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EUROPEAN COMMISSION
Directorate-General for Energy
Ms Ditte Juul Jørgensen
European Commission
1049 Brussels
Belgium

Your correspondence dated

Your reference

Our reference
20200716/0013310

Date
16 July 2020

Re: Directive 2012/27/EU: supplementary notification by the Flemish Region of alternative policy measures in the framework of Article 7

Dear Ms Jørgensen,

After monitoring in April 2020 of the measures already notified, the Flemish Region would like to notify additional policy measures for the first period of targets in the framework of Article 7 of the Energy Efficiency Directive (Directive 2012/27/EU, as amended by Directive (EU) 2018/2002). The supplementary notification was submitted to the Flemish Government as a communication on 12 June 2020. A description and justification of the additional policy measures can be found in the documents in the annex.

Yours sincerely,

Willem van de Voorde
Ambassador
Permanent Representative of Belgium to the European Union

SRD/		DG: E		
A/				
ACTION:		DEADLINE		
FILE CODE: 20200728-17				
280720				
A	B	C	D	E
DG	ASS	001	01	SIAC
DGA	DGA	DGA		
DBC	DCDE	DDE		

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A copy was also sent to: Minister Demir's department (S. Louenchi), Flemish Department of the Environment (DOMG-SID-TI) (M. Decock), Flemish Energy Agency (VEA) (L. Peeters)

Internal copies to: JH, JS, SA, VR

ANNEXES: 2



I hereby ask you to take the necessary steps to inform the services of the European Commission of this supplementary notification of measures.

Yours faithfully,

Signed by Luc Peeters (Signature)

Signed at: 9.7.2020 20:32:06 +01:00

Reason: I approve this document

A handwritten signature in black ink that reads "Luc Peeters". The signature is written in a cursive style with a small mark above the 'e' in "Peeters".

Luc Peeters,
Administrator-General

THE FLEMISH ENERGY AGENCY

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Annexes

1
Date
9 July 2020

Re: Directive 2012/27/EU: supplementary notification by the Flemish Region of alternative policy measures in the framework of Article 7

Dear Mr Buyse,

Article 7 of Directive 2012/27/EU, as amended by Directive (EU) 2018/2002, requires Member States to achieve cumulative end-use energy savings at least equivalent to new savings each year from 1 January 2014 to 31 December 2020 of 1.5% of annual energy sales to final customers by volume, averaged over the most recent 3-year period prior to 1 January 2013. Sales of energy, by volume, used in transport may be excluded, in whole or in part, from that calculation.

Annex V to the Directive requires Member States, among other things, to monitor the savings results of the notified measures and to take appropriate measures if this monitoring shows that progress towards the target is not satisfactory.

After monitoring in April 2020 of the measures already notified, the Flemish Region would like to notify additional policy measures for the first period of targets in the framework of Article 7 of the Energy Efficiency Directive (Directive 2012/27/EU, as amended by Directive (EU) 2018/2002). The supplementary notification was submitted to the Flemish Government as a communication on 12 June 2020 (see Annex 1).

The three additional policy measures are described in the appended policy document (see Annex 2). For each policy measure, a fact sheet has been drawn up containing the necessary information to demonstrate that these alternative policy measures satisfy the requirements of Article 7.

THE FLEMISH MINISTER FOR JUSTICE AND ENFORCEMENT, THE ENVIRONMENT, ENERGY
AND TOURISM

COMMUNICATION TO THE FLEMISH GOVERNMENT

**Re: Notification to the European Commission of additional
alternative policy measures in the framework of Article 7 of the
Energy Efficiency Directive – first period**

Summary

Article 7 of Directive 2012/27/EU of 25 October 2012 on energy efficiency (the Energy Efficiency Directive or EED), as amended by Directive (EU) 2018/2002, imposes an obligation on Member States to achieve cumulative end-use energy savings.

As a precaution, Flanders intends to notify a number of additional policy measures to the European Commission for the first period of targets, which runs until the end of 2020.

1. GENERAL CONTEXT: ARTICLE 7 OF THE ENERGY EFFICIENCY DIRECTIVE

Article 7 of Directive 2012/27/EU of 25 October 2012 on energy efficiency (the Energy Efficiency Directive or EED), as amended by Directive (EU) 2018/2002, imposes an obligation on Member States to achieve cumulative end-use energy savings. The obligation is split into different periods:

- ✓ A first period running from 1 January 2014 to 31 December 2020;
- ✓ A second period running from 1 January 2021 to 31 December 2030.

