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Improving energy performance of buildings

On 30 November 2016, the European Commission adopted a 'Clean energy for all Europeans' package, consisting of eight legislative proposals and some non-legislative actions covering the broad fields of energy efficiency, promotion of renewables, design of electricity markets and governance of energy union.

The clean energy package includes a targeted revision of the 2010 Directive on the energy performance of buildings (EPBD). The Commission proposal would leave intact the key objectives and main features of the EPBD, but modernise and streamline some existing requirements, and remove redundant provisions.

The Commission also proposes binding obligations on electromobility requirements in residential and non-residential buildings; a 'smartness indicator' that assesses the technological capability of the building; and clearer requirements for how to develop and update national databases on Energy performance certificates.

Proposal for a Directive of the European Parliament and of the Council amending Directive 2010/31/EU on the energy performance of buildings

COM(2016) 765, 30.11.2016, 2016/0381 (COD), Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')

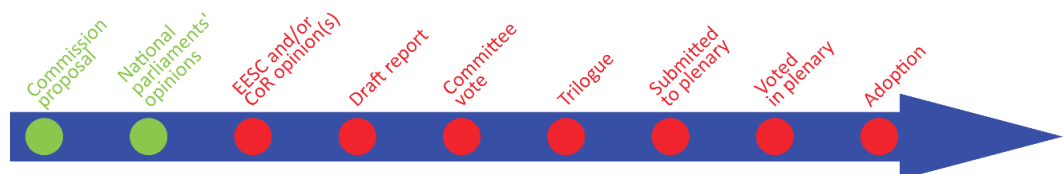
Committee responsible:	Industry, Research and Energy (ITRE)
Rapporteur:	Bendt Bendtsen (EPP, Denmark)
Shadow rapporteurs:	Miapetra Kumpula-Natri (S&D, Finland); Edward Czesak (ECR, Poland); Morten Helveg Petersen (ALDE, Denmark); Neoklis Sylikiotis (GUE/NGL, Cyprus); Florent Marcellesi (Greens/EFA, Spain); Dario Tamburrano (EFDD, Italy); Nicolas Bay (ENF, France)
Next steps expected:	Publication of draft report

9 March 2017

First edition

The 'EU Legislation in Progress' briefings are updated at key stages throughout the legislative procedure.

Please note this document has been designed for on-line viewing.





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On 30 November 2016, the European Commission adopted a [package](#) entitled 'Clean energy for all Europeans', consisting of eight legislative proposals and some non-legislative actions. The legislative proposals cover energy efficiency, promotion of renewables, design of electricity markets, and governance of energy union. They include a major [revision](#) of the 2012 Directive on Energy Efficiency, where the Commission has proposed a binding EU target of at least 30 % energy efficiency improvements by 2030. This is more ambitious than [the 2030 climate and energy framework](#) agreed by the [European Council in October 2014](#), which set an indicative target of at least 27 % energy efficiency improvements by 2030. The Parliament for its part has called for a far more ambitious and binding target of at least 40 % energy efficiency improvements by 2030 (see below, 'Parliament's starting position').

The clean energy package includes a targeted [revision of the 2010 Directive on the energy performance of buildings](#), involving a limited set of changes to improve its functioning but without altering its main objectives, which include the obligation that all new buildings are nearly zero-energy buildings by 2021. Although the Buildings Directive was partly designed to meet the 20 % indicative target for energy efficiency improvements under the [2020 climate and energy package](#), it will continue to apply in the following decade and should therefore contribute towards delivering on 2030 goals.

Existing situation

[Directive 2010/31/EU on the energy performance of buildings](#) (EPBD) contains several provisions to improve the energy efficiency of both new and existing buildings. Key provisions of the EPBD include the requirement for Member States to develop energy performance certificates to be included in all advertisements for the sale or rental of buildings; establish inspection schemes for heating and air-conditioning systems (or put in place measures with equivalent effect); set minimum energy performance requirements for new buildings, for the major renovation of buildings and for the replacement or retrofit of building elements; and draw up lists of national financial measures to improve the energy efficiency of buildings. Perhaps the most demanding requirement of the EPBD is that all new buildings must be nearly zero-energy buildings ('nZEB') from 2021, and for this requirement to apply to all public buildings from 2019. Weaknesses in Member States' implementation of the EPBD, including the lack of a common definition of nZEB, are analysed in a 2016 [EPRS briefing](#).

