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The background of the entire page is a photograph of a dense residential building complex. The buildings have multiple stories and are topped with red-tiled roofs. A tall, slender pine tree stands prominently on the right side of the image. The scene is captured during the day, with natural light illuminating the buildings.

FOR A GREENER AND JUST EU: A CALL TO ADOPT THE ENERGY PERFORMANCE OF BUILDINGS DIRECTIVE

The European Parliament's adoption of the final text on the Energy Performance of Buildings Directive (EPBD) revision is not a mere legislative process; it's a pivotal moment for the trajectory of climate action within the European Union (EU) and beyond. Despite constituting 40% of EU GHG emissions, buildings have long been neglected by targeted climate policies and is urgently in need of addressing if Europe is to have a chance of combating the polycrisis.

As the EPBD revision acknowledges, buildings are the proverbial "elephant in the room" when it comes to climate action. This gap in policy leaves Europe's ambitious climate targets—such as the aim to reduce emissions by 55% by 2030—in jeopardy. Failure to achieve these targets would not only represent a policy failure on the part of the EU and its Member States, but also undermine global efforts to combat climate change.

We, representing more than 200 civil society organisations across Europe, are calling for Members of European Parliament to adopt the text that had been negotiated through trilogues on the revision of the Energy Performance of Buildings Directive (EPBD). This would mark a critical step towards achieving full decarbonisation of the building stock by 2050 and mitigating climate risks. By adopting the proposed text, the European Parliament will demonstrate leadership in combating climate change and building a sustainable future for generations to come.

If adopted and successfully implemented, the revision of the EPBD would be particularly crucial in, among other things, the following points:

1. Initiating a structured framework for renovating EU's building stock, including **Minimum Energy Performance Standards** (MEPS).
2. Putting in place **Whole Life Carbon** (WLC) requirements and assessments for new buildings to tackle buildings embodied emissions.
3. Introducing **Zero-Emission Buildings** (ZEBs) requirements, empowering energy communities and citizens, including through one-stop shops.
4. Marking a turning point in decarbonisation of heating and cooling of EU's buildings.
5. Enabling financial support and innovative financial mechanisms to make the Renovation Wave a reality.

1. A structured framework for renovating EU's building stock, including Minimum Energy Performance Standards (MEPS)

The proposed text introduces Minimum Energy Performance Standards (MEPS), which serve as a cornerstone for driving building decarbonisation efforts. While MEPS offer flexibility in implementation, they provide a structured framework for mandating renovations of the worst-performing buildings—a crucial step in realising significant energy savings and reducing greenhouse gas emissions.

The original MEPS architecture relying on EPCs (which required a harmonisation of the latter across Member States) was substituted by two different approaches: a “threshold approach” for non-residential buildings and a “trajectory approach” for the residential sector:

- The **“threshold approach”** requires Member States to establish minimum energy performance standards **for non-residential buildings** exceeding a set threshold of maximum energy consumption, to be improved by a certain date. More specifically, by 2030, buildings identified in the 16% worst-performing segment will have to be renovated, and by 2033 for those pertaining to the 26% worst-performing segment. The approach contains several flexibilities and exemptions. Member States are required to disclose the criteria used to exempt, namely via their National Building Renovation Plans, and they shall make sure these are not disproportionately applied.
- The **“trajectory approach” for residential buildings** requires Member States to calculate a trajectory representing a progressive decrease of the average energy consumption of the whole residential sector (starting from 2020 and ending in 2050), which will need to be in line with the national roadmap and the 2030/2040 and 2050 targets enshrined in the National Building Renovation Plans. Member States shall ensure that from 2020 the average primary energy use of the whole residential stock decreases by at least 16% by 2030, and by 20-22% by 2035. Within this approach, Member States must ensure that 55% of the decrease of the average primary energy use is achieved through the renovation of worst-performing buildings. The latter is identified as “buildings which are part of the 43% of the worst performing segment” at national level. To achieve the trajectory milestones, Member States can establish minimum energy performance standards but also other measures, such as financing and technical assistance, integrated (large scale) renovation programmes, etc.

Beyond the regulatory dimension, the “MEPS framework” includes requirements for countries to establish an enabling framework including financial incentives and technical assistance (with a particular focus on vulnerable households/energy poor), plus integrated financing schemes that will provide support to deep and staged deep renovations etc. Lastly, the framework contains exemptions for certain categories of buildings such as worship places, officially protected/heritage buildings, and temporary buildings.

Even though throughout the revision process policymakers decided to favour flexibility at the expense of high ambition levels for the MEPS framework, the framework contains several elements which, if well implemented, could trigger for climate action in the built environment in the long-term. For instance, the “threshold approach” for non-residential buildings can be a perfect case study for the establishment of MEPS for residential buildings and units.

