BRIEFING

EU Legislation in Progress

European Parliament

# Revision of the Energy Performance of Buildings Directive

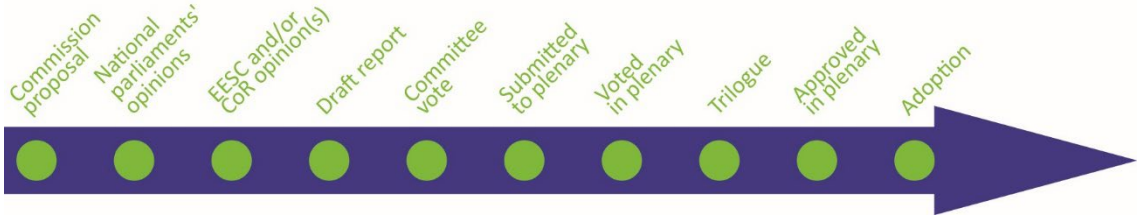
## OVERVIEW

On 15 December 2021, the European Commission proposed a major revision (recast) of the Energy Performance of Buildings Directive (EPBD), as part of the 'fit for 55' package. The proposal aimed to accelerate building renovation rates, reduce GHG emissions and energy consumption, and promote the uptake of renewable energy in buildings.

In the Parliament, the file was referred to the Committee on Industry, Research and Energy (ITRE), which appointed Ciarán Cuffe (Greens/EFA, Ireland) as its rapporteur. The Parliament adopted its position, based on the ITRE committee's report, at its plenary session on 14 March 2023. The Council had agreed on its general approach (negotiating position) on 25 October 2022. Parliament and Council reached a provisional agreement on 7 December 2023. The final act was signed on 24 April and published in the *Official Journal of the EU* on 8 May 2024. It entered into force on 28 May 2024.

According to the revised directive, all new buildings should have zero emissions as of 2030, and new buildings occupied or owned by the public sector should have zero emissions as of 2028. Member States will have to ensure a reduction in the average primary energy used in residential buildings of at least 16 % by 2030 and between 20 % and 22 % by 2035. Member States will have to renovate the 16 % worst-performing non-residential buildings by 2030 and the worst-performing 26 % by 2033 based on minimum energy performance requirements.

| **Proposal for a directive of the European Parliament and of the Council on the energy performance of buildings (recast)** | | |
|---|---|---|
| *Committee responsible:* | Industry, Research and Energy (ITRE) | COM(2021) 802 final 15.12.2021 |
| *Rapporteur:* | Ciarán Cuffe (Greens/EFA, Ireland) | 2021/0426(COD) |
| *Shadow rapporteurs:* | Seán Kelly (EPP, Ireland)<br>Tsvetelina Penkova (S&D, Bulgaria)<br>Morten Petersen (Renew, Denmark)<br>Ladislav Ilčić (ECR, Croatia)<br>Isabella Tovaglieri (ID, Italy)<br>Marisa Matias (The Left, Portugal) | Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision') |
| *Procedure completed* | OJ L, 2024/1275, 8.5.2024<br>Directive (EU) 2024/1275 | |

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# Introduction

On 15 December 2021, the European Commission adopted a legislative proposal to revise and recast the Energy Performance of Buildings Directive (EPBD), as part of a broader overhaul of EU climate and energy legislation referred to as the 'fit for 55' package. The principal aim of this package is to deliver on the climate action goal of a minimum 55 % reduction in greenhouse gas (GHG) emissions by 2030 (compared with 1990 levels), thereby setting the EU firmly on the path towards climate neutrality (net zero GHG emissions) by 2050. A new European Climate Law (July 2021) enshrined both the 2030 and the 2050 targets into binding European law. Whereas the bulk of the 'fit for 55' package was proposed by the Commission in July 2021, the recast EPBD was only adopted later, in December 2021, alongside the hydrogen and decarbonised gas markets package.

The main objectives of the recast EPBD are to substantially reduce GHG emissions and final energy consumption in the building sector by 2030, and to set a long-term vision for an EU buildings sector that is climate neutral by 2050. In this respect, the recast EPBD aims to increase the rate and depth of renovations of energy-efficient buildings; improve information on energy performance and sustainability of buildings; guarantee that all new buildings in the EU meet ambitious 'zero emission building' standards; and ensure that all buildings in future (whether new or renovated) are in line with the 2050 climate neutrality requirements.

