

# Energy performance of buildings. Recast

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Buildings are central to EU energy efficiency policy, as **nearly 40% of final energy consumption (and 36% of greenhouse gas emissions) is in houses, offices, shops and other buildings**. Moreover, the sector provides the **second largest untapped and cost-effective potential for energy savings after the energy sector itself**. There are also important co-benefits from making buildings more energy efficient, including job creation, fuel poverty alleviation, health improvements, and better energy security and industrial competitiveness.

In accordance with Directive 2010/31/EU on the Energy Performance of Buildings, the report provides the main results of an analysis the Commission is required to present on the **effectiveness of EU funding**, funds from the European Investment Bank (EIB) and other public finance institutions, and the coordination of Union and national funding. The Report also seeks to indicate how financial support for energy efficiency in buildings can be improved, in accordance with the [new Directive on energy efficiency \(2012/27/EU\)](#).

**European Union financial support:** the EU has supported the improved energy performance of buildings for many years by means of a **range of programmes**, in particular in the context of its cohesion, research and enlargement policies.

The **European Energy Efficiency Fund (EEE-F)** with a volume of EUR 265 million, with funding coming from, among others, the European Union. The **Intelligent Energy Europe II (IEE II)** Programme with a budget of EUR 730 million, of which around 50% is allocated to energy efficiency.

The European **international financial institutions (IFIs)** operate their own investment instruments for energy efficiency in buildings. From 2008 until the end of 2011, the **EIB** mainstreamed energy efficiency into its operations, resulting in a total funding volume of EUR 4.8 billion in the EU, of which EUR 1.7 billion were in the building sector.

Lastly, **national governments** also use their own budgets to support energy efficiency in buildings. Many of the existing measures have been reported to the Commission through the National Energy Efficiency Action Plans (NEEAPs).

**Main conclusions:** the picture that emerges from the examination of the European building stock, the existing financial support measures for energy efficiency in buildings and the different market barriers, shows that:

- the **situation differs significantly between Member States** in terms of their building stock, the financial support measures in place and the relevant market barriers;
- although **investments in building energy efficiency are increasing** and there are many best-practice examples of instruments that are delivering cost-effective energy savings, there is **only limited information on the effectiveness of the different financial support measures**, both at EU and national levels;
- **important barriers hampering further uptake of energy efficiency investments** in buildings persist, including a lack of awareness and expertise regarding energy efficiency financing on the part of all actors; high initial costs, relatively long pay-back periods and (perceived) credit risk associated with energy efficiency investments; and competing priorities for final beneficiaries;
- if the EU is to meet its 2020 energy efficiency target and its ambitions for further savings towards 2050, it is **imperative to improve the financial support for energy efficiency in buildings**. For

this to happen, it is necessary to **ensure that the regulatory framework is properly implemented, more financing is made available and key barriers are addressed;**

- although the Commission is engaged in many initiatives and activities to support these objectives, given the nature of the building stock and sector, and their responsibility for implementing the relevant legislation and addressing national market barriers, the **Member States are in the driving seat to ensure that more cost-effective investments take place;**
- the importance of a tailor-made approach to energy efficiency financing means that **close cooperation between public authorities, finance providers and the building sector is essential;**
- last but not least, **building owners will have to be convinced of the benefits of making their properties more energy efficient, not only in terms of a lower energy bill but also as regards improved comfort and increased property value.** This may well be one of the greatest hurdles to overcome in making Europe's buildings more energy efficient. However, the macroeconomic case for doing this is strong and targeted incentives and awareness raising efforts to change attitudes will be necessary. The building renovation roadmaps that Member States have to establish under the new EED will be a key tool in this context and should explicitly address these issues.