**Follow up to the European Parliament non-legislative resolution** **on maximising
the energy efficiency potential of the EU building stock**

1. **Rapporteur:** Ciarán CUFFE (Greens/EFA/ IE)
2. **Reference numbers:** 2020/2070 (INI) / A9-0134/2020 / P9\_TA-PROV(2020)0227
3. **Date of adoption of the resolution:** 17 September 2020
4. **Competent Parliamentary Committee:** Committee on Industry, Research and Energy (ITRE)
5. **Brief analysis/assessment of the resolution and requests made in it:**

The resolution of the European Parliament stresses the important energy efficiency potential of building renovation and calls for policy actions to maximise this potential. Many calls for action are addressed to the Commission.

The resolution has been a timely and crucial input to the Renovation Wave Communication[[1]](#footnote-1) adopted by the Commission on 14 October 2020 and which broadly addresses the Parliament’s calls for action.

The Parliament and the Commission are well aligned in their views, both as regards the recognition of the important role of building renovation as a win-win opportunity for climate neutrality and economic recovery, and as regards ways forward to increase the rate and depth of building renovation.

1. **Response to the requests and overview of the action taken, or intended to be taken, by the Commission:**

The Commission welcomes the European Parliament’s resolution on maximising the energy efficiency potential of the EU building stock and has integrated its suggestions for policy actions in its strategic Communication on a Renovation Wave for Europe. The communication sets out comprehensive actions for the years to come, comprising regulatory, financing and enabling measures. In the following, the focus is on those actions, which respond to Parliament’s resolution.

**Neighbourhoods and communities (paragraphs 1-16):**

The Commission recognises the important role of neighbourhoods and communities in building renovation and places an integrated, participatory and neighbourhood-based approach at the heart of the Renovation Wave. By exploiting synergies, district and community approaches may lead to zero-energy or even positive energy districts, for example through advanced district heating and cooling systems with large potential for renewables and waste-heat recovery, and reduce costs.

The Commission will launch an Affordable Housing Initiative that will pilot 100 lighthouse renovation districts in a smart neighbourhood approach and provide blueprints for replication. Renovation can be used as a lever to address energy poverty and access to healthy housing for all households, including for persons with disabilities and for older people. Exemplary district renovation projects could be included in the Member States’ national recovery plans. The Commission encourages Member States, regions and local authorities to finance investments in a local context as part of the territorial instruments. Relevant stakeholders will be supported in regenerating European neighbourhoods, including through the Climate Pact and the High Level Forum on construction. The Commission will facilitate the exchange of good practices through cross-border networks such as EU committees, concerted actions or expert groups, stakeholder *fora*, the Covenant of Mayors and the Smart Cities Marketplace.

To exploit the potential of energy communities, the Commission will look closely into the implementation of the Electricity Market Directive and the Renewable Energy Directive and use concerted actions to support their creation and diffusion across Member States.

In line with the Parliament, tackling energy poverty is a focus area of the Renovation Wave. On 14 October 2020, the Commission presented a Recommendation on Energy poverty[[2]](#footnote-2) to guide Member States in defining and implementing strategies to reduce energy poverty. The Commission will assist Member States in developing targeted financial solutions for lower-income households, together with easier access to essential services, energy audits and energy performance certificates. The Commission will also examine whether and how the EU budget resources alongside EU Emissions Trading System (EU ETS) revenues could be used to fund national energy efficiency and savings schemes targeting lower-income citizens. In the upcoming revision of the Energy Efficiency Directive (EED), the Commission will propose to expand the use of energy service companies (ESCOs) and energy performance contracts to make renovation affordable for all households.

The Commission agrees with the Parliament that one-stop shops are necessary in order to create project pipelines and will, together with the European Investment Bank (EIB), support setting up standardised one-stop shops at national, regional and local levels.

**Finance (paragraphs 17-38)**

The Commission shares Parliament’s view that funding for energy renovation of buildings needs to be prioritised. It agrees that equal access to financing should be promoted, including for the worst performing segments of the building stock, energy-poor consumers, social housing, and households subject to split-incentive dilemmas, while taking affordability into account.

