

Feedback: EED Roadmap on Evaluation & Inception Impact Assessment

This Paper sets out the EuroACE view in the framework of the stakeholder feedback sought by the European Commission by 21st September 2020 on its evaluation and inception impact assessment of the Energy Efficiency Directive (EED).

The main points of our feedback are:

- *The Commission recognises in its Roadmap the importance of energy efficiency and a lack of recent progress, but, unfortunately, it does not lead to a stronger and more forward-looking approach;*
- *There is a big oversight, i.e. the question of raising the 2030 energy efficiency target at EU level towards at least 40%, and make it binding;*
- *The opportunity to revise Article 5 is very welcome in relation with the upcoming Renovation Wave initiative. The scope of this provision should be widened to all public buildings, alternatives must be deleted, and the ambition must be increased regarding the depth of renovation to be achieved – that will benefit both economic recovery and wellbeing of citizens. All in all, Article 5 should be moved to the EPBD and integrated into the Long-Term Renovation Strategies;*
- *The EED revision is also the opportunity to improve the enabling framework for energy efficiency and revise other articles of the Directive (6, 7, 16, 17, and 20);*
- *A revision of the EED is much needed, but implementation of the current legislation should not be put on hold or pushed aside.*

1. A recognition of the importance of energy efficiency and of a lack of recent progress, which should lead to a stronger and more forward-looking approach

EuroACE welcomes the **timely work of the Commission** on evaluating the EED and outlining the main lines of its approach for future policy options. We are glad to see that the **importance of the energy efficiency sector** in achieving the decarbonisation objectives of the EU Green Deal is recognised, as well as its contribution to economic recovery as job creator and growth booster. According to [a recent study](#) by the Buildings Performance Institute Europe for the Renovate Europe Campaign, for every €1m invested in the energy efficient renovation of buildings, up to 18 local quality jobs could be created. However, **some aspects of the contribution of energy efficiency to the energy transition, are still missing or incomplete**. Learnings from the assessment of Final NECPs concerning how Member States consider energy efficiency, and especially its **health and economic benefits**, should be extracted and used in the EED review. Moreover, the synergies between a more ambitious energy efficiency policy, **integration of renewables, and increased flexibility of the energy system**, should be further explored.

Besides this **good narrative on energy efficiency, the evaluation of the current situation is right**. EuroACE concurs with the Commission’s initial assessment that “*progress in achieving the 2020 targets*

has been slowing down due to the increasing energy consumption trend since 2014, partly because of insufficient measures implemented at national level”. Moreover, in its [Member States Progress Report](#) towards the 2020 Energy Efficiency Target (published on 20th July 2020), the Commission notably explains the rise of energy consumption in the residential sector between 2015 and 2018 by the low energy renovation rates – an explanation we would also agree with.

While the Energy Efficiency First principle is mentioned as a ‘*guiding principle*’, when it comes to the conclusion drawn from the analysis of the current situation, **the Commission is too timid in its forward-looking approach**. It indicates that a revision of the EED is still considered as an option (“*this would potentially require revising the EED*”). **At EuroACE, we consider it absolutely necessary to revise the EED**. There is a substantial ambition gap for the 2030 energy efficiency target as derived from the analysis of Final NECPs. According to the Coalition for Energy Savings, in May 2020, aggregated national contributions only added up to a target of [28.6%](#) (for primary energy consumption) and [29.8%](#) (for final energy consumption), instead of 32.5%. Revising the EED would be a **golden opportunity to raise the energy efficiency ambition and to operationalise the Energy Efficiency First principle into regulation**.

2. [An oversight: a higher and binding 2030 energy efficiency target at EU level](#)

Reading from the Commission Roadmap, it seems that **EED Article 3 (‘energy efficiency targets’)** is not included in the revision process. EuroACE firmly believes that this issue is key and **should be opened to improve the effectiveness of the EED**. First, **both the EU level target as well as national contributions, should be made binding**. Currently, the EU target is non-binding and national contributions are voluntary. Considering the lack of progress towards the 2020 target, most probably due to insufficient implementation of measures at national level, it is urgent to give energy efficiency a binding nature, which would give the right signal about its importance.

Second, the **EED revision should go beyond a gap-filling exercise** that merely proposes EU-wide measures with the hope of reaching the 32.5% target. EuroACE is in favour of **increasing the EU target towards a level of at least 40% by 2030** - an increase which is justified by many reasons:

- It is **in line with the upwards review clause by 2023**, as in EED Article 3§6, which states that “*the Commission shall assess the Union's 2030 headline targets on energy efficiency set in Article 1(1) with a view to submitting a legislative proposal by 2023 to revise those targets upwards [...] where needed to meet the Union's international commitments for decarbonisation*”;
- It is needed to **support a higher climate target, ideally 55%** GHG emissions reductions by 2030 compared to 1990 levels, as the upcoming decade is decisive to put the EU on the right track to achieve the longer-term objective of climate neutrality by 2050. For more details, see the EuroACE [Feedback](#) to the Roadmap on the 2030 Climate Target;
- It represents the bottom-up **cost-effective potential**, as demonstrated in [this report](#);
- It will support short-term and mid-term **economic recovery post COVID-19**.

