

EuroACE Contribution Public Consultation on the General Block Exemption Regulation

Summary

The revision of the General Block Exemption Regulation (GBER) has the potential to support the huge financial investment required by the EU's undertakings to significantly improve the energy efficiency of their buildings, reduce their energy consumption and help the EU achieve a highly energy efficient and decarbonised building stock by 2050.

EuroACE believes that the following recommendations could greatly improve the text of the GBER and help us reach this goal:

- 1) *Make the **Energy Efficiency First Principle** an overarching guiding principle of the Regulation*
- 2) *Account for **both primary and final energy demand** when referring to energy savings*
- 3) *Allow State Aid to be used for supporting undertakings to comply with **minimum energy performance standards (MEPS)***
- 4) ***Increase the aid intensity** and maximum aid amounts for 'deeper renovation' activities that lead to the reduction of energy demand by **at least 60%***
- 5) *Extend the scope of Article 38 paragraphs 3b, 6a and 7 to **all buildings***
- 1) ***Exclude State Aid** for fossil fuel-powered energy equipment*

Introduction

EuroACE welcomes the work undertaken by the European Commission to align the EU State Aid rules with the European Green Deal, and in particular the Renovation Wave Strategy. The General Block Exemption Regulation (GBER) is a key legislative instrument that can support the huge financial investment required by undertakings in the EU to significantly improve energy efficiency in buildings. However, the current proposed GBER version should be significantly improved if the EU is to reduce its greenhouse gas emissions by at least 55 % by 2030 and achieve its climate-neutrality objective by 2050.

➤ **Make the Energy Efficiency First Principle (EE1st) an overarching guiding principle of the Regulation**

The Commission has made clear that investments in energy efficiency improvements, especially for buildings, are among its top priorities for the EU to become carbon neutral by mid-century. In addition to contributing to lowering our carbon emissions, the energy renovation of buildings can bring considerable multiple benefits to society and the economy, such as improved comfort, health and indoor environmental quality, increased energy security and better integration of renewable energy. In this context, **EuroACE believes that the EE1st Principle should be mainstreamed in the GBER in line with the newly proposed Article 3 in the Energy Efficiency Directive (EED) recast as well as the Commission's [recommendations and guidelines](#) addressed to the Member States for its application in the energy and other sectors.** Previously, the EE1st Principle had been identified as a core element in the Renovation Wave strategy, the EU Strategy for Energy System Integration, and the Regulation on the Governance of the Energy Union. **More concretely, one example of operationalising the EE1st Principle would be to account for both primary and final energy demand, as well as for the quantifiable multiple benefits of energy efficiency, when referring to energy savings or to a reduction in demand.** As recommended by the Commission in its guidelines, energy efficiency measures must be able to compete on an equal footing with other alternatives, such as greening the energy supply, and as such EuroACE believes that it is necessary to refer to final energy demand in the GBER. **Furthermore, the importance of the EPB Standards under CEN Mandate M/480 should be recognised in the GBER** (and more generally in the State Aid guidelines), ensuring that Member States apply them effectively to improve the performance of their building stock. A more harmonised and wider application of the EPB standards can promote the transition to a sustainable built environment.

➤ **Allow State Aid to be used for supporting undertakings to comply with minimum energy performance standards**

The expected introduction of mandatory minimum energy performance standards (MEPS) in the Energy Performance of Buildings Directive (EPBD) will aim to ensure that all buildings in our building stock are transformed to be highly energy efficient and decarbonised by 2050. Introduced alongside a comprehensive policy framework, MEPS will be very effective in boosting the rate and depth of renovation of existing buildings by bringing market predictability and helping the labour market adapt to demand. However, for MEPS to be successful and accepted by the public, they will need to be supported by an enabling framework of financial and technical support. **In this context, it will be extremely important that Member States can provide State Aid to undertakings to comply with MEPS even within the 18 months before the standards become mandatory under Article 38(2).**

➤ **Increase the aid intensity and maximum aid amounts for ‘deeper renovation’ activities that lead to the reduction of energy demand by at least 60%**

Currently, the base aid intensity is set at 30 % of eligible costs and may be increased by a ‘green bonus’ of 15 percentage points for aid supporting energy efficiency improvements leading to a reduction in primary energy demand of at least 40% (Article 38). Although providing this amount of State Aid could spur the rate of renovation activities, achieving the EU’s climate neutrality target by 2050 while considering the significant contribution of the building sector to the EU’s greenhouse gas emissions requires urgent, ambitious action. It is therefore necessary to boost the rate and depth of the renovation of the EU building stock, and in particular to reach a higher ambition whenever a building is renovated, by allowing for **higher aid intensities granted for ‘deep renovation’ activities that lead to the reduction of energy demand by at least 60%, and help bring buildings to a level compatible with climate neutrality.** Likewise, the **maximum aid amounts per project and/or beneficiary should be increased** for the same type of highly ambitious renovation activities, including in the case of energy performance contracting in Article 38(7) and in the case where financial instruments are used in Article 39(5).

➤ **Extend the scope of Article 38 paragraphs 3b, 6a and 7 to all buildings**

The current version of the GBER, and specifically Article 38 paragraphs 3b, 6a and 7, is too restrictive by being limited to non-commercial buildings, i.e. residential buildings, buildings dedicated to the provision of education or social services and buildings dedicated to activities related to public administration or to justice, law enforcement or fire-fighting and civil protection services. In line with the latest version of the CEEAG, and considering the ambitious climate-neutrality goal of the EU, all buildings should be facilitated to become highly energy efficient. Therefore, commercial buildings should be able to combine State Aid with other aid under Art. 38(3b), should be rewarded with the ‘green bonus’ of additional 15 percentage points in aid intensity under Art. 38(6a) for making energy efficiency improvements leading to a reduction in primary energy demand of at least 40% or higher as mentioned above, and should be able to use energy performance contracting services that are being supported by State Aid under Art. 38(7).

➤ **Exclude State Aid for fossil fuel powered energy equipment**

Achieving a highly energy efficient and decarbonised building stock by 2050, as mandated by the Energy Performance of Buildings Directive (EPBD), requires heating and/or cooling equipment that is aligned with the adopted climate goals of the EU. **EuroACE agrees with the current GBER proposal in Article 38(3d) that aid for the installation of energy equipment based on fossil fuels cannot be exempted from the notification requirement to the Commission.** Allowing for an exemption to provide State Aid for the installation of fossil fuel powered equipment (even if it replaces more polluting coal or oil-fired energy equipment) will only lead to the carbon lock-in of the EU building stock.

For further information

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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 (2021)

