

EBC position on the proposal amending Directive 2010/31/EU on the Energy Performance of Buildings

About EBC

Established in 1990, the European Builders Confederation - EBC - is a European professional organisation representing national associations of micro, small and medium-sized enterprises working in the construction sector. EBC sits on the European Social Dialogue Committee of Construction. EBC is a member of UEAPME (the European association of micro-enterprises and SMEs), on behalf of which it chairs the UEAPME Construction Forum.

The construction sector is of vital importance to the European economy. With 3 million enterprises and a total direct workforce of 18 million, the construction sector contributes at around 9% to the GDP of the European Union.

99.9% of the European construction sector is composed of small and medium-sized companies, which produce 80% of the construction industry's output. Small enterprises (less than 50 employees) are responsible for 60% of the production and employ 70% of the sector's working population.

A. General remarks

Energy use in the buildings sector (residential and commercial) is responsible for about 40% of final energy consumption in the EU and hence offers great possibilities for reduction. In fact the biggest savings can be reached in the existing building stock which has the potential to reduce energy consumption by 61% by 2030. Thus the building sector constitutes a key area of action for the EU in order to reach its energy efficiency goals set within the 2030 framework for climate and energy and to achieve international commitments, e.g. in the framework of COP21.

EBC welcomes the revision of the Energy Performance of Buildings Directive (EPBD) because of its importance for the following goals:

-  put the principle of “energy efficiency first” into practice;
-  improve the performance of 75% of the built environment that is considered energy inefficient;
-  accelerate the cost-effective renovation of existing buildings, which will be a win-win situation for the whole European economy, including the construction sector.

The EPBD has been fundamental to improve the energy use of buildings as it sets out concrete ways to achieve the great untapped potential, focuses on reducing the large differences between Member States that exist in energy saving outcomes and increases the awareness of energy performance in buildings.

However, until now the situation differs greatly among Member States, although the EPBD has forced them to define objectives for new buildings and ways to achieve them. The greatest untapped potential lies in existing buildings and especially within the residential building stock, which makes up 75% of the square meters built in Europe and consumes roughly 28% of the total energy.

B. Comments and recommendations

In order to ensure that the EPBD triggers higher renovation rates, especially among the existing building stock and thus further drives the EU towards sustainable and efficient buildings, EBC proposes comments and recommendations on the following issues:

a. Long-term renovation strategies

EBC welcomes the European Commission proposal to move article 4 of the Energy Efficiency Directive (EED) on building renovation to the EPBD, especially in terms of consistency. However, EBC regrets that the European Commission did not propose the same step for article 5 of the EED on the exemplary role of public buildings. It is widely acknowledged that an especially important role in renovation strategies can be played by the public sector. Moving article 5 from the EED to the EPBD would not only increase the consistency of the two directives but additionally open the article for further improvement. EBC believes that the refurbishment target of 3% as defined in the EED is the right way forward, though all buildings owned and occupied by all levels of public authorities should be included, irrespective of their size. Furthermore it is essential to avoid the big amount of remaining loopholes that enable Member States to sidestep the renovation of their public buildings.

Regarding the renovation of private homes, EBC believes that it is more important to put in place long term incentives measures than renovation obligations. Thus EBC supports the enhancement of the new article 2a on a long-term renovation strategy, asking for a roadmap with clear milestones and measures for the 2030 and 2050 goals. Especially welcome are the two new paragraphs within article 2a which urge Member States to introduce mechanisms for the aggregation of projects, for de-risking energy efficiency operations and for the use of public funding to leverage additional private sector investment. However, EBC regrets that the European Commission decided not to continue the requirement for member states to update the long-term renovation strategy every three years as part of the National Energy Efficiency Action Plans. This could considerably slow down efforts by Member States to renovate their building stock.

It is furthermore essential to address the lack of knowledge and information by clients and financial institutions on energy efficiency via information campaigns, e.g. on efficient consumption, repercussion of consumer behaviour and on possibilities within energy efficiency improvement operations.

Recommendations

- **Move article 5 on the exemplary role of public bodies' buildings from the EED to the EPBD.**
- **Ensure that the long-term renovation strategy is updated regularly within the national energy and climate plans of the regulation on the Governance of the Energy Union.**
- **All buildings owned and occupied by all levels of public authorities, regardless their size, should be covered by the 3% renovation target.**
- **Address the lack of knowledge and information by clients and financial institutions on energy efficiency via information campaigns**

b. Financing energy efficiency

Financial measures and incentives have proven to be important means to create the energy renovation market¹, to encourage greater consumer confidence and to help against possible market failures. Keeping this in mind, financing for energy efficiency at the member state level should be flexible in catering for the national market conditions and display a stable long-term framework to avoid uncertainties for households.

¹ For further information on the importance of a thriving energy renovation market for the EU economy, please consult our [infographic](#).

EBC does not support the idea of comparing Energy Performance Certificates (EPCs) before and after the renovation, as proposed in the (new) article 10. Indeed, such a scheme may run counter-productive to energy efficiency goals and renovation.

On the one hand it generally increases uncertainties for home owners. On the other hand, home owners may neither be willing nor capable to pay the up-front payments without any support and will certainly shy away from complex and costly incentive systems. Considering that buildings are not homogeneous, it will furthermore increase inequality among home owners with the result that some have to make greater efforts than others.

