



WORLD GREEN BUILDING COUNCIL

Europe Regional Network



Europe Regional Network Response to Green Paper

A 2030 framework for climate and energy policies

2 July 2013

Introducing our Network

Green Building Councils are not-for-profit, member-based organisations that are driving the transformation of buildings, communities and users' behaviour towards sustainability. The World Green Building Council is a coalition of over 90 national Green Building Councils around the world, making it the largest international organisation influencing the Green Building marketplace.

Our Europe Regional Network consists of over 30 national Green Building Councils and works in collaboration with more than 3,500 member companies across Europe, which represent the full breadth of stakeholders in the buildings industry. A crucial part of Green Building is bringing the whole value chain in our industry together to provide better solutions, and this is exactly what we are doing through our members.

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ERN Response

The Europe Regional Network welcomes the Commission's initiative to establish a clear longer-term framework for the EU's climate and energy policy through its Green Paper. To give individuals, businesses and investors the certainty needed to invest in a more efficient, competitive and resilient economy, 2030 milestones for GHG, renewables and energy efficiency will all be needed as part of a wider narrative about the EU's 2050 goals.

The energy performance of the built environment is only one component of a more sustainable built environment, but it is a key one that Green Building Councils and their members across Europe are highly focused on. As well as looking to the future, much work is still needed on implementation of existing EU Directives. We have yet to deliver on the full potential that ambitious implementation of the Renewables Directive, Energy Performance of Buildings Directive and Energy Efficiency Directive (amongst others) could achieve. We would like to reaffirm our support at both national and regional level to achieving ambitious implementation of these and other EU initiatives in the built environment.

Whilst our responses below reflect the focus of this consultation, there are many additional elements of building performance which have the potential to be improved, several of which (embodied energy, raw material use, water efficiency, waste etc.) have a strong nexus with energy. We therefore hope that this consultation and resulting policy measures will take a wider view on the way that any measures for the built environment should be structured. The aim here should be to ensure a streamlined and clear policy landscape for the environmental performance of this key sector. Alignment with the Commission's upcoming Communication on sustainable buildings will be crucial in this regard.





4.1. General

Legally binding targets focus minds and give clarity to investors. Indicative targets do not. This lesson has been borne out by progress against the legally binding GHG and renewables targets for 2020 (on track) versus progress against the indicative energy efficiency target (not on track). It is our belief that the 2030 framework must be comprised of three ambitious and legally binding targets, not one, nor two.

One area of very significant potential which remains to be realised is the energy efficient renovation of buildings. In addition to many studies at national level, the Copenhagen Economics study commissioned by the Renovate Europe Campaign¹ has delivered a comprehensive and quantified overview of the multiple economic benefits that a stable long-term investment framework in this area could provide (energy savings, reduced imports and subsidies, health benefits, increased economy activity and employment). For this reason, a review of policies and instruments should aim to help fulfil this area's full potential up to 2030 and beyond to 2050, to deliver the significant benefits to businesses and consumers of higher performance buildings.

Energy efficiency delivers the greatest direct benefit to consumers and business, and assists the achievement of GHG and renewables targets. Whilst the interplay of measures to address GHG emissions (such as the EU ETS) and energy efficiency measures must be monitored, a properly functioning economy is an energy efficient one that uses low GHG sources of energy. Targets should reflect this.

4.2. Targets

Each legally binding target should be accompanied by guidance on the expected contributions of each key sector (e.g. buildings, agriculture, transport, industry etc.). This should be built on the assessed potential and cost-effectiveness in each sector, to ensure that the headline targets accord with actual potential. This will help put in place sector level responsibilities rather than vague political responsibilities.

The Green Paper notes that even with the Energy Efficiency Directive, the EU is still not on track to achieve its 2020 goals, but suggests that no further action be taken on energy efficiency until the Directive's 2014 review. As noted above, it is our view that a legally binding EU target for energy efficiency should form part of the 2030 framework, based on an effort share between Member States. This should be part of a strategic vision to 2050.

A new and more ambitious renewables target will be needed, alongside the promotion of new technologies for renewable energy storage to help balance the energy system and reduce the need for carbon intensive back-up sources. However, it will be important to refine targets for the deployment of renewables within the built environment at Member State level. Fixed targets at local level have often led to developments being required to integrate a set percentage of specific renewables, which are not necessarily the best option for the specific site. The built environment is a dynamic space, and renewables policy must be technology neutral and focus on process that achieves best outcomes rather than inflexible mandates.