# Existing situation

Directive 2010/31/EU on the energy performance of buildings (the 2010 EPBD) sought to improve energy efficiency and promote the use of renewable energy sources across this sector. The 2010 EPBD developed a common definition of a 'nearly zero energy building' (nZEB), while giving Member States considerable discretion on developing their own metrics for nZEB standards, in order to reflect diverse national and local conditions. In any case, the 2010 EPBD required all new buildings in the EU to meet the **nZEB standard** by the end of 2020, and for all new public buildings to meet it by the end of 2018. Buildings undergoing major renovation also need to meet the nZEB standard.

The 2010 EPBD requires **energy performance certificates (EPCs)** to be displayed in the advertising for all buildings sold or rented across the EU, and for the production of an EPC to become a condition for the sale or rental of buildings. However, existing buildings are not required to meet any kind of minimum energy performance standard. EPCs were introduced in an earlier version of the EPBD (Directive 2002/91/EC), and are based on a common and easily identifiable A-G scale. However, the parameters for allocating buildings to particular EPC classes continue to be defined nationally, while the distribution of buildings across the A-G scale varies considerably between Member States. The 2010 EPBD also strengthened the provisions for inspection of heating and air conditioning systems, and required Member States to list measures and financial incentives to improve energy performance.

The EPBD was revised in 2018 (Directive (EU) 2018/844), as part of the Clean Energy package. This targeted revision (see EPRS briefing) requires all Member States to develop long-term building **renovation strategies**, including a roadmap with measures and progression indicators consistent with a reduction of 80-95 % in GHG emissions by 2050. The scope of the inspection regime was extended to cover combined systems (heating and ventilation) and account for the performance of building systems under typical operating conditions. New provisions were introduced relating to ICT use and smart automation and control technologies in buildings; **infrastructure for electric vehicle recharging**; and a **'smart readiness indicator'** to rate buildings' capacity to adapt to the needs of the occupant, optimise operation and interact with the grid.

The decision to undertake a further reform of the EPBD so soon after the previous revision can be attributed to the growing awareness of the need for urgent climate action – as set out in the European Green Deal (December 2019) – and a recognition of the major role that buildings can play in terms of climate action and, in particular, meeting the 55 % GHG target by 2030. According to the

European Commission, EU buildings account for 40 % of energy consumed and 36 % of energy-related GHG emissions. Heating, cooling and domestic hot water account for 80 % of the energy that households consume.[1] EU buildings also need to be renovated at a faster pace (currently only 1 % of the building stock is renovated per year), become more energy efficient and less dependent on fossil fuels, in order to reduce energy consumption, GHG emissions, and energy poverty.

A revised EPBD is necessary to deliver on the Renovation Wave for Europe strategy (October 2020), which sets the goal of doubling renovation rates in the next 10 years and ensuring that such renovations will lead to higher energy and resource efficiency. The Renovation Wave includes several measures to provide financial support and incentives for renovations, through several EU funding schemes that need to be complemented by Member State initiatives.

While the EPBD sets the overall framework for energy performance standards in EU buildings, it relates closely to other aspects of EU climate and energy legislation. In particular, the Energy Efficiency Directive (EED) includes a provision that obliges all central governments to renovate at least 3 % of their floor space annually to nZEB standards. The revised EED adopted as part of the 'fit for 55' package in 2023 – fully explained in an EPRS briefing – **extends this renovation obligation to cover all public-sector bodies as well as local and regional governments**, and obliges all Member States to deliver a 1.9 % annual reduction in the final energy consumption of their public buildings combined. In addition, the revised EU emissions trading system (ETS) – also part of the 'fit for 55' package (14 July 2021) – sets up a **new ETS scheme covering the buildings and road transport sectors across the EU**. This would increase the cost of GHG emissions in buildings and thus provide a strong financial incentive to decarbonise them. Until recently, buildings have been covered by the Effort-sharing Regulation, which sets binding obligations on individual Member States to make GHG emissions reductions in those sectors (including buildings) where the ETS scheme does not apply.

