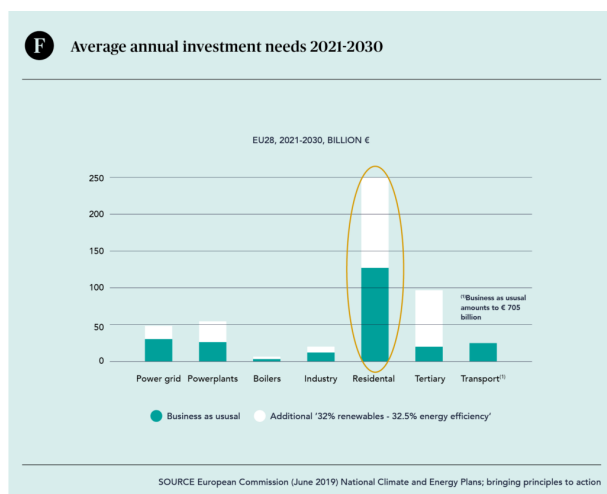


Oped ‘What will it take to start – and sustain – a renovation wave?’ Susanne DYRBOEL, EuroACE Board Member & Vice-Chair of the Renovate Europe Campaign

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With the European Commission planning to announce details of a building “renovation wave” in the autumn of 2020, Susanne DYRBOEL, EuroACE Board Member and Vice-Chair of the Renovate Europe Campaign, explains what the EU executive should be considering making its vision reality. A bottom-up approach to renovation will not be enough to meet climate action targets; it needs to be matched with state-level initiatives.

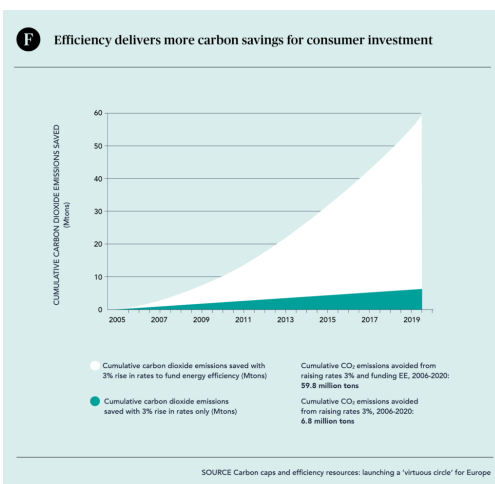


In its target to reduce greenhouse gas emissions by 50 to 55% by 2030, the European Green Deal acknowledges the need to stimulate renovation across the entire EU building stock. In its commitment to “leave no one behind,” the deal promises to “tackle certain segments first”. Data from the European Commission show that the greatest need for investments in energy renovations is — by far — in the residential sector. The Commission intends to announce the details of a “renovation wave” in the autumn of 2020. Considering the anticipated level of investment needed, scaling up mechanisms to successfully prioritise deep energy renovation is critical. The good news, according to the Commission, is: we have the money, money, money.

STRONG POLICY SETS THE STAGE, STRATEGIC FINANCING WILL PLAY THE LEADING ROLE

The second policy objective for EU Regional Policy funding is to ensure “a greener, low-carbon Europe”, including promoting energy efficiency. With EU-wide deep energy renovation estimated to carry a cost of €300 billion a year for the next 30 years, the question of how to finance it quickly — and with the biggest possible impact — comes to the fore. The Commission is backing up this overarching policy aim with strategies to optimise different finance streams including from the European Regional Development Fund and the Cohesion Fund, both of which can be used at regional and local level to stimulate energy-efficient renovations of public and residential buildings.

In parallel, the European Investment Bank (EIB) is, with its new Energy Lending Policy (ELP), making the transition to become the European Climate Bank. It aims at activating more public sector loans that will stimulate more engagement by commercial banks and private sector investment into renovation of buildings. Energy efficiency in buildings gets specific attention where the EIB clearly states that reducing energy demand through energy efficiency projects will help to support security of supply. Recognising that energy efficiency investment, notably in residential buildings, needs to double by 2030, the EIB is taking strong measures, such as financing up to 75% of eligible capital expenditures. The Bank will work to support the Renovation Wave announced by the Commission. The EIB will also strengthen its dialogue with EU Member States by hosting Energy Finance Workshops to explore how its lending and advisory services can better support the implementation of National Energy and Climate Plans (NECPs). The European Local Energy Assistance (ELENA) facility by the EIB provides valuable grants to support national capacity building on energy efficiency, a key element to establish national renovation platforms and projects. Since 2009, ELENA has awarded €130 million, triggering €5 billion additional investments.



Also, directing carbon revenues from the EU Emissions Trading System (ETS) into energy efficiency action warrants serious consideration according to a [recent report by the Regulatory Assistance Project \(RAP\)](#). Against the use of straightforward price mechanisms to promote emissions reductions, [using carbon revenues to reduce energy consumption](#) delivers seven to nine times greater emissions reductions (Figure 2). Recent trends show carbon revenues increasing and potentially reaching €200 billion in the period 2021 to 2030. Countries such as Germany and Czechia have demonstrated the validity and effectiveness of this approach.

CZECHIA UNDER THE SPOTLIGHT FOR A SUCCESSFUL RENOVATION PROGRAMME

Over the past ten years, Czechia has built up its New Green Savings programme, which now performs well to support homeowners to carry out deeper renovation. The programme has been revised and improved several times over the period to efficiently support deep renovation. It now covers all types of buildings, in all regions, from small-scale and do-it-yourself projects to those that are very large and complex. Importantly, it offers technical assistance across all related areas. Since 2014, the programme has distributed €440 million to approximately 51,800 completed or ongoing projects. This means the programme has been implemented in virtually every city and town.

The Czech experience highlights the need to avoid uncertainty about what is eligible, funding levels available or duration of the scheme. On a project level, pre-determining the amount of the subsidy provides certainty for the beneficiary and the state while establishing a fixed subsidy amount (30-50%) helps ensure projects are not overpriced. To encourage deeper renovation, the level of subsidy increases when a combination of ambitious measures is planned from the outset. The programme also offers support for project preparation, which can be substantial for large works. Providing application support has also proved to be an efficient tool to encourage applicants to aim for a deeper renovation to get a higher subsidy.

Finally, ongoing communication and assistance are vital to the success of the Czech programme, not only to reassure the public and operators in the renovation sector, but also to convince different politicians to sustain and enhance the programme. At present, EU ETS revenues provide sufficient resources to finance the programme and, thanks to its high visibility, no one in Czechia questions the important role of buildings as part of climate change actions.

APPLAUSE, APPLAUSE? THE NEED TO SUSTAIN MOMENTUM

As demonstrated by the lessons drawn from the Czech New Green Savings programme, building a stable, long-term focus will be critical to the success of initiating a Renovation Wave across Europe. Engaging and co-creating national initiatives with local stakeholders to promote cross-learning and rapid scale-up of successful approaches are some of the promising initiatives.

To reach the scale of activities needed, however, a bottom-up approach based on local enthusiasts will not be enough. It needs to be matched with state-level renovation agencies, which should be given the mandate to effectively address barriers, stimulate interaction and facilitate further uptake of successful initiatives. In addition to overseeing implementation strategies, a Renovation Agency should fulfil the role of effectively linking national stakeholders with capacity in EU institutions such as the Commission, Eurostat and the EIB.

For further information

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About EuroACE

EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ around 200,000 people in these activities in Europe and have around 900 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 (2020)