In this instance, EBC is deeply concerned that this new provision will de-facto roll out the introduction of Energy Performance Contracting, a very interesting business model, which is currently totally inadequate for small/medium housing units and difficult for small companies to provide.

EBC instead supports incentive measures, both in public and private financing, that connect financial means in a more general way to energy efficiency improvements in the renovation of buildings.

An example is the “European Energy Efficiency Mortgages” launched by the European Mortgage Federation. It focuses on financing energy efficiency works in residential units via preferential interest rates for energy efficient homes and/or additional funds for retrofitting homes at the time of purchase. Thus it offers better borrowing rates on mortgages in return for either purchasing more energy efficient homes or committing to implement energy saving works within properties.

Equally important to linking financial measures to energy savings is to avoid uncertainties and fragmentation by means of a stabilised legislative framework. Incentive measures related to energy efficiency are constantly changing. Therefore households are concerned that the conditions may change during renovation works and hence prefer not to start any works. Long term measures are needed such as reduced VAT rates and information about these should be spread.

Recommendations

- **Ensure that financial measures for the energy renovation remain as easily accessible and certain as they already are in most Member States. EPC comparisons before and after renovation increase uncertainties and hurdles for home owners to invest in energy efficiency improvements.**
- **Support and promote public and private financing schemes for energy efficiency such as the European Energy Efficiency Mortgages.**
- **Push for earmarking financial resources of EFSI 2.0 towards energy efficiency projects.**
- **Ensure the dissemination of best practices of aggregation of small energy renovation projects into larger frameworks in order to be financeable and strategically important, such as PICARDIE PASS RENOVATION & ENERGIE POSIT’IF.**
- **Financial stimulus should be established and information spread in order to incentivise people to renovate (e.g. via reduced VAT rates).**

c. Energy performance certificates

Energy Performance Certificates (EPCs) have not yet widely shown to be successful in improving the energy performance of buildings although the situation varies between the Member States. One of the biggest problems lies in the significant and frequent discrepancies of EPCs. To achieve their full potential, it is important to encourage Member States to continuously focus on quality assurance of EPCs so that public trust in and understanding of the meaning of EPCs and their purpose are increased.

EBC believes that EPCs must remain an information tool and should hence neither describe technical and construction details nor the pricing of energy renovation projects. This information should be provided by the companies and installers who will perform these renovations as energy inspectors and auditors are often not aware of the service costs. Otherwise there is a big risk that clients receive contradicting information and thereupon delay investment decisions.

Recommendations

- **Encourage Member States to continuously focus on quality assurance of EPCs.**
- **Ensure that EPCs do not include technical/construction details nor the pricing of the energy renovation projects.**

d. Inspection of heating and air-conditioning systems

Heating and hot water alone account for 79% of the total final energy use in EU households. Of utmost importance is hence the regular maintenance work by competent installers. They not only ensure the proper functioning of the system and the protection of users through checking for possible contaminations that can lead to asthma problems and allergies but furthermore have the possibility to inform about renovation work and more efficient equipment. However, within the document proposed, the European Commission increases the thresholds for regular inspection. In the case of heating systems, the European Commission proposes regular inspection for residential buildings with a centralised technical building system of a cumulated effective rated output of over 100 kW. In the case of air-conditioning systems the proposal asks for a regular inspection for residential buildings with a centralised technical building system of a cumulated effective rated output of over 100 kW. This drastic increase of the thresholds would exclude a large amount of residential heating systems from a mandatory energy inspection, especially single family homes.

Recommendations

- **Lower the threshold for both the regular inspection of heating and air-conditioning systems, to ensure the proper functioning of systems in the overall European building stock, including small single family homes.**
- **Ensure that “regular maintenance” of heating and air-conditioning systems is included in article 14 and 15 next to “inspection”.**

e. Improving the offer of energy efficiency renovations

The right set of professional skills plays an essential part in improving our building stock. New energy and environmental challenges require specific knowledge. Partnerships between manufacturers and installers are key for a mutual understanding within the value chain. In order to stay competitive and tackle the challenges at hand, SMEs need to acknowledge the advantages of grouping together and need to be able to explain their customers with a profound understanding that long-term savings justify higher up-front costs. Yet the sector lacks a large number of skilled workers capable of meeting the above named challenges.

Continuous vocational trainings, qualification and certification of professionals and skilled technicians is of crucial importance in achieving the energy efficiency objectives for renovation. New forms of training and qualification have proven very useful in this regard (e.g. on-site training). However it is not always necessary to establish completely new schemes; a structural improvement may be all it takes.

Informal training schemes need to be considered as important as formal qualification requirements. Moreover, financing the improvement of skills is essential, especially when keeping in mind that 91.9% of European construction enterprises have less than 10 employees and may hence lack means and resources that allow upskilling. Therefore EBC promotes to allocate and earmark parts of the European Social Fund should to the upskilling of blue-collar workers in the construction sector.

Recommendations

- **Facilitate the aggregation of SMEs in groups and consortia to enable them to offer packaged solutions to potential clients.**
- **Support new forms of training and qualification or structurally improve the existing ones.**
- **Strengthen informal training schemes and ensure they are considered equally important than formal qualification requirements.**
- **Allocate and earmark part of the European Social Fund to the upskilling of blue-collar workers in the construction sector**