## Council starting position

In December 2020, the European Council agreed to reduce GHG emissions by at least 55 % by 2030 (compared to 1990 levels) – a target EU Member States should meet collectively – and committed the EU to achieving carbon neutrality by 2050. In May 2021, the European Council asked the Commission to put forward the 'fit for 55' package to revise climate and energy legislation to meet this new goal, and welcomed the co-legislators' agreement on the European Climate Law.

In June 2021, the Transport, Telecommunications and Energy (TTE) Council adopted conclusions on the EU Renovation Wave. EU Member States endorsed the strategy's goal to double the number of energy renovations in the EU by 2030, in line with the circular economy and measures to tackle energy poverty. Ministers highlighted the importance of social inclusion and recalled that increased energy efficiency reduces costs for households, improves quality of life and ensures a just transition. They also underlined the central role of the building and construction sectors in stimulating the economic recovery after the COVID-19 pandemic, leading to job creation.

## Parliament's starting position

In its resolution of 15 January 2020 on the European Green Deal, Parliament called for both the EED and the EPBD to be revised in line with the EU's increased climate ambition, and for their implementation to be reinforced through binding national targets. The resolution 'underlines the need for the existing building stock to be renovated into nearly-zero-energy buildings in order to achieve carbon neutrality by 2050 at the latest', noting that 'the buildings sector has a high energy potential and potential for on-site production of renewable energy'.

In its own-initiative resolution of 17 September 2020 on maximising the energy efficiency potential of the EU building stock, Parliament outlined a series of tools and incentives that the EU and its Member States could use to improve energy efficiency in buildings. Many of these will require stronger implementation of the existing EPBD, with a heightened focus on the long-term renovation

plans. Parliament's resolution was also supportive of the Renovation Wave initiative 'as an opportunity to achieve an energy-efficient and climate-neutral building stock by 2050'.

In its own-initiative resolution of 15 December 2021 on implementation of the Energy Performance of Buildings Directive, Parliament noted that buildings are responsible for 36 % of GHG emissions and that deep renovation of existing buildings is crucial for any convincing strategy for decarbonisation, since at least 110 million such buildings are potentially in need of renovation. Parliament's resolution makes a series of observations and recommendations on how to improve the implementation and effectiveness of the EPBD, with a particular focus on long-term renovation plans (Article 2a). Parliament 'stresses that the EPBD is crucial to successfully delivering on the Renovation Wave and emissions reduction'.

In its own-initiative resolution of 21 January 2021 on access to decent and affordable housing for all, Parliament noted that 'the energy efficiency of housing stock has a direct impact on energy poverty'. In this vein, Parliament 'calls on the Commission and Member States to prioritise emissions reductions and energy efficiency through housing renovation' and 'supports the Renovation Wave's focus on tackling energy-poverty and worst performing buildings'.

## Preparation of the proposal

The Renovation Wave for Europe strategy (October 2020) recognises that buildings are responsible for about 40 % of the EU's energy consumption and 36 % of GHG emissions from energy, but only around 1 % of the building stock is renovated each year. The aim of this strategy is to at least **double renovation rates in the next 10 years** and make sure renovations lead to higher energy and resource efficiency. The Renovation Wave strategy includes 23 implementing actions to realise its objectives, with implications for different parts of EU legislation. Three of these implementing actions require a revision of the EPBD: introduction of mandatory minimum energy performance standards (MEPS) for all types of buildings; revision of the energy performance certificates framework; and the introduction of building renovation passports.

The Commission carried out a detailed impact assessment (IA) to accompany its legislative proposal, containing four parts and an executive summary. EPRS has published an initial appraisal of the IA. The IA packages and compares four policy options with varying levels of impact/ambition: Low, Medium, High I, and High II. Based on a quantitative and qualitative comparison, the IA concludes that **'High Ambition I'** (explained on pp. 120-121) is the preferred option because it would lead to substantial change and bring maximum benefits compared with current building renovation trends, while limiting the cost and administrative burden. This option proposes an evolving combination of binding EU-level MEPS for the worst-performing buildings being rented or sold, complemented by standards set at the national level based on long-term renovation strategies, gradually covering the whole building stock as they progress towards decarbonisation. This approach would guarantee clear market signals and decarbonisation pathways, while leaving flexibility and time to adapt efforts to national conditions.

