



Joint position for the trialogues on the Energy Performance of Buildings Directive (EPBD)

Now or never: why Member States must recognise the role of buildings in combatting climate change by agreeing to a common EU framework for Whole Life Carbon (WLC).

Why are WLC policies needed now?

For EU and national climate action, buildings are the elephant in the room. Almost everything in our daily lives adds to their climate impact, yet the EU has almost no climate-focused building policies, and no overarching building decarbonisation policy to date.

Delays in policies to deliver lifecycle decarbonisation of buildings have exacerbated the challenge of reaching the necessary 50% reduction of building emissions by the end of the decade¹. Achieving this will now require at least a 5% reduction each year until 2030². As buildings already make up to 40% of all EU emissions, a share that is on the rise, neglecting to address greenhouse gas emissions from buildings poses a serious threat to meeting our first critical climate target set by the EU Climate Law: a 55% reduction in EU greenhouse gas emissions by 2030. Falling short of this target would represent a collective failure for both the EU and its Member States.

Whole life carbon (WLC) building policies as Paris-aligned incentives and requirements are long overdue. Existing EU policies only indirectly regulate operational greenhouse gas (GHG) emissions of buildings through energy efficiency requirements, but these improvements are partly offset by upfront embodied carbon emissions of buildings, which inadvertently hinder decarbonisation progress.

Regrettably, energy policies continue to support the use of fossil fuels for heating and energy³, while the carbon tax for buildings threatens to worsen the energy and housing crisis for millions of citizens, making high climate ambition under the EPBD an even greater imperative for policymakers.

¹ <u>UNEP GlobalABC 2022 Status report</u> recommendation.

² <u>BPIE, 2022. EU Buildings Climate Tracker: methodology and introduction of building decarbonisation</u> indicators and their results.

³ REPowerEU focuses on switching the source of gas supplies for energy security, rather than switching the energy carriers we are using to power and heat our homes.

Energy-efficiency improvements, both globally⁴ and in Europe⁵, continue to be undermined by an expansion in floor space, due to the impact of materials and the need to heat, cool, and operate a bigger building space. The UNEP has recently reported that building and construction emissions have reached an all-time high⁶, and until their lifecycle emissions are addressed, the built environment will increasingly represent a ticking time bomb for the climate, by locking in future emissions through unsustainable construction and use of buildings.

The revision of the Energy Performance of Buildings Directive (EPBD) offers an unmissable opportunity to help defuse the escalating climate crisis through building WLC requirements. An ambitious trilogue agreement in line with the European Parliament's position on the EPBD would enable national building policies to chart the most efficient pathway to a climate-neutral building stock by 2050, supported by EU policy and technical assistance under a common EU framework. **The time for Member States to back ambitious WLC building policies is now.**

What do WLC policies entail?

By assessing all building emissions holistically, WLC policies can trigger and optimise actions across building carbon hotspots to minimise potential trade-offs between embodied and operational carbon emissions, in turn enabling a climate-neutral building stock to be achieved and sustained beyond 2050. Introducing comprehensive WLC requirements into national building codes would mean defining a climate-impact metric, tracker, and limit for the buildings that can be tailored to the context of the national building stock. One clear outcome of WLC policies will be the prioritisation of renovation over new construction as a key climate measure to support.

WLC building policies will also catalyse green demand throughout the sector, prompting energy-intensive industries, product manufacturers, contractors, proprietors, developers, and investors to integrate Paris-aligned performance into their business models. According to industry frontrunners, such a signal that the EU market for low-carbon building solutions is about to scale up is needed for firms to enable investments and transition towards a sustainable supply of basic materials and energy-related products⁷. With a single investment cycle and one product lifecycle remaining until 2050, decisions taken now are critical to determine if climate neutrality is achievable.

Moreover, WLC building policies will give EU industries a head-start in setting standards for low-carbon products based on their own solutions for a burgeoning EU Single Market. In terms of timeline, acting now with a clear schedule of regulatory actions until 2030 will give industries enough time to adapt and thrive in a sector partially governed by climate policies.

What's in it for EU citizens?

By addressing both operational and embodied emissions, building regulations can favour adaptive reuse and retrofit of buildings over new constructions to minimise climate impacts

 ⁴ IPCC, 2021. IPCC AR6 report – chapter 9 – buildings (available at: <u>https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_Chapter09.pdf</u>).
⁵ <u>https://ec.europa.eu/eurostat/statistics-</u>

explained/index.php?title=Building permit index overview#Recent developments

⁶ <u>CO2 emissions from buildings and construction hit new high, leaving sector off track to decarbonize by 2050</u> (UN, 2022).

⁷ Corporate Leaders Group Europe-CISL-Agora Energiewende (2021) Tomorrow's Markets Today: Scaling up demand for climate neutral basic materials and products, CLG-CISL-Agora Energiewende.

while reducing household energy bills that are largely associated with disproportionate fossil fuel costs.

On the contrary, a failure to effectively address climate impacts, resilience and, ultimately, climate change now risks leaving millions of households behind in the long term. All these aspects are interrelated, as high-impact buildings will be less adapted to deal with future climatic conditions, triggering even higher costs and climate impacts, for example, by needing increasingly more energy for heating and cooling.

Directly linking WLC policies to each individual building will chart a course to long-term economic and environmental sustainability. Otherwise, policymakers may face a climate housing crisis of unknown proportions in the near future.

Why do we need a common EU WLC framework?

A stepwise approach is recommended to deliver a WLC framework that works for all⁸. As with existing WLC policies in the EU, the use of generic data and, in the future, the use of CO₂ footprint data legally required under the Ecodesign framework and the Construction Products Regulation (CPR) will provide all the necessary information for construction sector value chains to comply with any form of WLC requirements⁹.

At the same time, a common EU framework should be established to harmonise the structure of national policies for WLC based on common principles and strategies, and to provide common technical support enabling national policymakers to use WLC data to drive all buildings toward carbon neutrality by 2050.

Agreeing on the process within this revision of the EPBD is essential to support national policymakers in adopting timely and coherent regulation of Whole Life Carbon. This will in turn foster the EU single market for low-carbon appliances and construction products, by reducing the regulatory burden and costs of compliance associated with different national requirements. Without such harmonisation, the impacts of EU product legislation on buildings decarbonisation will be constrained.

For these reasons, ECOS and the EEB call on energy ministers and national representatives to the EU Working Party on Energy to recognise the critical role of building decarbonisation policies to combat climate change by **agreeing to a comprehensive EU WLC regulatory framework and roadmap for national policies within the EPBD Recast**.

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 ⁸ BPIE, 2023. Reducing carbon emissions over the life of a building: opportunities in the 2022 EPBD recast.
⁹ Ramboll, 2023. EU policy models for reducing whole-life carbon of buildings: Guiding the European building stock on a path to climate neutrality.