3. A welcome focus on EED Article 5, in the context of the upcoming Renovation Wave initiative

EuroACE welcomes the **links made in the Commission Roadmap between the EED revision and other initiatives** aimed at improving energy efficiency in specific sectors, such as the Renovation Wave. More particularly, we agree with the intention to revise **EED Article 5 ('exemplary role of public bodies' buildings')**. We call for an ambitious review of this Article as it would be one way of putting the words of the upcoming Renovation Wave initiative into concrete actions.

3.1. Extending the scope of Article 5 to boost economic recovery & bring benefits to citizens

First, **the scope of Article 5 should be expanded**. Currently, the provision applies to “*buildings with a total useful floor area over 250m² owned and occupied by the central government*”. We consider this approach to be too restrictive to have the necessary impact, as it now only concerns a small proportion of the European building stock (public buildings overall represent about 10% of the stock– see [here](#), p.6, while Article 5 would now apply to 0.2% of the stock).

EuroACE calls on the Commission to include in its EED Impact Assessment the renovation potential of **all buildings owned or occupied by central, regional, and local authorities**. Some Member States, such as Bulgaria and Lithuania, already included regional buildings when applying Article 5 (according to [a report](#) from the Coalition for Energy Savings on the implementation of Article 5, published in May 2015, see p.10). Moreover, while **several regional and local authorities are willing to invest in energy renovation of their building stock** (see the [example of the City of Ljubljana](#), which entered into a public-private partnership to renovate almost 50 municipal buildings like schools, libraries, cultural institutions and sport centres, with energy savings between 70 and 85%), it would clearly help them if a strong EU framework was in place.

In the context of the economic stimulus plans post COVID-19 crisis, a particular focus should be given to **public buildings serving the general interest, such as schools and hospitals** (a focus on renovating schools as priority for economic recovery has also been promoted by the *Jacques Delors Institute* in [this paper](#)). In its Recommendations (June 2020), the IEA Global Commission for Urgent Action on Energy Efficiency called governments to lead through investments in public sector efficiency (see [here](#), p.16). The EED Impact Assessment should investigate the positive impacts of renovating those buildings, not only in terms of energy savings, but also in terms of **improved health, comfort, and productivity**. In a [recent study](#) for the Renovate Europe Campaign, the Buildings Performance Institute Europe found that well-designed and executed energy renovations of hospitals reduce the average patient stay by about 11%, leading to potential savings of about €45 billion per year to the healthcare sector. And according to a [Buildings 2030 paper](#), “*improving indoor environmental quality has a clear impact on learning ability, meaning that children and students can achieve the same educational attainment in around 10 fewer days annually [and] performance could be improved by between 3% and 8%.*” For more details about policy options for renovating educational buildings, you can refer to



the EuroACE webinar on the topic (recording [here](#) and slides [here](#)). Some Member States, such as Estonia, already included schools and hospitals in their implementation of Article 5 (see [here](#), p.10), while France focused part of its recovery plan post-COVID 19 crisis (available [in French here](#)) on renovating public buildings (€4bn allocated), including elderly homes and hospitals (additional €2bn allocated). It would be worth examining lessons learnt and how to scale up their good practices.

[3.2. Simplifying Article 5 to increase its impact and align it with the ambition of the EPBD](#)

EED Article 5 should be **simplified to be more impactful – that means deleting alternative measures**. At the moment, Member States can choose to not renovate annually 3% of the total floor area of buildings owned and occupied by the central government, and instead use a range of alternative measures which are supposed to deliver an equivalent amount of energy savings. 16 Member States out of 27 chose the alternative approach. According to the [Member States Progress Report](#) towards the 2020 Energy Efficiency Target (published on 20th July 2020), **12 Member States still have not fulfilled their Article 5 target**. By failing to implement this provision of the EED, Member States are missing the accelerating impact that investing in this specific building segment would generate, for example in learnings for the industrialisation, economies of scale and structuration of the supply chain. **Alternative measures cannot, by design, deliver the same amount of energy savings** as energy renovation of buildings, let alone, **deliver the associated benefits**, for example improved comfort for occupants or economic boost at local or national level. Therefore, we call on the Commission to forbid alternative measures such as selling buildings (used by Austria, Finland, and France - see [here](#), p.18) and measures for behavioural change of occupants (used by nine Member States - see [here](#), p.17).