The draft IA was submitted to the Regulatory Scrutiny Board (RSB) and twice received a negative opinion (18 September 2021, 18 November 2021), despite the Commission making some efforts to address the problems identified. In its second opinion, the RSB insisted that the IA does not specify what legislative gaps needed to be filled (especially since the Effort-sharing Regulation also covers GHG emissions in buildings); does not convincingly demonstrate the need for harmonised measures at EU level (the characteristics of the buildings sector in Member States would rather indicate that barriers to renovation are country-specific and should be tackled at that level); and is insufficiently clear in explaining the reason for the preferred policy option over others. In doing so, the RSB raised **concerns about proportionality and subsidiarity in the IA**. While the RSB made further recommendations for improvement, it concluded that its decision was final and that DG Energy should seek political guidance on how to proceed.

In light of these negative RSB opinions, the Commission adjusted its legislative proposal in such a way that changes to the legislative framework for new buildings would conform largely to Option 3: 'High Ambition I', while changes for existing buildings would conform largely to Option 2: 'Medium Ambition'. The legislative proposal then gives more discretion and flexibility to Member States than the IA had originally envisaged.

The preparation of the recast EPBD involved an inception impact assessment opened to public feedback (22 February to 22 March 2021), followed by a longer public consultation (30 March to 22 June 2021). The public consultation attracted a total of 535 participants. Most responses came from companies/business organisations and business associations (278 responses, 52 %), followed by academic institutions (16 responses, 3 %); 39 responses were from public authorities, NGOs, trade unions, and environmental associations. The public consultation was complemented by five dedicated and targeted workshops with various stakeholders between 31 March and 3 June 2021. Additional engagement with stakeholders took place on an ad hoc basis. After the legislative proposal and accompanying impact assessment were adopted, the Commission **opened its legislative proposal to a period of public feedback** (15 December 2021 to 2 March 2022).

DG Energy has published several external studies concerning the implementation and revision of the EPBD. While some of these relate to the previous reform of the EPBD and are no longer so pertinent, more recent studies cover the following topics: Building energy renovation activities and the uptake of nearly zero-energy buildings in the EU (February 2019); technical support to the development of a smart readiness indicator for buildings (September 2020); and a technical study on the possible introduction of optional building renovation passports (June 2020).

EPRS published an 'implementation in action' paper (August 2021) on the EPBD, which highlights and discusses many of the topics that are covered in the legislative proposal, with a special focus on Member States' long-term renovation strategies.

## The changes the proposal would bring

The Commission has adopted a legislative proposal to revise and recast the existing EPBD. The legal basis for the recast EPBD is Article 194(2) TFEU covering EU energy policies. The key changes introduced in the recast EPBD are explained below.

The recast EPBD introduces a **new definition of 'zero emissions building'**. This is to be understood as a building with very high energy performance in line with the energy efficiency first principle, where the very low amount of energy required is fully covered by energy from the building itself or from locally produced renewables. The zero emissions building would replace nearly Zero Energy Buildings (nZEB) as the **standard for all new buildings from 2027 and for all renovated buildings from 2030**. The technical requirements for zero emissions buildings are set out in Annex III.

Long-term building renovation strategies (currently Article 2a) would be replaced by **national building renovation plans**, which would include concrete targets for renovation by 2030, 2040 and 2050. National building renovation plans would be submitted every 5 years, along the lines of a template contained in Annex II. Their content would be closely scrutinised by the Commission and fully integrated into the ten-year national energy and climate plans (NECPs). NECPs are prepared by Member States with input from the Commission, as part of the 2018 Regulation on Governance of the Energy Union. The first draft building renovation plans would be submitted by 30 June 2024.

Existing provisions for **protected buildings** would be amended to allow for an improvement in their energy performance without altering their technical character and appearance.

The life-cycle **Global Warming Potential** (GWP) of all new buildings would need to be calculated from 2030, according to a formula set out in Annex III. This GWP calculation would apply to all large new buildings (>2000 square metres) from 2027 onwards. In addition to energy performance, all new buildings would need to ensure healthy indoor climate conditions; be able to adapt to climate

change; address fire safety risks; address risks related to intense seismic activity; address carbon removals associated with carbon storage in/on buildings; and be accessible for disabled persons.

