

EBC feedback on the proposal for the revision of the Energy Performance of Buildings Directive

About EBC

Established in 1990, the European Builders Confederation (EBC) is a European professional organisation representing national construction employer associations of micro, small and medium-sized enterprises. EBC is a member and partner of SMEUnited, the European association of SMEs, and Small Business Standards (SBS), the European association representing SMEs in standardisation.

The construction sector is of vital importance to the European economy. With 3.4 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 micro, small and medium-sized enterprises.

General remarks

In December 2021, EBC welcomed the European Commission's proposal to revise the Energy Performance of Buildings Directive (EPBD), a key reform to foster the energy efficiency of buildings on the way to reach the goals of the European Green Deal and the Renovation Wave. The proposal has been the result of a long process of public consultation and debate with stakeholders.

More energy-efficient buildings will help achieve the environmental ambitions of the EU while at the same time guaranteeing better quality indoor spaces for European citizens, supporting the recovery of the economy and boosting activity for SMEs, which constitute the overwhelming majority of the construction companies. In a context heavily impacted by the war in Ukraine, improving the energy efficiency of buildings, accounting for almost 40% of carbon emissions in the EU, making a better use of resources and reducing energy dependences has become more pressing than ever.

There are positive elements in the revision proposal that need to be upheld, in view of the adoption process by the co-legislators. We welcome the fact that the Commission decided to safeguard the scope of the directive, keeping the focus on the energy performance of buildings and staying dedicated to the appropriate implementation of the Energy Efficiency First principle. Also, as strongly supported by EBC, the impetus and dynamism given to the concept of One-Stop-Shops for renovation demonstrates a willingness to listen and to be pragmatic.

However, several other points in the suggested revision require further attention, in order to facilitate its implementation and good functioning. Notably, the novel frameworks on Minimum Energy Performance Standards (MEPS), Zero-Emission Buildings (ZEBs) and revised Energy Performance Certificates (EPCs) will need a careful implementation to ensure a successful Renovation Wave for Europe.

Specific remarks

- **Europe needs a robust framework and stronger uptake for One-Stop-Shops**

One-Stop-Shops (OSS) are a key pragmatic measure to help citizens to renovate and the EU to reach its environmental targets. The proposal is taking steps in recognizing the role of OSS to support citizens through renovation scenarios by providing technical, administrative and financial guidance, and in making the link between all actors involved, including construction SMEs.

However, more can and needs to be done to **ensure that OSS are taken up, mainstreamed and used to advise citizens** looking for support to better understand how to renovate their buildings. For example, the directive should **encourage and incentivise the funding of comprehensive/all-inclusive OSS**, which can unlock the full potential of sustainable and deep renovation in the private residential sector by accompanying owners throughout the whole retrofit process, including counselling, technical advice and financial support. The **issue of the long-term financing of OSS** is also crucial and the directive could bring answers through an increased support from EU funding.

- **New Energy Performance Certificates should not penalise front runners**

EBC welcomes the suggested reforms of the rules governing Energy Performance Certificates (EPCs) which should result in a more harmonised framework across the EU. **The existing EU framework for EPCs is problematic and a change was necessary**, as this tool becomes increasingly important in an ever-more digitalised construction industry. In this sense, EBC advocates for the need of a harmonised EPC framework across the EU.

The new EPCs framework proposed improves the quality and comparability of the information and tackles some of the existing problems. The possibility to keep the EPCs concise and clear by making the long list of additional indicators displayed a voluntary option for Member States would also be a plus to facilitate the usability and efficiency of the tool.

With the proposed framework, Member States are in practice called to align A-rated buildings with the new definition of “Zero-Emission Buildings” and an energy performance benchmark set according to climatic zones, while the worst-performing 15% of the building stock at national level will be granted a G-rate. While this attempt to harmonise EPCs goes in the good direction, it remains important to monitor its

implementation, to **ensure that EPCs truly converge across the EU** and to **guarantee that Member States that have already proceeded with improving their building stock are not treated unfairly.**

Finally, **focusing on the 15% less efficient buildings at national level shouldn't impede more ambition from Member States regarding the rest of the existing building stock.** In addition to the focus on F and G-rated building, renovation plans, should also consider all buildings that could benefit from energy efficiency renovation through the National Recovery Plans, the National Building Renovation Plans, or the Building Renovation Passports.