The 2021 Annual Sustainable Growth Strategy and the Guidance on Resilience and Recovery Plans identified building renovation as a priority for national recovery plans under the European Flagship ‘Renovate’. In accordance with Parliament’s call for specific guidance to Member States on building renovation in the context of the COVID-19 recovery plans, the Commission has complemented the general Guidance on Recovery and Resiliency Plans with tailor-made guidance to each Member State in the context of the individual assessment of National Energy and Climate Plans (NECPs) and will provide further guidance in the assessment of the Member States’ Long-Term Renovation Strategies.

In relation to the Parliament’s request to prioritise funding for energy efficiency of buildings under InvestEU, the Commission confirms that within the Social Investment and Skills Window and the Sustainable Infrastructure Window, investments in energy renovation of buildings will be supported through dedicated financial products targeting the residential sector. The focus will be on social and affordable housing, public infrastructure, Small and Medium sized Enterprises (SMEs) and ESCOs to mainstream energy performance contracting. In order to unlock the potential of private financing, the Commission is looking into additional standards and labels for sustainable financial products, such as green mortgages, green loans and green bonds, in the framework of the EU Renewed Sustainable Finance Strategy. The Commission will consider a possible lower credit risk of sustainable financial products in the reviews of the Mortgage Credit Directive and the Consumer Credit Directive, and is considering measures to incorporate environmental, social and governance risks into prudential regulation in its reviews of the rules for banks (the Capital Requirements Regulation and Directive) and insurers (the Solvency II Directive).

The Commission seconds the Parliament’s view that financing schemes should incentivise and prioritise deep renovations. In order to steer financing towards sustainable investments in deep renovations, the Commission will consider introducing a ‘deep renovation’ standard as part of the Energy Performance of Buildings Directive (EPBD) revision.

The Commission agrees with Parliament on the importance of combining funding sources and will work in cooperation with the Member States, the EIB and market participants to facilitate the implementation of rules for combining EU programmes and instruments, national funds and private funds for renovation projects.

Parliament has drawn attention to Member States’ good practice to use EU emissions trading system (ETS) revenues for building renovation. The Commission stands ready to advise Member States that are considering using revenues from the EU ETS and funding opportunities under the ETS Modernisation Fund as a source of funding for building renovation programmes, in particular for lower-income households.

In accordance with the Parliament’s calls to increase absorption rates of funds through technical assistance and to step up the capability of the ELENA (European Local Energy Assistance) facility, the Commission has proposed strengthened financing for the ELENA facility from the InvestEU Advisory Hub and possibly from other European programmes. Together with the EIB, the Commission will help Member States to design national or local programmes replicating the ELENA model.

Following the Parliament’s request to revise EU state aid rules to create an enabling framework for energy efficiency measures, the Commission will (as part of the ongoing revision of the General Block Exemption Regulation and the Energy and Environmental Aid Guidelines) set up simpler, clearer and easier-to-apply State Aid rules for building renovation, in particular in the residential and social sectors, and clarify the scope of State Aid for renewable energy installations for self-consumption. As a first step, the Commission is revising State aid rules to facilitate co-financing of InvestEU guarantees by Member States.

**Construction technologies and building materials (paragraphs 39-54)**

Like Parliament, the Commission sees great potential for industrialised solutions to accelerate renovation works and reduce renovation costs.

In accordance with Parliament’s call to support research and development (R&D) programmes for efficient construction materials, the European Green Deal Call, part of Horizon 2020, includes an area dedicated to ‘Energy and resource-efficient buildings’.

The Commission shares the Parliament’s view that the integration of renewable energies into the building sector has to be further promoted. As part of the revision of the Renewable Energy Directive by June 2021, and based on a thorough impact assessment, the Commission will consider strengthening the existing renewable heating and cooling target in accordance with the proposed higher climate target ambition for 2030 and introducing a requirement to use minimum levels of renewables in buildings, and will propose measures for facilitating access to waste and renewable heat and cold. For the latest products, which integrate renewable energy, such as from photovoltaics, the Commission will map challenges encountered by these products on the single market and consider ways to remove identified barriers.