Existing provisions on **major renovations of existing buildings** would be made more ambitious, with a view to accelerating the rate of renovation. As far as **public and non-residential buildings** are concerned, those with a Class G (lowest) energy performance certificate (EPC) would need to undergo renovations to reach at least Class F by 2027 and Class E by 2030. As far as non-public **residential buildings** are concerned, those with a Class G EPC would need to undergo renovations to reach at least Class F by 2030 and Class E by 2033. **Member States would need to classify at least 15 % of their buildings as Class G (worst performing)** on the EPC scale, ensuring comparable national efforts for future renovations. However, such an approach does not really capture the wide variations in energy performance of buildings across the EU, nor does it account for earlier efforts made by Member States to promote energy-efficient renovations.

The recast EPBD would introduce **new provisions relating to EPCs**, with a view to making these more stringent and comparable across the EU. By 2025, all EPCs would have to be based on a harmonised scale of energy performance classes (template set out in Annex V). These **energy performance classes would be rescaled** so that at least 15 % of buildings fall into the worst performing Class G (see above); most remaining buildings are evenly distributed across classes B-F; and any buildings in Class A meet the new zero emission building standard. The **validity of EPCs in classes D-G would be reduced to only 5 years** (rather than 10 years at present), to ensure they reflect the latest efficiency standards. EPCs in classes A-C would continue to be valid for up to 10 years.

The recast EPBD would **oblige all public buildings to be issued with an EPC** (regardless of their use), and make the issue of EPCs a necessary part of renewing existing rental contracts. Currently, the EPBD requires all new buildings and those undergoing major renovations to have an EPC, as well as all buildings sold or rented out to new tenants. Given the concerns expressed about subsidiarity and proportionality (not least by the RSB in its two negative opinions), the recast EPBD leaves some discretion to Member States over the operation of EPCs within their territory. Member States would retain considerable flexibility in setting nationally suitable indicators for allocating buildings to particular EPC classes. Member States would remain free to select any 'trigger points' that determine when EPCs of a given class (or higher) are necessary, e.g. to rent or sell a property. Regardless, **all Member States would need to establish a database for EPCs** and transfer the necessary data to the EU Building Stock Observatory, so that the Commission can build up a comprehensive picture. Member States would ensure that building owners, tenants and managers (as well as accredited third parties) can access their building systems' data and that such data is interoperable in the EU.

The recast EPBD would oblige future buildings to meet EU-wide **minimum energy performance standards**, with Member States free to set more ambitious performance standards if they so choose. The EU framework for MEPS would be set out in a Commission **delegated act by 30 June 2026**. Member States would need to develop an enabling framework to promote MEPS in their territory, with a particular focus on poorer and vulnerable households and those living in social housing. They would also need to ensure that appropriate financing is in place for renovations, making full use of the EU funding available for this purpose. At the same time, Member States could choose to exempt a limited set of buildings with particular characteristics from having to meet MEPS.

The Commission would develop an EU framework for **renovation passports**, by means of a delegated act due by the end of 2023. Member States would adapt this framework in order to develop national schemes for renovation passports by the end of 2024. Renovation passports would help owners planning a staged renovation of the building, as well as prospective buyers.

The Commission would make further advances in developing a **Smart Readiness of Buildings** indicator applicable across the EU, by means of a delegated act due by the end of 2025. This would apply to all large non-residential buildings (defined as an effective rated output >290 kW).

The recast EPBD would lower the threshold that requires the mandatory installation of **building automation and control systems** for non-residential buildings. Whereas the threshold is currently set at an effective rated output >290 kW (large buildings), from 2030 this would be lowered to >70 kW (medium and large buildings).

In addition, new residential buildings and residential buildings undergoing major renovations would need to be equipped with certain monitoring and control functionalities to improve and optimise their management and operation. Under the terms of the existing EPBD, such requirements are encouraged but remain optional for Member States.

Member States would not be able to subsidise **fossil fuel boilers** from 2027 onwards, in order to encourage the take-up of renewable heating systems with zero direct GHG emissions.