Member States must also continue to satisfy the savings obligation from the second period for 10-year periods after 2030, unless interim evaluations by the European Commission conclude that this is no longer necessary to achieve the EU's long-term energy and climate targets for 2050.

This communication only concerns the first period, 2014-2020.

A. TARGET FOR THE FIRST PERIOD

By 31 December 2020, each Member State must achieve cumulative savings at least

equivalent to new energy savings each year of 1.5% of annual energy sales to final customers averaged over the years 2010, 2011 and 2012.

It is assumed that the actions that generate energy savings do not do this only in the year in which they are carried out, but also in all subsequent years up to 2020. The calculation is therefore cumulative, in accordance with the following table:

Year								Total
2014	1.5%							1.5%
2015	1.5%	1.5%						3%
2016	1.5%	1.5%	1.5%					4.5%
2017	1.5%	1.5%	1.5%	1.5%				6%
2018	1.5%	1.5%	1.5%	1.5%	1.5%			7.5%
2019	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%		9%
2020	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	10.5%
Total to be achieved over the 2014-2020 period								42%

The savings target may be expressed in terms of final or primary energy.

In the first period, a number of options that reduce the target figure to be achieved are permitted. For example, the sale of energy for transport purposes may be excluded from the basis of calculation, and there are also four further options via which the final target may be reduced by a maximum of 25%.

B. FULFILMENT OF THE SAVINGS TARGET IN THE FIRST PERIOD

Member States are free to decide how to distribute the total amount of energy savings to be achieved over the 2014-2020 period.

In addition, the Member States may pursue various avenues towards this, namely by means of:

- ✓ imposing an energy efficiency obligation scheme on energy distributors and/or retail energy sales companies (i.e. suppliers);
- ✓ developing alternative policy measures;
- ✓ implementing a combination of these two options.

Savings must be calculated in accordance with the principles set out in Annex V to the Directive.

In addition, independent measurement, control and verification systems must be put in place under which documented verification is carried out on at least a statistically significant proportion and representative sample of the measures.

Finally, it must be ensured that there is no double counting of energy savings.

C. MONITORING AND ADJUSTMENT

Annex V to the Directive also stipulates that the results must be monitored.

If this monitoring indicates that progress is not satisfactory, appropriate measures must also be put in place.

Member States are also obliged to report to the European Commission annually, by no later than 30 April, on the progress achieved. This reporting has now taken place for this year. This communication does not concern the reporting to the European

Commission of progress achieved, but rather the notification of additional measures.

2. HISTORY: FLANDERS IN THE FIRST PERIOD

A. TARGET FOR FLANDERS

In its notification in respect of Article 7 in 2013, Flanders decided to:

- ✓ exclude transport from the calculation of the target;
- ✓ make use of two options to reduce the final target by 25% (amounting to 31.5% instead of the 42% shown in the table above);
- ✓ calculate the target based on final energy.

This results in a cumulative target of **47.75 TWh** to be achieved over the 2014-2020 period, which must be achieved by the end of 2020. Calculated regressively, this corresponds to new energy savings each year of 1.125% on the average annual energy sales to final customers (excluding transport) for the years 2010, 2011 and 2012.

B. FULFILMENT IN FLANDERS

In respect of the fulfilment of the target, it was decided not to set up an obligation scheme for suppliers or distribution system operators, but to opt for the notification of various alternative measures to the European Commission.

On initial notification in December 2013, the following alternative policy measures were notified:

- ✓ An energy policy agreement with ETS (emissions trading scheme) firms;
- ✓ An energy policy agreement with non-ETS firms;
- ✓ A number of REU (rational energy use) action obligations on the part of the electricity distribution system operators with regard to existing buildings (both residential and non-residential):
 - o a subsidy for roof and loft floor insulation;
 - o a subsidy for wall insulation;
 - o a subsidy for basement and floor insulation;
 - o a subsidy for high-performance glazing.