The Commission agrees with the Parliament that consumers should be incentivised to replace old, inefficient heating and cooling technologies. The EU legislation on Ecodesign sets minimum energy efficiency standards for such technologies, eliminating the least performing products from the market. In addition, the EU legislation on Energy Labelling provides consumers with information on the most efficient products and steers financial incentives towards the highest performing ones[[3]](#footnote-3). The Ecodesign Framework Directive and the product-specific ecodesign and energy labelling delegated and implementing acts will further be developed to continue promoting high environmental standards.

In line with the Parliament’s views, the Commission considers life-cycle thinking, high health and environmental standards and fire safety as key principles for building renovation. The Commission will promote green infrastructure and the use of organic building materials that can store carbon, such as sustainably-sourced wood, and thereby turn buildings into a carbon sink. The New European Bauhaus, as announced by President von der Leyen in her State of the Union speech on 16 September 2020, will foster innovative solutions in terms of architecture and materials, including nature-based materials such as wood. By 2023, the Commission will develop a roadmap leading up to 2050 for reducing whole life-cycle carbon emissions in buildings. The Commission agrees with the need to improve buildings’ climate resilience and will accelerate work with standardisation organisations on climate resilience standards for buildings.

As announced in the Circular Economy Action Plan and as called for by the Parliament, the Commission will address the sustainability performance of construction products in the context of its revision of the Construction Product Regulation.

The Parliament calls on the Commission to propose concrete measures to reduce construction and demolition waste. By the end of 2024, the Commission will review the material recovery targets set in the EU legislation for construction and demolition waste. The Commission will put in place measures to increase reuse and recycling platforms and support a well-functioning internal market for secondary raw materials. The Commission’s recent Level(s) framework for sustainable buildings is a tool to help architects, builders and public authorities to improve the sustainability of buildings throughout their lifecycle.

**Standards, skills and healthy buildings (paragraphs 55-69)**

The Commission agrees with the Parliament’s call to develop a legislative framework for the introduction of minimum energy performance standards for existing buildings that are to be progressively tightened over time in line with the 2050 objective. As part of the revision of the EPBD by the end of 2021, the Commission will propose mandatory minimum energy performance standards, following an impact assessment looking at the scope, timeline and phasing of a progressive implementation of such requirements, including the need for accompanying support policies.

The Parliament calls for the upcoming revision of the EED to include an increased level of ambition in Articles 3 (Energy Efficiency Targets), 5 (Exemplary role of public bodies’ buildings) and 18 (Energy Services). As set out in its Communication on the 2030 Climate Target Plan “Stepping up Europe’s 2030 Climate Ambition”[[4]](#footnote-4), the impact assessment accompanying the communication[[5]](#footnote-5) shows that energy efficiency improvements will need to be significantly stepped up to around 36% in terms of final energy consumption. The Commission is currently preparing the proposal for a revision of the Energy Efficiency Directive for June 2021; in this context, the Commission will examine the need to extend the renovation requirements to buildings at all public administration levels, including the Commission, and to increase the annual renovation rate. As already mentioned above, the Commission will in this context also propose to expand the use of energy service companies (ESCOs) and energy performance contracts.

In line with the Parliament’s call to review the impact of Energy Performance Certificates (EPCs) across Member States and to strengthen existing provisions, the Commission will propose to update the EPC framework, taking into account emerging energy performance metering technologies and introducing more stringent provisions on availability and accessibility of databases and digital repositories for EPCs.

Following the Parliament’s call for digital building renovation passports and a single digital tool, the Commission will propose Building Renovation Passports, and Digital Building Logbooks that will integrate all building-related data provided by Building Renovation Passports, Smart Readiness Indicators, Level(s) and Energy Performance Certificates.

The Parliament calls on the Commission to launch an EU skills and information initiative in the renovation and building sectors. Building on the 2020 Skills Agenda and the Blueprint for sectoral cooperation on skills, the Commission will launch the Pact for Skills bringing together private and public stakeholders with the shared objective of up- and reskilling Europe’s workforce, including in renovation and building. The Commission agrees with the importance and potential of the Just Transition Fund for the training and qualification of workers in the construction and renovation sectors, as underlined by the Parliament, and encourages Member States to make use of the Just Transition Fund, as well as of the NextGenerationEU funds and the European Social Fund+, for this purpose.