In response to the energy market disruption caused by Russia's invasion of Ukraine, on 18 May 2022 the Commission presented its REPowerEU plan, focused on restoring energy security through energy savings, but also on accelerating clean energy and diversifying energy imports. The plan envisaged making targeted amendments to the EPBD. It furthermore proposed setting a requirement for Member States to ensure that new buildings are solar-ready and that buildings are outfitted with solar energy installations. This requirement would apply from 2027 to all new public and commercial buildings with a useful floor area larger than 250 $m^2$, and from 2028 to all existing public and commercial buildings of this size. Starting in 2030, this requirement would extend to cover all new residential buildings.

## Advisory committees

The European Committee of the Regions (CoR) adopted an opinion (CDR 417/2022) on 30 June 2022 (rapporteur: André Viola, PES, France). The CoR considered that the concept of 'energy sufficiency' should be central in the revised directive. It called for the establishment of a comprehensive policy on energy poverty, to prevent renovations from worsening the situations of vulnerable consumers. It called for caution as to minimum energy performance standards (MEPS), which could have lock-in effects and reduce the level of ambition of renovation efforts. The CoR highlighted the importance of a systematic district approach to the energy efficiency of cities and advocated for adequate solutions for historical buildings.

The European Economic and Social Committee (EESC) adopted an opinion (TEN/763-EESC-2021) (rapporteur: Mordechaj Martin Salamon, Diversity Europe – Group III, Denmark) during its plenary session on 23 March 2022. The EESC was especially supportive of the provisions of the EPBD that tackled energy poverty (given the recent price spikes), that remedied structural long-term under-investment in the building area, that boosted renovation of the worst-performing buildings and that facilitated decarbonisation of heating and cooling. The EESC supported the establishment of MEPS, specifically for the worst-performing residential buildings. The EESC advocated for a comprehensive framework for access to both public and banking finance to fund the measures described in EBPD. The EESC maintained that asbestos removal was one of key measures ensuring decent and healthy housing.

## National parliaments

The Commission's proposal was transmitted to national parliaments, and they had until 1 April 2022 to submit reasoned opinions. The Finnish parliament submitted a reasoned opinion arguing that the Commission's proposal breached the subsidiarity principle. Four other Member States entered into political dialogue with the Commission.

## Stakeholder views[2]

The International Union of Property Owners (IUPO) supports the goal of a climate-neutral building stock by 2050, but has several reservations about the recast EPBD. IUPO argues that the proposed

MEPS will require at least 40 million EU buildings to be renovated by 2033, a Herculean task that faces the serious risk of a shortage of (skilled) construction workers. A longer timeframe will therefore be necessary. IUPO insists that more appropriate incentives and technical assistance are necessary to ensure that MEPS can be delivered, especially in poorer housing. Furthermore, the proposed harmonisation and rescaling of EPCs does not recognise the prior efforts of some Member States in undertaking energy-efficient renovations, while the proposed definition of 'zero emissions buildings' unreasonably excludes those powered by decarbonised energy from the grid.

BEUC, the European consumer association, supports the goals of the recast EPBD but believes that financial support for consumers is the missing element in this proposal. More should be done to support consumers in switching to decarbonised heating solutions (e.g. heat pumps) and covering the costs of transition, especially for vulnerable consumers in a context of high energy prices.

SME United, which represents craft and small and medium-sized enterprises in Europe, published a policy paper (October 2021) in advance of the legislative proposal to revise the EPBD. The paper notes that SMEs represent more than 90 % of the businesses in the EU building sector, so any revision of the EPBD should pass an SME check. In their view, the revised EPBD should not seek to define 'zero emission buildings' or 'deep renovations' and should instead take full account of different national circumstances. While EPCs should be harmonised to some extent, there should be no minimum mandatory energy performance standards. Building targets, including those for renovation, should be applied in a construction material-neutral way, and the building renovation passports should be clearly defined, add value and not increase the administrative burden on SMEs.

SGI Europe, which represents employers and providers of services of general interest at EU level, welcomes the ambition of the revised EPBD, which should help to address energy poverty and ensure better housing affordability. On the one hand, SGI Europe feels that the EPBD should include more ambitious climate targets; it also considers that the proposed MEPS do not really strike a fair balance because they do not take into account social, national, regional and local circumstances. An earlier SGI Europe position paper (March 2021) outlines their views on the EPBD and its reform.

