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The role of mandatory minimum requirements and their potential impact on increasing the rate of energy retrofits in EU

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The role of mandatory minimum requirements and their potential impact on increasing the rate of energy retrofits in the EU

Introduction to the survey on mandatory minimum requirements for existing buildings

The survey is carried out in the context of the one-year study “Lessons learned to inform integrated approaches for the renovation and modernisation of the built environment” commissioned by the European Commission Directorate-General for Energy. The study is carried out by BPIE, CLIMACT, CREARA and Ecologic and aims to inform policy making at the European level in light of progressive building-related policies implemented in EU Member States and beyond. Policy instruments in 23 countries and regions are being analysed to learn from experiences of existing policies and understand barriers and success conditions for their implementation.

One part of the study explores the relevance, feasibility and possible scope of additional measures at the EU level in favour of mandatory minimum requirements (MMR) for existing buildings. The study intends to present a range of options and assess their potential impacts and feasibility. In order to do so, it is important to understand the stakeholders' view on the effectiveness and implementation challenges of MMR as well as getting feedback on important design features of MMR and the possible enabling framework.

The questionnaire collects stakeholders’ views on MMR prior to an online stakeholder workshop on 14 May 2020, where the results of the survey will be presented and further discussed.

What are mandatory minimum requirements?

The Impact Assessment (SWD (2016) 414) accompanying the Proposal for a Directive amending Directive 2010/31/EU, now often referred to as EPBD 2018, showed that MMR are effective instruments to achieve the European Union's long-term targets of achieving a highly efficient and decarbonised building stock by 2050.

Mandatory minimum requirements may be related to sale, rental or other property transaction based on a minimum energy performance certificate class but are not limited to this. They may also include accompanying measures that help to overcome barriers for implementing mandatory minimum requirements, barriers related to practical implementation and subsidiarity.

Thank you in advance for your participation.

Personal details

*[**Disclaimer**] This survey is done for the only purpose of the Lessons Learned study [ENER/C3/2019-468 /03].*

No personal data is collected for this survey. Answers will be analysed in an anonymised way and only aggregated data or anonymised quotes will be published. The individual and anonymised answers will only be used by the partners of this specific project. The data will be stored on the project repository only during the duration of the project.

You can contact us at jonathan.volt@bpie.eu if you wish to change or remove your answers.

* Please select which category best describes your organisation:

- [ ] Agency
- [x] Association
- [ ] Academia/Research
- [ ] Company
- [ ] Consultancy
- [ ] Financial sector
- [ ] Government/Public administration
- [ ] NGO
- [ ] Other

* Country of residence:

Belgium

Your name:

Adrian JOYCE

Your organisation:

EuroACE - European Alliance of Companies for Energy Efficiency in Buildings

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General questions on MMR

1) What are the key elements for a successful introduction and implementation of MMR?

- Good data overview of the current building stock, based on the work done for the national LTRS, looking at building segments (typologies but also ownership structure), and availability of quality EPCs
- Long-term (2050) vision for the building stock with intermediate milestones along the way (each decade or every five years), creating a clear trajectory and tightened ambition over time
- Decomposition of these milestones per building segments according to status and potential (differentiated approach based on segments)
- Clear, progressive but sufficiently ambitious objectives to be achieved per milestone for buildings in the selected segments (e.g. EPC class or kWh/m²/y), announced in advance
- Consideration of ownership structures and consumer preferences when designing the requirements
- Enabling framework / ecosystem of supporting measures (financing, advisory services, social safeguards) to act as 'carrots' that will be picked up because the 'sticks' (MMR) are introduced. The inclusion of MMR in Building Renovation Passports should be considered.
- Strong framework for monitoring, verification and enforcement
- Continuous communication from public authorities towards general public & stakeholders

2) What are the potential positive effects of MMR? How can these be elevated?

- All benefits from building renovation, especially improved health & well being for occupants, but also higher property values for homeowners, easier investment planning for financial institutions, or greater visibility on future market developments (supply chain and workers)
- Tackling energy poverty without necessarily having to define it as such (because energy poor households usually live in worst performing buildings). The EPBD Impact Assessment (2016) has shown that up to 6 million people could be lifted out of energy poverty by 2030 thanks to MMR.
- Creating an obligation to renovate which will spur demand in an aggregated manner – this can be elevated if MMR are elaborated in a way which enables to group similar building projects together, therefore increasing the renovation rate
- Focusing on worst performing segments which are progressively eliminated from the market (i.e. directing works where it is most impactful), i.e. increasing the renovation depth as well
- Creating whole value chain communities around segments or neighbourhoods with clear and commonly shared visions/objectives, enabling industry to have a clear vision for investments & innovation (and economies of scale as all buildings in same segment will be tackled), and for smaller companies and other professions to invest time and money in upskilling
- Shifting investments towards more sustainable practices, leading financial institutions to considerably favour high energy performing buildings to benefit from lower interest rates or other beneficial financial conditions

3) What are the potential negative effects of MMR? How can these be minimised?

- Lock-in effects if thresholds set are not sufficiently ambitious over time, or calendar/timetables too much spread over time (leading to no action in the first years, and a rush of demand in the last years or months before the deadline – if we take the example of the nZEB standard, this was announced years beforehand)
- If not accompanied by supporting measures (sufficient adequate financing, advisory services, social safeguards), owners might decide to take their building out of the rental market, not do the work or postpone it to later, or do the work but increase the rent in an inconsiderable way, therefore leading to shortage of available (affordable) rental housing
- Depending on how requirements apply, some parts of the building stock might be 'left out' depending on the ownership structure (e.g. some owner occupied homes might be left out for a long time if the requirement only applies at a change of ownership)
- Any potential negative impact can be minimised by avoiding any vague and unclear wording or additional criteria, such as 'when economically and technically feasible'.
- Advance planning (announcing well in advance the deadlines) will help mobilising financing and will avoid putting a cap on what the renovation might costs (therefore decreasing the ambition).