**Digitalisation and reliable data (paragraphs 70-77)**

Like the Parliament, the Commission considers that the digitalisation of buildings and construction technologies are key drivers for greater energy efficiency. Therefore, “tackling the twin challenges of the green and digital transitions together” is a key principle of the Renovation Wave.

The Parliament calls on the Commission to look into the reliability and the lack of building-related data. As set out above, the Commission will propose Digital Building Logbooks as digital repositories for EPCs and other data. In the context of updating the EPC framework, the Commission will look into a uniform EU machine-readable data format for EPCs. The Commission will also explore with Member States, stakeholders, market players and data providers whether the European Building Stock Observatory could become a central European repository for reliable data on the building stock.

The Parliament welcomes the promotion of smart buildings technologies through a smart readiness indicator (SRI) as a support tool in rating the smart readiness of buildings. On 14 October, the Commission presented the new Smart Readiness Indicator[[6]](#footnote-6).

As requested by the Parliament, the Commission will evaluate the need to review the charging infrastructure requirements in the EPBD.

**Renovation Wave (paragraphs 78-89)**

The Commission shares the Parliament’s conviction that the renovation wave can mitigate the impact of the COVID-19 crisis by stimulating national and local economies. As requested by the Parliament, the Commission has provided an overview of all available funding options in a staff working document accompanying the Renovation Wace communication[[7]](#footnote-7).

As called for by the Parliament, the energy efficiency first principle is a key principle underlying the Renovation Wave. The Commission will issue guidance on the Energy Efficiency First principle in early 2021 to help public authorities properly take into account all costs and wider benefits of the investments in the built environment, which could be practically applied in public procurement.

Like the Parliament, the Commission considers national long-term renovation strategies (LTRS) a key instrument for planning, measuring progress and the achievement of energy efficiency objectives. The Parliament calls on the Commission to assess the LTRS and issue recommendations to the Member States highlighting both existing gaps and best practices, which the Commission will do as soon as possible, based on the submission rate by Member States. The Commission shares the Parliament’s concern at the significant delays on the part of many Member States in submitting their LTRS.

The Parliament welcomes the announcement made by the Commission to promote renovations in schools, hospitals and housing for those in need. Public buildings and social infrastructure are indeed a focus area of the Renovation Wave strategy. In addition to strengthening the requirements for public buildings in the EED and the introduction of minimum energy performance standards in the context of the revision of the EPBD, the Commission will, by June 2022, look into the possibility to develop green public procurement criteria for public buildings such as office buildings and schools, related to life-cycle considerations and climate resilience and based on Level(s).

As set out above and as called for by the Parliament, the renovation wave’s measures will be enshrined into revised EU legislation (notably EPBD, EED and REDII), supported by financing and enabling measures and strong governance. Working together at all levels: local, regional, national, European, with industry and citizens, we can make a European Renovation Wave happen and set Europe on the path to climate neutrality and recovery.

1. A Renovation Wave for Europe - greening our buildings, creating jobs, improving lives (COM(2020) 662 final) and accompanying Staff Working Document on Support from the EU budget to unlock investment into building renovation under the Renovation Wave [↑](#footnote-ref-1)
2. C(2020) 9600 final [↑](#footnote-ref-2)
3. See Article 7(2) of the Energy Labelling Framework Regulation (EU) 2017/1369 [↑](#footnote-ref-3)
4. Stepping up Europe’s 2030 Climate Ambition (COM(2020) 562 final) [↑](#footnote-ref-4)
5. SWD/2020/176 final [↑](#footnote-ref-5)
6. Commission Delegated Regulation C(2020) 6930, supplementing Directive (EU) 2010/31/EU of the European Parliament and of the Council by establishing an optional common European Union scheme for rating the smart readiness of buildings ), and Commission Implementing Regulation C(2020) 6929, detailing the technical modalities for the effective implementation of an optional common Union scheme for rating the smart readiness of buildings [↑](#footnote-ref-6)
7. SWD(2020) 550 final [↑](#footnote-ref-7)