[Directive 2012/27/EU on energy efficiency](#) (EED) also contains some requirements for energy efficiency in buildings. In particular, the EED requires Member States to make energy efficient renovations to at least 3 % of buildings owned or leased by the central government every year; only purchase buildings that are highly energy efficient; and develop long-term building renovation strategies.

Parliament's starting position

The resolution of 15 December 2015, [Towards an Energy Union](#), reaffirms the position of the Parliament that the 2030 climate and energy goals should include a binding 40 % improvement in energy efficiency, to be achieved by means of individual national targets. In practice, this goal may well require greater energy savings from buildings than the Commission expects to achieve with the revised EPBD. The resolution



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therefore 'stresses that it is necessary to increase both the depth and the rate of building renovation; ... recommends the continuation of increasing energy efficiency standards for buildings, taking account of – and encouraging – technical innovation ... [and] further recommends continued support for the construction of near zero-energy buildings'. According to the resolution, in order to achieve these goals, the EPBD and the EED would both need to be revised, and proper implementation by Member States assured.

The Parliament resolution of 13 September 2016 on an [EU strategy on heating and cooling](#) calls for Member States to fully implement the EPBD and EED, including the 'nearly zero-energy buildings' (nZEB) requirements and long-term renovation strategies. The Parliament also 'calls on the Commission to provide adequate co-financing for initiatives aimed at renovating public housing and apartment blocks with low levels of energy efficiency' and to present an EU-wide vision of an nZEB stock by 2050. The Parliament argues that energy demand in buildings 'could be reduced by up to three quarters if the renovation of buildings is speeded up', and that deep renovation is particularly important because '75 % of the existing European building stock is energy inefficient, and estimates show that 90 % of these buildings will still be in use by 2050'.



Proposal

Preparation of the proposal

The Commission proposal was accompanied by an [evaluation](#) of the EPBD (with [executive summary](#)) and an [impact assessment](#) on options for revising it (with [executive summary](#)).

The evaluation concludes that the existing EPBD is effective and delivering on its general and specific objectives, while implementation shows good performance. The evaluation considers that 48.9 million tonnes of oil equivalent (Mtoe) of additional final energy savings in 2014 in buildings (compared to the 2007 baseline of the EPBD) can be attributed in significant part to the EPBD, which is on course to deliver the 60-80 Mtoe of annual final energy savings by 2020 that were predicted in its [2008 impact assessment](#). However, the evaluation does identify some areas for improvement. National energy performance certification schemes and independent control systems could be enhanced in several Member States. Opportunities also exist for simplifying, streamlining and modernising certain provisions of the EPBD that are either outdated or have proven unnecessary. These largely concern technical measures, and inspections of heating and air conditioning systems. The evaluation process included a [public consultation](#) in 2015. On this occasion, many stakeholders were rather critical about several aspects of the EPBD as well as its uneven implementation across Member States (see below, 'Stakeholders' views').

The impact assessment (IA) considers three potential scenarios: enhanced implementation and further guidance with no legislative changes (Option I); enhanced implementation and targeted legislative amendments that strengthen current provisions (Option II); or enhanced implementation and fundamental legislative revision of the EPBD, with a view to further harmonisation and higher ambition (Option III). The IA concludes that Option II is the preferred one because it is best aligned with the findings of the evaluation; meets the EU climate and energy goals for 2030; respects the principles of subsidiarity and proportionality; is cost-effective and leaves significant flexibility to Member States, while preserving the overall architecture of the EPBD. Option III would require mandatory renovation of thousands of buildings, and this possibility was largely excluded on the grounds of cost, subsidiarity and proportionality. However, the IA did identify much stronger positive impacts from Option III. According to the IA, Option III would lead to two and half times the energy savings of Option II by 2030 (72 Mtoe as opposed to 28 Mtoe), more than double the additional construction activity, roughly double the economic growth and jobs created, and almost treble the number of households no longer in energy poverty (at least 0.5 million under Option II, at least 1.5 million under Option III). EPRS published an [initial appraisal](#) of the impact assessment in February 2017.