- **Minimum Energy Performance Standards need careful implementation**

One major novelty of the proposal is the introduction of mandatory Minimum Energy Performance Standards (MEPS) for existing buildings, which will be based on the reformed EPCs. These MEPS mean that tens of millions of buildings across the EU would need to be renovated, a task for which construction SMEs are crucial. In fact, **nearly 35 to 40 million buildings will need to be renovated by 2033¹.**

However, this constitutes an enormous challenge, even more so when considering that renovating the worst performing buildings, often occupied and owned by the least well-off, will require financial and technical efforts to accompany citizens.

Moreover, given that the EPCs' energy performance classes are going to be used as the benchmarks for the MEPS, **particular attention would need to be paid to the transition from the existing to the new EPCs** set to apply as of 2025. This transition could cause legal and economic uncertainty due to their rescaling. This would mean that all building stakeholders might not be able to predict the rating of each building and the obligations that will result from it, while predictability and a stable framework are the best context for renovation investments.

- **Introducing Zero-Emission Building could be challenging for SMEs**

When it comes to the introduction of the new concept of **Zero-Emission Buildings (ZEBs)**, which will practically replace the role of the existing Nearly Zero-Emission Buildings in the next decade, the Commission is aiming at an increased level of ambition for new and renovated buildings. This increased ambition will create new requirements to which construction SMEs will need to adapt again, only a couple of years after the previous revision, to which the market is still adjusting.

Furthermore, the new ZEBs definition seem not to integrate the full potential of the decarbonised energy systems provided from the grid, expected to continuously grow in the next decade, even more considering the geopolitical pressure. **Too strict limitations in the definition of on-site or local energy solution could prevent that professionals make use of the diversity of energy sources,** which might sometimes be more available and more efficient than on-site renewables.

¹ Data derived from the [EU Building Stock Observatory](#) compiled by the consultancy [RICS](#).

- **Financing the transition and the right skills**

The Next Generation EU recovery plan and Member States have tried to encourage building renovation and improve the energy performance of buildings across the EU. However, a herculean task is ahead of us as tens of millions of buildings will require renovation in the course of this decade, when **the sector historically struggles to attract and retain talent, and today surely lacks the necessary number of construction professionals with the right skills** to make the Renovation Wave a reality.

The existing and short-term incentives and initiatives to support vocational education and training, as well as the upskilling and reskilling of the construction workforce to fit the twin digital and green transition, are not enough. **Accompanying construction SMEs in their effort to further and better adopt and incorporate digital tools and green competences in their daily activities is vital for the EU ambitions.** Training should fit the real on-site needs of construction SMEs and its length should be balanced given the limited human and financial resources of SMEs.

In addition, even though **the section on financing in the EPBD** attempts to give a direction for Member States and financial institutions to improve and increase the funding dedicated to energy renovation and skills, it still **falls short as it lacks specific and pragmatic measures.**

- **Whole life-cycle emissions of new buildings should be discussed separately**

EBC believes that the whole life-cycle emissions of buildings should be taken into account in the future, starting with new buildings. However, **the EPBD is not the right vehicle to that end.** We are therefore pleased to see that the proposal recognises the **need for the existing and well-functioning provisions of the EPBD to retain their structure and focus.**

Should Member States wish to develop this concept, they will be given the possibility to include Whole life-cycle consideration in their EPCs. **Additional discussions can take place at a later stage in the form of a dialogue involving all stakeholders, after that the collection of data allows to establish an agreed baseline scenario.** The 2050 Whole Life-Cycle Performance Roadmap currently developed by the Commission should facilitate such an inclusive process.

- **Ensuring coherence with the Energy Efficiency Directive**

Public authorities should work tirelessly so that all types of public buildings operate as pioneers that would pave the way for citizens to engage in renovation works. This would be in line also with the upcoming revision of the Energy Efficiency Directive (EED), by which the Commission aims to extend the renovation obligation to buildings owned by all public bodies with a 3% annual rate target. This ambition should also be reflected in the EPBD, to make sure that both directives have a coherent ambition and ensure legal safety for all actors concerned, including construction SMEs.