¹ [*Multiple benefits of investing in energy efficiency renovation of buildings, Impact on Public Finances, Copenhagen Economics, October 2012*](#)





4.3. Instruments

National Renovation Strategies

Over the longer term, we believe that Article 4 of the Energy Efficiency Directive (long-term national renovation strategies) should become an organising principle for the implementation of policies and measures relating to upgrading existing building performance.

To this end, monitoring and evaluation of implementation across Member States will be an important task, and should be done in a coordinated regional way, involving all key stakeholders. We commend the important work of the Concerted Action programme in this regard, which has been extremely valuable for the EPBD. However, a wider form of the ‘Concerted Action’ process (explicitly involving key public / private / third sector stakeholders) may be needed to undertake this process given the current fragmented nature of the renovation value chain. In this regard we would support this sort of effort under the Intelligent Energy Europe programme and its successor. Any such work could very usefully be fed into a ‘Buildings Observatory’ at EU level to track implementation.

Energy Performance Certificates

One existing instrument with clear potential for improvement is the Energy Performance Certificate (EPC) for buildings (under the Energy Performance of Buildings Directive). The introduction of mandatory energy audits for large companies gives rise to the possibility for including actual rather than modelled energy use data in EPCs for the commercial buildings sector, to make them more meaningful. Going forward expanding the use of real data beyond commercial EPCs will be necessary to assist in collecting baseline energy use data to be used to model saving potential for building renovations.

Other Incentives

In terms of further measures that could be taken to support energy efficiency, we have previously supported a Green VAT Strategy² to support energy efficiency, and would take this opportunity to restate our belief that:

1. The application of reduced rates must be clear and aimed at helping deliver Europe 2020’s aims.
2. Reduced rates for improving housing energy efficiency should be supported in the short-term.
3. There is a need to consider the potential to link tax incentives with real energy performance over the long-term.
4. A long-term strategy should be set out, moving from energy efficiency support towards wider sustainability.
5. The long-term goal should be set by the Commission’s 2013 Communication on Sustainable Buildings.

We would also support the introduction of other fiscal incentives to support the take up of energy efficiency retrofit measures. Colleagues at UK-GBC have undertaken a recent study which modelled a number of different measures to support retrofit. These included: variable Council Tax based on the energy efficiency of a property; variable Stamp Duty Land Tax and an energy efficiency Feed-In-Tariff.

² [*Europe Regional Network Response to Consultation Paper, Review of existing legislation on VAT reduced rates, WGBC, January 2013*](#)





The modelling suggests that a range of incentives could be used to greatly increase take up of retrofit. For example, variable Stamp Duty could deliver around 250,000 additional retrofits a year in the UK. The full report and findings will be published on July 8 2013 and we would be pleased to send the full report to the Commission once published.

Innovation and Nearly Zero

Policy should stimulate holistic approaches and multi-sectoral engagement, taking a building's local context (e.g. existing infrastructure) and behaviour change into account, as well as new technologies. For example, cooperation between developers, construction companies and energy companies will be needed to determine how to deliver nearly zero-energy buildings. Guidance from the Commission regarding nearly zero-energy buildings will be particularly important to ensure a holistic (rather than an overly rigid) approach is taken. Nearly zero-energy buildings in dense urban landscapes may require more investment in off-site energy solutions. For example, introducing on-site renewable technologies such as building biofuel CHP may create vulnerable logistics, adding to transport congestion and subsequent related emissions. On other less dense sites this may be a good option.

Lifecycle Analysis and Lifecycle Costing

LCA and LCC should become the prevailing methodologies to determine performance and cost-efficiency over time. Further efforts to aid take-up of these methodologies, particularly in public sector, will be needed in the short term. Basing decisions on these factors will help determine what solutions are most environmentally and economically appropriate.

4.4. Competitiveness and security of supply

Targets must be viewed in the content of the international framework, and should look to achieve consistency with this in terms of e.g. benchmark years (1990). Whilst the relocation of businesses must clearly be a consideration in terms of the investment versus return on investment that any new policy requires, the EU dialogue is already rightly about making the EU's economy more competitive in the long-term. If policies are framed as part of a strategic vision to 2050, this should help businesses make more strategic decisions about remaining located in the EU for the longer-term. There must be a clear and long-term commitment to energy efficiency.

As noted above, the area of energy efficient building renovation needs to be a central area of focus within the EU framework going forwards. We have previously supported and continue to support the hypocation of EU ETS revenues into national energy efficiency funds to help finance programmes for renovation activity. This move has already gained support in Germany, France and the Czech Republic, and is one of the best means of reducing energy demand.