Design and implementation of MMR

* 4a) What should the MMR encompass, in terms of energy/climate requirements?

- [ ] Overall climate performance of the building (e.g. CO2 tonne limit)
- [x] Overall energy performance of the building (e.g. kWh/m2/year, EPC label)
- [ ] Performance of building components (e.g. replace inefficient heating system)
- [ ] Whole life carbon (i.e. carbon emissions throughout the full life cycle of buildings, including embodied and operational carbon)
- [ ] Energy consumption behaviour of the occupants (as the energy consumption of buildings is strongly influenced by the behavior of its occupants, a requirement could be set to directly address this)
- [ ] It should not include any energy/climate requirements
- [ ] Other

4b) What should the MMR encompass, in terms of non-energy requirements?

- [x] Indoor environmental quality
- [ ] Climate resilience
- [ ] Sustainable construction criteria
- [ ] Accessibility for persons with disabilities
- [ ] It should not include any non-energy requirements
- [ ] Other

5) When should the requirement apply?

- [ ] Progressive enforcement of milestones (2025, 2030, …)
- [ ] Trigger points (property transfers, change of occupation, …)
- [ ] According to building renovation passports (setting out a renovation roadmap for individual buildings)
- [x] Other

Please specify:

Both progressive enforcement and trigger points, depending on the building segment and ownership structure to which it applies. It is not BRPs which should set the requirements but BRPs can support the implementation of MMR.

* 6) What are the most adequate trigger points for MMR?

- [x] Property transfer
- [x] Lease and rent
- [ ] Issuance of a certificate (e.g. energy performance certificate)
- [x] Major renovation or building-related construction work (accessibility for persons with disabilities, safety, EV charging point installation etc.)
- [x] Change of use
- [x] Extension
- [x] Repair and maintenance work
- [ ] Fire safety checks
- [x] Others

Please specify

Other non-energy related renovation works, such as façade or roof restoration, or triggers linked to the occupants, such as health-related needs for works, shall also be considered as key triggers to embed energy works

* 7) What type of buildings and ownership should it address:

- [ ] Public buildings
- [ ] Single-family buildings
- [ ] Multifamily buildings
- [ ] All non-residential buildings
- [ ] Social housing
- [ ] Low-income households
- [ ] Private landlords
- [ ] Commercial buildings
- [ ] Large buildings/ portfolio of large housing owner
- [ ] Buildings built before a certain year (e.g. 1980)
- [x] All of the above
- [x] Others

Please specify

All above mentioned buildings must be addressed by such requirements, even though different combination or design of requirements might be required to adapt to each segment.

8) If MMR were implemented at national or subnational level, what would be the most important supporting measures? (rank according to importance, 1 = not important, 5 = very important)

Informational measures	🔵🔵🔵🔵🔵

Long-term planning tools (e.g. building renovation passport, digital building logbook)	
Financial support	
Inclusive rents	
Performance monitoring	
Performance guarantee	
Enforcement	
Others	

If you ranked "Others" above (in Question 8), please specify

Social safeguards, training along the whole value chain

Implementation and the role of the EU

* 9) Do you see MMR as a necessity to meet EU's goals for the building stock?

- (●) Yes
- ( ) No
- ( ) I don't know

* 10a) Do you think the EU should actively support and encourage MMR?

- (●) Yes
- ( ) No
- ( ) I don't know

10b) How should the EU support the uptake of MMR?

- [ ] New European regulation
- [x] Revision of relevant directive (e.g. EPBD)
- [x] Combination(s) of legislative and non-legislative measures
- [ ] Introduction of an EU standard
- [ ] Introduction of a guidance document
- [ ] Through other types of supporting measures (training of experts, communication, best practice exchange, rewards/penalties, etc.)

10c) Why do(n't) you think the EU should actively support and encourage MMR?

There are several hooks in EU legislation for the EU level to actively support and encourage MMR. MMR would be a way to operationalise the 2030 and 2040 milestones included in the EPBD and which should lead us to a “highly energy efficiency and decarbonised building stock by 2050”. Moreover, Member States were required to look in their LTRS at policies and measures to target the worst-performing segments of their building stock.

Besides, the EU should build on successful initiatives at national level (e.g. France, the UK, and Netherlands) and scale up these best practices towards other Member States in order to accelerate renovation activity across the entire EU. Without action at EU level, such scaling up will not happen at the needed pace and depth, and we will neither make the Renovation Wave a success nor reach climate neutrality by 2050. Finally, MMR could also be a powerful tool in the context of a Green Recovery Plan, and only a coordinated EU response would bring results and impact at the necessary speed and level.

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11) Do you have any other inputs or reflections on MMR?

- Taxation policy could constitute a strong enabling measure (to reward and or penalise homeowners)
- Any EU proposal in this domain should take into account what has been proposed in national LTRS
- This policy should be ‘politically’ owned at national level and responsibilities clearly identified – who is accountable for which result. The creation of a local or national ‘renovation agency’ (or equivalent) would enable to coordinate the strategic planning, coordination, monitoring and communication work.
- The final name of “mandatory minimum requirements” should be carefully chosen at EU and national level, so as to ensure clarity and strong support from stakeholders and the population.
- See this 2019 report from the Irish GBC, written in the framework of a consultation run by national authorities, on how to introduce mandatory minimum requirements in the rental sector in Ireland, both in the commercial and residential segment:
https://www.igbc.ie/wp-content/uploads/2019/06/IGBC-SEAI-Report-Final.pdf

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