On 7 June 2016, the regulatory scrutiny board (RSB) delivered a [first negative opinion](#) on the Commission's IA. The RSB felt a stronger case had to be made for further policy action, given the relatively recent entry into force of the EPBD and the lack of any clear regulatory failure. It also noted the constraint posed by lack of financing in delivering the expected improvements. On 26 July 2016, the RSB delivered a [positive second opinion](#) on a revised IA, which noted that the financing issue was addressed in rather general terms through the 'Smart finance for smart buildings' initiative accompanying the legislative proposal.

The European Commission (Directorate-General Energy) financed a [compliance study of the EPBD](#), carried out by ICF Consulting in 2015. As part of its international collaboration, DG Energy also leads the Energy



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Efficiency Financial Institutions Group (EEFIG). EEFIG published a [study](#) on how to drive new energy efficiency investments in buildings, also in 2015.

The Buildings Performance Institute Europe (BPIE) has published a wide range of studies and papers addressing different aspects of the EPBD and its implementation. Recent BPIE studies have compared [national approaches to energy performance certificates](#); as well as strategies for achieving a [market transition to nZEB standards across Europe](#). BPIE also published a briefing outlining [nine ways to make the EPBD more effective](#).

The 2016 European Parliament study on [boosting building renovation in Europe](#) was carried out for the ITRE Committee and produced by Trinomics. It finds that the current rate of renovation of buildings is low (1-2 % of building stock renovated each year) and 'the vast majority of these renovations do not utilise the full potential energy savings that could be achieved'. Various policy options are addressed as part of this study.

The changes the proposal would bring

The Commission [proposal](#) would introduce targeted amendments to the EPBD, leaving intact many provisions as well as their implementation deadlines, for instance requirement for all new buildings to be nZEB from 2021 onwards (from 2019 for the public sector).

The proposal would incorporate the existing provisions on long-term renovation strategies (which are currently part of the EED) into the revised EPBD. These strategies should now introduce specific milestones for 2030, aim to deliver the long-term goal of a decarbonised building stock by 2050, specify measures to alleviate energy poverty, and guide investment decisions by aggregating projects, de-risking energy efficiency investments and using public funding to leverage private-sector investment.

The proposal would require Member States to satisfy the general obligation that all new buildings meet minimum energy performance requirements. More cumbersome and less crucial obligations under the existing EPBD would be removed.

The revised directive would introduce an obligation to provide documentation on the overall energy performance after any technical building systems are installed, replaced or upgraded. This documentation would be available for verification of compliance, passed on to the building owner, and included in national databases of energy performance certificates (EPCs), where such databases exist. EPCs should be regularly updated to track actual energy consumption data of any buildings covered. They would be obliged to cover all public buildings with a useable floor area of over 250 m². Aggregated and anonymised data would be made available for statistical and research purposes.

The proposal would streamline and simplify existing EPBD provisions on inspections of heating and air-conditioning systems. The revised EPBD would seek to enhance the use of building automation, to ensure continuous performance and monitoring of energy efficiency, thereby limiting the necessity and frequency of physical inspections.



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The proposal would promote e-mobility through a requirement to introduce recharging points for electric vehicles in the parking spaces of new buildings. New non-residential buildings (or those undergoing major renovation) with more than ten parking spaces would have to equip one parking space per ten for electro-mobility. From 2025, this rule would apply to all non-residential buildings with more than ten parking spaces, including existing buildings. Meanwhile, all new residential buildings (or those undergoing major renovation) with more than ten parking spaces would be required to put in place the pre-cabling for electric recharging points.

The proposal would introduce a smartness indicator that assesses the technological ability of the building to interact with its occupants and with the grid. The smartness indicator would be further defined by the Commission through a specific delegated act.

