are intended to assist the member states in the transposition of the directive into national laws and regulations.

I would also like to inform you that Efficient Buildings Europe (the legal entity behind the Renovate Europe Campaign) launched its own guide to the Buildings Directive yesterday (12th of November). It can be downloaded from its website here.

Delivery in the Member States

No matter how good an EU Directive is, it is worthless unless it is fully and properly delivered in the market. This effort will be the central concern of the Renovate Europe Campaign, and it will guide our actions in the months and years ahead. One of our key actions is to seek to support our national partners in building their capacity to act and to support them via regular exchanges across borders, facilitating the dissemination of best practices and good case studies.

For the delivery phase there are several linked actions that will be required to increase the chances of success:

Public-private collaboration through the development of partnerships for the upscaling of deep energy renovation activity. On this point we have been cooperating with the Climate Group on a project called the Renovation Revolution. In the near future, a Handbook on how to upscale energy renovation will be published and will contain examples shared by the industry leaders that have contributed to the Renovation Revolution.

More open consultation with stakeholders along the full value chain must be established. This is especially important for the development of workable National Building Renovation Plans. The more the concerns and expertise of those that will be directly affected by the National Building Renovation Plans are incorporated into those plans, the higher the chances of success, as the plans will receive much wider support from the very start.

Unleashing financing through innovation approaches that ensure that public money is only used for two purposes:

1. To pay for the energy renovation of buildings owned by those that cannot afford to contribute themselves
2. To provide guarantees to retail and commercial banks so that they will lend out private money for energy renovation.

Continuously communicating about the need for energy renovation, about the benefits that it brings at individual and societal levels, and about the incentive schemes that member states will put in place to stimulate the sector.

The delivery of the ambitious buildings-related legislation will also require a strong and stable efficient buildings industrial sector that will have the capacity to provide the materials, equipment and services that together make high performance buildings. For this, predictability is key. It is essential that large companies can trust that a stable market will be created for their products. A first step in achieving this stability is to bring all short-term incentive schemes, that are usually reliant on annual budgetary decisions, to an end. It is time to introduce multi-annual schemes that have a stable and predictable budget.

Such predictability will encourage investments in new production facilities and further boost local economies.

Next Steps

At EU level, we are still in the uncertain phase of setting up the new Commission for the next five years. However, we already see that industrial competitiveness will be a matter of crucial importance in the years ahead and our efficient buildings sector will have to be given a place in any new initiatives that are proposed.

Several relevant initiatives have been announced and it will be important that our views are accounted for in how they are established. Among these initiatives we find:

- The Clean Industry Act in which energy efficiency technologies must be included
- The European Sustainable and Affordable Housing Plan, which could establish a more robust framework of support for member states in their efforts to ensure decent housing for all
- The next Multi-Annual Financial Framework, which looks like it may undergo significant reform to ensure it is easier to access funds. This includes a proposal to streamline funds to bring the number of options to a more manageable size
- The Climate Adaptation Strategy, that will seek to bring resilience to the EU economy and ensure that the effects of climate change will not compromise our prosperity

There is much work ahead, but we are starting from a solid foundation of robust regulations, strong expertise, and extensive experience in pilot and demonstration projects. It is time to consolidate our efforts, deepen our cooperation, and achieve our goals!

ENDS

12th of November 2024