Renovate Europe, a campaign group that seeks to reduce the energy demand of the EU building stock by 80 % by 2050, made a series of recommendations (July 2021) in advance of the legislative proposal to revise the EPBD. These included introducing MEPS for all renovations; updating and improving the EPC framework; strengthening national renovation strategies; and setting an ambitious definition of an EU Deep Renovation Standard. Renovate Europe emphasises the importance of non-regulatory actions to develop an enabling framework to strengthen the EPBD.

Euroace, an EU association that supports energy-efficient buildings, sees great potential in the recast EPBD to transform the Renovation Wave from strategy into reality, provided that it is implemented in an ambitious way that requires all buildings to be decarbonised by a given date.

Modern Building Alliance, an association that supports safe and sustainable construction with plastics, published a position paper (June 2021) in advance of the legislative proposal to revise the EPBD. The paper called for an increase in the number and the depth of building renovations; to ensure the full deployment of EPCs and their future inclusion in building renovation passports; and to require accredited fire safety experts to intervene in renovation processes and inspections.

EFIEES, which represents energy service companies and their national associations in 12 Member States, welcomes the recast EPBD, especially the introduction of MEPS and firm dates to renovate Class G and F buildings to a higher standard. EFIEES would welcome a broader application of the energy efficiency first principle and non-discriminatory treatment between on-site and nearby renewable energy sources, as is the case with the 'zero emissions buildings' definition in the recast EPBD (which applies only to new buildings). EFIEES believes energy management solutions should be systematically considered in future EPCs, as well as in national building renovation plans.

The Coalition for Energy Savings welcomes the recast EPBD but believes that many of its provisions should be strengthened, in particular that MEPS should apply not only to the worst-performing buildings, but should instead seek to encourage deep renovations across the whole building sector.

The European Alliance to Save Energy (EASE) maintains that the recast EPBD 'introduces better measures and tools to increase the rate and depth of building renovations. However, the overall ambition is not sufficient to tap the economic and environmental potential of the full decarbonisation of the EU building stock.'

Friends of the Earth (FoE) Europe, an environmental association, welcomes the introduction of MEPS but believes these will be insufficient to address the social aspects of the Renovation Wave. FoE Europe believes more substantial social measures and financial support are necessary to deliver deep renovations across Europe. They feel that some aspects of the recast EPBD are far from ambitious, for example the decision to only renovate buildings up to Class E performance standard.

The European Environmental Bureau (EEB) and the Environmental Coalition on Standards (ECOS) insist that the Commission's legislative proposal will fail to decarbonise buildings in the EU by 2050, because it does not place any EU limit on the life-cycle emissions of new buildings. As a result, the Renovation Wave will be implemented without considering embodied emissions originating from the construction, demolition and wider supply chain. The legislative proposal favours quick and cost-effective renovation in the short term, rather than setting a path for long-term sustainability.

Buildings Performance Institute Europe (BPIE) published a policy briefing (September 2021) on how to make the EPBD fit for 2030, which made a series of detailed recommendations for improvement.

## Legislative process

The file was referred to the European Parliament's Committee on Industry, Research and Energy (ITRE), which appointed Ciarán Cuffe (Greens/EFA, Ireland) as its rapporteur. The Committee on the Environment, Public Health and Food Safety (ENVI) adopted its opinion on the proposal on 28 November 2022. The rapporteur's draft report was published on 6 June 2022. Amendments were subsequently tabled and negotiated, with a final ITRE report adopted on 9 February 2023. At its plenary session on 14 March 2023, Parliament adopted its position for interinstitutional negotiations.

Parliament would set an earlier deadline for all new buildings to be zero-emission (2028), and it would apply this obligation from 2026 to all new buildings occupied, operated or owned by public authorities. In line with the REPowerEU plan, all new buildings should be equipped with solar technologies by 2028 where feasible, while residential buildings undergoing major renovation would have until 2032 to comply with this requirement. Residential buildings would need to achieve at least energy performance class E by 2030, and D by 2033 (as opposed to F and E under the Commission's proposal). Non-residential and public buildings would have to achieve the same classes by 2027 and 2030 respectively. Member States would need to put in place free-of-charge information points ('one-stop-shops') and cost-neutral renovation schemes. Financial measures should prioritise deep renovations, especially of the worst-performing buildings, and targeted grants and subsidies be made available to vulnerable households. Member States should ensure that the use of fossil fuels in heating systems for new buildings or those undergoing major renovations to the building or the heating system, are not authorised from the date of transposition of this directive. They should be totally phased out by 2035, unless the European Commission allows their use until 2040.