The legislative proposal was accompanied by a 'Smart finance for smart buildings initiative', outlined in the annex of the Commission's [communication on the clean energy package](#). The smart buildings initiative seeks to make more focused use of existing EU funds, primarily the regional development and cohesion funds, European Investment Bank loans and the European Fund for Strategic Investments, in order to improve the energy performance of buildings, increase the use of renewables in self-generation and self-consumption, and facilitate demand response through the adoption of advanced ICT. EU funds would be channelled and combined into projects capable of delivering major improvements. The Commission would also assist with project development, and by finding ways to de-risk private energy efficiency investments.

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Views

Advisory committees

The European Economic and Social Committee appointed Baiba Miltoviča (Various interests – Group III, Latvia) as rapporteur to prepare an opinion on the subject ([TEN/620](#)), scheduled for adoption in the plenary session of April 2017.

National parliaments

National parliaments were [consulted](#) on the Commission proposal, with the subsidiarity deadline set at 27 January 2017. Out of the 15 Member States that scrutinised the proposal, the Netherlands raised subsidiarity concerns (two reasoned opinions were received, one from the Senate, the other from the House of Representatives). These argued that Member States should have full discretion over the measures they take to reach the overall objectives. Consequently, the new obligations listed in the revised EPBD (e.g. electronic charging, smartness indicators) infringe the principle of subsidiarity. The Austrian Federal Council meanwhile sent a communication in which it criticised some of the additional burdens created by the Commission proposal, in particular the 'smartness indicator' and the introduction of more stringent criteria for national energy performance certificates.

Stakeholders' views¹

The Commission's clean energy package prompted a wide range of responses from an array of stakeholders. Many focus on the overall energy efficiency objectives of the package; relatively few highlight the specific provisions to revise the EPBD. The European Insulation Manufacturers Association ([EURIMA](#)) is sceptical that the Commission proposal will do enough to promote the deep renovation of existing buildings, and therefore further measures could be necessary. EURIMA suggests that 'building owners should benefit from individual renovation roadmaps or building renovation passports.' [Plastics Europe](#) (Association of Plastic Manufacturers) likewise states that 'more focus and priority should be placed on minimising energy consumption of existing buildings.' [CeramieUnie](#), the European Ceramic Industry Association, recommends some changes to the proposed revised EPBD in order to promote buildings renovation and affordability, better recognise the contribution of thermal mass to energy performance and adopt a more holistic approach of measuring it. European Buildings Performance Institute ([BPiE](#)) meanwhile issued a short briefing outlining what it regards as the missing elements of the clean energy package, including long-term targets for the renovation of existing buildings under the EPBD.

In September 2016, a group of 42 businesses and six business associations [wrote](#) to the President of the European Commission and called for 'an ambitious revision of the EPBD' that would reflect a political

¹ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'EP supporting analysis'.



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commitment to renovation of the existing building stock, in order to ensure that all buildings meet nZEB requirements by 2050.

The collective attitude of stakeholders towards the existing EPBD can be broadly understood from the 2015 public consultation [final synthesis report](#), drafted by ECOFYS on behalf of the European Commission (DG Energy). There were 308 stakeholders who replied from all EU Member States: 58 % of respondents were organisations (e.g. business associations), 20 % were individual companies, and the remainder consisted of public authorities, individuals or other groups. Whereas stakeholders generally considered that the EPBD had set a good framework for improving energy performance in buildings and raising awareness on their energy consumption, a third of respondents felt the EPBD had not been successful (while less than half thought it had been successful). Several respondents felt it was too early to assess the achievements of the EPBD because of delayed implementation in Member States; slow uptake, poor compliance and enforcement of measures; and low rates of building renovation. However, most respondents noted that compliance was inadequate and could be improved through stronger procedures and sanctions. Energy performance certificates had only had a very limited impact on the rate and depth of renovation. Other issues raised included an insufficient take-up of available financing (partly due to its complexity), insufficient awareness of benefits (caused by a lack of information and advertising), split incentives between landlord and tenants, lack of consumer demand (linked to absence of long-term goals on renovation) and a lack of trust about the financial benefits.



Legislative process

On 12 December 2016, the Commission proposal was referred to the Industry, Research and Energy (ITRE) Committee of the European Parliament. Bendt Bendtsen (EPP, Denmark) was appointed as rapporteur in order to prepare a draft report.



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