Besides being more ambitious on the scope, Article 5 should be more ambitious on the depth of renovation. Instead of simply having to meet Minimum Energy Performance Requirements, EED Article 5 should be **aligned with the long-term strategic vision** of the Energy Performance of Buildings Directive, i.e. to reach a *“highly energy efficient and decarbonised building stock by 2050”*. This means **moving Article 5 to the EPBD and integrate it into the Long-Term Renovation Strategies** that Member States are required to draw up and implement as part of EPBD Article 2A, especially its §1e (*“each long-term renovation strategy [...] shall encompass [...] policies and actions to target all public buildings”*). This would ensure that the renovation of public buildings go beyond meeting the Minimum Energy Performance Requirements, and that a **legislative framework for Minimum Energy Performance Standards for public buildings**, is being set up. Ideally, Long-term Renovation Strategies would look at the building stock at national level with sufficient flexibility and consider the specifics of each building segment (residential, commercial, public buildings, etc.), when drafting regulatory requirements.



4. An opportunity to increase the ambition of the enabling framework for energy efficiency

Besides Article 3 (*'energy efficiency target'*) and Article 5 (*'exemplary role of public bodies' buildings'*), which should be the core focus of the EED revision, EuroACE welcomes the Commission intention to also open other articles in its Evaluation and Impact Assessment. Looking at these provisions together will be a perfect opportunity to **increase the ambition of the enabling framework for energy efficiency**.

Article 6 ('purchasing by public bodies') requires Member States to *"ensure that central governments purchase only products, services, and buildings with high energy efficiency performance"*. As for Article 5, EuroACE calls for the scope of Article 6 to be widened to all public authorities, beyond central governments. In relation with other Commission initiatives, such as the Renovation Wave, it will also be worth looking at **EED Article 16 ('availability of qualification, accreditation and certification schemes')** and **EED Article 17 ('information and training')**, in view of updating them in line with the Green Deal ambition, the climate neutrality objective and the economic recovery needs. For energy performance of buildings related schemes, the **BUILD UP Skills Initiative** should be reinforced and scaled up in the next years to accompany the Renovation Wave. Workers from the buildings sector need to be massively upskilled to be able to meet new energy efficiency standards and deliver high-quality works, while accreditation and certification schemes need to be reliable so that consumers can trust that energy savings promised are effectively delivered. The concept of **one-stop-shops** need to be pushed at the EU regulatory level.

EuroACE would also draw the attention of the Commission to EED **Article 20 ('energy efficiency national fund, financing and technical support')**, which is not mentioned in the provisions opened for revision. It would be helpful to open it for revision to assess **the uptake of the revised Eurostat accounting rules** (which Member States sometimes do not seem to be aware of, despite the Eurostat-EIB Guide on the topic in 2018), **and the use of ETS revenues** (notably in relation with articles 5 and 6). More importantly, it would be the perfect opportunity to create a **Renovation Management Facility (RMF)**. The RMF would sit in-between the Commission and the EIB, helping to build a strong pipeline of building renovation projects and **advising Member States on how to access and blend the different EU funds available for that purpose**. We know for example that Member States can renovate their public buildings thanks to the newly established public sector loan facility under the Just Transition Mechanism, or thanks to Cohesion Policy (a [recent report of the European Court of Auditors](#) showed that between 2014 and 2020, €9bn out of €14bn of ERDF/CF funding for energy efficiency were dedicated to the renovation of public buildings).

Finally, we wonder why **EED Article 7** is not included in the provisions open for evaluation and revision, as it is one of the most important vehicles for delivering energy savings, notably through Energy Efficiency Obligation Schemes. In view of the increased target ambition, and considering the EU is set to introduce new measures in a number of sectors delivering energy savings, the Commission should



look into issues of eligibility and additionality of measures. The Commission should also assess the **impact of changing EU minimum energy tax rates on delivering additional energy savings**, in relation with the current revision of the Energy Taxation Directive.

5. Conclusion

In its [Member States Progress Report](#) towards the 2020 Energy Efficiency Target, the Commission states that “*this delivery gap in energy efficiency efforts for 2020 and the ambition gap for 2030 require robust action at national and at EU level*”. At EuroACE, we agree with this statement, and this is why we are **strongly in favour of combined policy options 3-iii and 2** (i.e. a revision of the EED, accompanied by specific and impactful non-regulatory measures such as well-designed financing programmes). Moreover, at the end of its Roadmap, the Commission foresees the establishment of an ‘*implementation plan*’. This should lead the Commission to continue enforcing the **thorough implementation of current legislation, whatever is decided in this EED revision process**. EuroACE and its members are looking forward to contributing further to the discussions over the coming months and participating in the stakeholder dialogue with the Commission.



➤ **For further information**

Adrian JOYCE, Secretary General
+32 (0) 2 639 10 10
adrian.joyce@euroace.org
www.euroace.org

➤ **About EuroACE - Energy Efficient Buildings**

EuroACE represents Europe’s leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members employ more than 220,000 people in these activities in Europe and have over 1,100 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)**