It will be of critical importance that such tools remain focused on the worst-performing buildings, not only for the high energy savings and GHG cuts potential, but also (and especially) in view of the multiple socioeconomic benefits that this activity could entail (i.e., fight against energy poverty, economies of scale, increased employment rates etc.). Another positive aspect that should be considered and enhanced during the implementation phase is the role of National Building Renovation Plans to accompany and likely facilitate the roll-out of MEPS. The iterative process between Member States and the European Commission will enable monitoring and provide guidance for an ambitious and socially just MEPS implementation.

2. Tackling buildings embodied emissions through Whole Life Carbon (WLC) assessment and requirements for new buildings

The adoption of Whole Life Carbon (WLC) policies within the EPBD revision represents a paradigm shift in how we approach building emissions. WLC policies, focus on assessing and mitigating both embodied and operational carbon emissions of buildings, are crucial for achieving full decarbonisation of the building stock and aligning with the Paris Agreement goals.

Existing EU policies primarily target operational greenhouse gas emissions through energy efficiency requirements, inadvertently neglecting the significant impact of embodied carbon emissions. This oversight undermines decarbonisation efforts as improvements in energy efficiency are offset by emissions associated with materials and construction processes. A recent report by the United Nations Environment Programme (UNEP) highlighted the record-high emissions from building and construction, further emphasising the urgency of addressing lifecycle emissions to prevent future climate risks.

WLC policies entail a holistic assessment of building emissions, allowing for optimised actions to minimise trade-offs between embodied and operational carbon. By integrating comprehensive WLC requirements into national building codes, Member States can define climate impact metrics tailored to their building stock, paving the way for a climate-neutral building sector beyond 2050. Moreover, these policies signal demand for low-carbon solutions, encouraging industry stakeholders to invest in sustainable practices and products, thus driving the transition towards a greener economy.

The EPBD revision mandates the calculation and disclosure of life-cycle Global Warming Potential (GWP) for new buildings, with phased implementation starting from January 2028 for larger buildings and extending to all new buildings by 2030. Additionally, it empowers the Commission to establish a Union framework for national calculation of life-cycle GWP, ensuring consistency and harmonisation across Member States.

A common EU framework is essential to harmonise national WLC policies and provide technical support for effective implementation. By leveraging existing data sources and regulatory frameworks, such as Ecodesign and Construction Products Regulation, Member States can comply with WLC requirements while ensuring consistency and efficiency. Moreover, the establishment of limit values and targets for cumulative life-cycle GWP, tailored to different climatic zones and building typologies, further strengthens the effectiveness of WLC policies.

In short, the EPBD revision presents a golden opportunity to address the escalating climate crisis through ambitious WLC policies. MEPs must seize this opportunity by supporting the adoption of the text, thereby signaling a strong commitment to decarbonizing the building sector. The inclusion of WLC requirements in national building codes, coupled with a common EU framework, will pave the way for a sustainable and resilient built environment, in line with the objectives of the Paris Agreement.

3. The introduction of Zero-Emission Buildings (ZEBs) requirements, empowering energy communities and citizens, including through one-stop-shops

The EPBD revision underscores the importance of Zero-Emission Buildings (ZEBs) in achieving long-term climate goals. The EPBD defines this concept of ZEBs as buildings with very low energy demand, zero on-site carbon emissions from fossil fuels, and zero (or a very low amount) of operational GHG emissions. While existing buildings should become ZEBs by 2050, all new buildings should be ZEBs by 2030. These dwellings are key to the transition: they contribute to demand-side flexibility (e.g., through the management of demand, or energy storage), and can produce and distribute renewable energy to achieve an efficient and resilient energy system.

The question remains, how do we cover the energy needs of a ZEB? The EPBD gives us 2 options. The first option is an individual solution, by generating and using renewable energy on-site such as solar thermal, geothermal, photovoltaics, heat pumps, biomass, or a connection to an efficient (and renewables and carbon-free-based) district heating and cooling system. The second option is a collective bottom-up response to renovations and energy by joining a renewable energy community.

Energy communities enable collective and citizen-driven energy actions to support the transition. They are based around the not-for-profit principle, are bottom-up and often done in collaboration with municipalities and SMEs, and are a great tool to increase the social acceptance, as well as attract private investments in the clean energy transition. Energy communities are an excellent lever for citizens to join forces and invest in renovations and clean energy.

Citizen-Led Renovations (CLR) by energy communities often lead to lower renovation costs, and offer the best value for investment to achieve energy efficiency gains (due to their not-for-profit nature). At the same time, they closely monitor the renovation works (as they need to build local trust), and often employ local contractors and materials.