In the Council of the EU, a general approach (negotiating position) was adopted during a meeting of energy ministers on 25 October 2022. This would require all new buildings from 2030 to be zero-emission buildings (from 2028 for all new buildings owned by public bodies). The Council expanded the list of exemptions and added buildings used for defence purposes. Existing buildings would need to meet minimum energy performance standards, but other rules would vary according to

whether the existing buildings were allocated for residential or non-residential purposes. Residential buildings would need to meet a D class EPC by 2033 and higher standards by 2040 and 2050, based on national trajectories towards zero-emission building stocks. Non-residential buildings would need to meet maximum energy performance thresholds, based on primary energy use and determined according to 15-25 % of the worst performing energy stock in the given Member State. Existing buildings would need to be below the 15 % threshold by 2030 and below the 25 % threshold by 2034. The general approach provides for A class EPCs to apply to zero emissions buildings, while an A+ class would be created and applied to zero emissions buildings that also contribute on-site renewable energy to the energy grid.

The provisional agreement between the Parliament and the Council was reached on 7 December 2023. It states that all new buildings should be zero-emission as of 2030; new buildings occupied or owned by the public sector should be zero-emission as of 2028. For the public sector target, the agreement draws the date from the Council position, but enlarges the pool of buildings concerned by retaining the term 'occupied' from the Commission proposal. There is no longer an obligation to scale up the energy performance of buildings via minimum levels to be achieved by individual buildings. Instead, Member States will have to ensure a reduction in the average primary energy used in residential buildings of at least 16 % by 2030 and in a range between 20 % and 22 % by 2035. The objective of transforming the residential building stock into zero-emission stock by 2050 remains. In an effort to ensure sufficient flexibility and reflect national circumstances, each Member State will be allowed to adopt its own national trajectory to reduce the average primary energy use. Member States may choose buildings to target and measures to take, under the condition that 55 % of the energy reduction is achieved through renovation of the worst-performing buildings.

In line with the Council position on Energy Performance Certificate, an A+ class has been added, to label buildings with a maximum threshold for energy demand lower than for zero-emission buildings, and generating more renewables on-site than they require. On minimum energy performance requirements, the agreement envisages that Member States renovate the 16 % worst-performing non-residential buildings by 2030 and the worst-performing 26% by 2033, compared with 15 % by 2030 and 25 % by 2034 in the Council position.

Member States will have to deploy solar energy in all new residential buildings by 2030 and progressively in public and existing non-residential buildings that undergo a renovation requiring a permit. Member States are required to take actions to decarbonise heating systems and phase out fossil fuels in heating and cooling. The date to stop usage of fossil fuel boilers was set at 2040 – 5 years later than suggested by the Parliament (although the Parliament report envisaged that the Commission could allow use of those boilers until 2040). An earlier date – 2025 – was set to end subsidies for stand-alone fossil fuel boilers, with the exception of financial incentives for hybrid heating systems with a considerable share of renewable energy (e.g. boilers coupled with solar thermal or with a heat pump). In line with Parliament's proposal, Member States will have to set up one-stop-shops, i.e. technical assistance facilities on energy performance of buildings.

The agreement extends the list of exemptions by adding buildings owned by armed forces or central government and serving defence purposes.

The Parliament endorsed the provisional agreement on 12 March 2024 and the Council did so on 12 April 2024. The revised directive was signed on 24 April and published in the *Official Journal of the EU* on 8 May 2024. It entered into force on 28 May 2024.

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Tenhunen S., Energy Performance of Buildings Directive 2010/31/EU: Fit for 55 revision – Implementation in action, EPRS, European Parliament, August 2021.

Wilson A., Improving Energy Performance of Buildings, EPRS, European Parliament, 2018.

## OTHER SOURCES

Energy performance of buildings, Legislative Observatory (OEIL), European Parliament.

## ENDNOTES

[1] See explanatory memorandum (p. 2) of the Commission's legislative proposal to recast the EPBD (15 December 2021).

[2] 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 'European Parliament supporting analysis'.

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