The EPBD recognises the value of these bottom-up initiatives, encourages Member States to work on their visibility, and to actively support organisations with lower technical, financial and legal means, such as energy communities.

In addition to the measures validated in the Energy Efficiency Directive (EED), the EPBD introduces supplementary guidance for Member States regarding the implementation of One-Stop-Shops (OSS). Member States must ensure that these OSS, defined as technical assistance facilities, are established and operational. Collaboration with competent authorities is obligatory, while engagement with private stakeholders is discretionary.

The intended beneficiaries of these OSS encompass all participants involved in the energy retrofit of buildings, ranging from homeowners to small and medium-sized enterprises. The EPBD offers overarching guidance on prioritising and targeting territories, suggesting criteria such as population size (e.g., 80,000 inhabitants), housing stock obsolescence (average age above the norm), or specific geographical characteristics, here territories where integrated renovation programs are to be implemented.

Concerning services provided to households by OSS facilities, the EPBD emphasises the delivery of streamlined information on technical and financial options, alongside holistic support. Notably, accredited installers are also entitled to holistic support from OSS.

Furthermore, households affected by energy poverty, predominantly situated in the least energy-efficient buildings, require specific additional support. The European Commission is set to furnish guidelines on developing dedicated services for this specific demographic.

In summary, the EPBD aligns cohesively with the EED regarding OSS, offering general guidelines. However, specifics such as funding mechanisms, potential costs for households and installers, and the extent of financial involvement are not explicitly outlined and are left to national implementation. Additionally, the EED mandates the involvement of OSS in Minimum Energy Performance Standards (MEPS) deployment, necessitating consistency with the European Commission's guidelines on energy poverty alleviation through OSS.

4. Decarbonisation of Heating and Cooling

The approval of the EPBD stands as crucial to the decarbonisation of our heating and cooling systems, the largest market for fossil gas in Europe. Improving Europe's ageing building stock and investing in greener heating and cooling systems within our homes, offices, and schools is essential to achieving the EU's goals of contrasting energy poverty, reducing carbon emissions, and curbing energy independence.

Despite the EPBD's having been diluted, there are still valuable aspects that remain. In particular, the ban on financial incentives for installing standalone boilers powered by fossil fuels from 2025 represents a turning point for the decarbonisation of heating and cooling in Europe. In addition, the planned phase-out of such boilers by 2040 stands as a pivotal, overarching goal for the EU's goals of overall decarbonisation. These measures will act as a driver for market change as they send a clear signal to both market players and consumers alike, while not banning any specific technology and allowing citizens to make their informed choices.

It's also important to stress that these two measures will ensure a market for the growing European heat pump and solar industry and contribute substantially to cutting households' energy bills.

5. Financial support and innovative financial mechanisms to make the Renovation Wave a reality

Decarbonising EU building stock will require significant financial investments, but currently, there is a notable shortfall in funding levels. Based on Member States' current plans, the investment gap to 2030 is estimated at €2.75 trillion. Meeting the new EPBD objectives is dependent upon addressing this financial deficit. To bridge this gap, it is necessary to optimize the use of existing financial instruments while at the same time introducing innovative approaches to provide additional resources. In addition, a tailored approach is necessary given the diverse economic, situational, and knowledge contexts within households.

Currently, grants assist households in financing home renovations, but they often fail to provide comprehensive coverage and to adequately target those most in need. Enhancing the efficacy of these grants entails prioritising public support for vulnerable households, ensuring sufficient funding for deep renovations, and directing resources toward the worst energy performing buildings. Additionally, it is crucial to avoid allocating financial support to outdated fossil fuel technologies and instead prioritise cost-effective and sustainable alternatives.

Furthermore, public investment cannot close this huge investment gap alone, and there persists a concerning underutilisation of renovation loans among homeowners. Existing loan offerings are not attractive, accessible, and visible enough. Addressing this issue requires measures such as Mortgage Portfolio Standards, to make sure that financial institutions set targets for improving the energy efficiency of their lending portfolios and collaborate with clients to facilitate renovations.

Moreover, there is also a need to explore innovative financing solutions that leverage both public and private resources synergistically. Efforts should involve providing lending at discounted rates to

financial institutions so they can offer preferential terms for energy-efficient renovations or implementing government-backed loan guarantees to facilitate broader access to financing. This collaborative approach can be key to unlock additional funding streams.

Finally, ensuring that the right enabling measures are in place is crucial. This includes having reliable data to track progress, widespread understanding of available financial avenues through comprehensive education efforts targeting both consumers and financial institutions, and complementary assistance from one-stop shops, which should also inform on financing opportunities for renovations.