When the fourth Flemish energy efficiency action plan was drawn up in 2017, the following additional policy measure was notified as a result of a downwardly revised estimate of the energy savings that will be achieved with these measures:

- ✓ A per-kilometre charge for goods vehicles¹

¹ Under the Guidance note on page 14, point 30, savings in, among other things, the transport sector may be count for the purposes of Article 7 even if that sector was excluded from the calculation of the target. *'Article 7 aims to trigger energy savings at energy "end-use" (paragraph 1, second sentence) and there are no limitations as to which final energy use sectors can be targeted with the national policy measures put in place to implement this Article. Savings from policy measures in the transport sector and ETS industries may be counted, even if these sectors' energy use has been excluded from the calculation of the overall amount of energy savings as described in Section B1 of this note.'*

C. MONITORING IN FLANDERS

In the most recent report to the European Commission in the framework of Article 7 (in 2020), the following progress was reported up to and including 2018:

Energy savings achieved in 2018 per policy measure	Savings achieved in 2018 [GWh] expressed in terms of final energy		
	Total annual savings achieved [GWh] in 2018 (volume of savings from new actions implemented from 2014 to 2018 still yielding savings in 2018)	Of which, savings achieved [GWh] in 2018 only from new actions implemented in 2018	Total cumulative savings achieved [GWh] from 2014 to 2018
Energy policy agreements with businesses	5 816.70	917.00	19 344.10
REU public service obligations imposed on the network operators	2 348.32	368.25	7 236.87
Per-kilometre charge for goods vehicles	734.31	734.31	1 833.27
Total	8 899.33	2 019.56	28 414.24

3. PROPOSAL FOR SUPPLEMENTARY NOTIFICATION OF ALTERNATIVE MEASURES

A. FORECASTS IN RESPECT OF ACHIEVING THE TARGET FOR FLANDERS

In order to determine whether Flanders' cumulative target of 47.75 TWh of final energy will be achieved by the end of 2020, estimates must be made for the years 2019 and 2020.

With regard to the energy policy agreements (EPAs), the monitored results for 2019 will only be available at the end of 2020, and the results for 2020 at the end of 2021.

As regards the network operators' subsidies for insulation and glazing, the definitive numbers of subsidy cases for the 2019 payment year are now known. Final reporting in respect of the 2020 payment year will only take place in the course of 2021. However, a number of estimates can be made on the basis of interim monthly reports.

In the case of the per-kilometre charge for goods vehicles, calculations are based on the figures from a study by Belgium's Federal Planning Bureau.

For the time being, the figures for 2019 and 2020 have therefore been provided in the form of a best estimate. As a precautionary measure specifically for 2020, a lower-limit

scenario assumes a significant impact of the COVID-19 crisis.

This ultimately resulted in a bifurcation of estimated energy savings. The way in which the upper and lower limits were determined is set out below.

		Upper limit	Lower limit
EPAs that, in contrast to the other measures, are monitored every year (in terms of the savings impact of measures implemented in the past)	Measures implemented in the years 2015 to 2018	In 2019: monitored data from 2018 retained (where the savings in 2019 might normally be expected to be slightly higher)	
		In 2020: plan data from the first round in 2020	In 2020: half of the monitored data from 2018
	Measures implemented in 2019	In 2019: plan data from the second round	
		In 2020: plan data from the second round	In 2020: plan data from the second round, halved
	Measures implemented in 2020	In 2020: plan data from the second round	In 2020: plan data from the second round, halved
	REU public service obligations	2019	Actual number of subsidies paid
2020		The annual totals calculated on the basis of the cases paid up to and including April 2020	The cases actually paid up to and including April 2020 plus half of the monthly average of this for the other months

Per-kilometre charge for goods vehicles	2019 and 2020	Study by Belgium's Federal Planning Bureau
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This results in the following summary table:

	TWh, final	% achieved	Gap to be closed
Target to be achieved	47.75		
Savings, lower limit	47.30	99.05%	0.453 TWh
Savings, upper limit	49.74	104.17%	/

This estimate shows that Flanders will either just miss the target by the end of 2020 or will achieve it.

Final reporting to the European Commission on the first target period, 2014-2020, must take place by the end of April 2022.

It is proposed, as a precaution, additionally to notify a number of existing policy measures to the European Commission. This is for the following reasons:

- Although the actual results for 2019 and 2020 are not yet known, the lower-limit scenario indicates that the target will not be achieved;
- In that event, if Belgium were to fail to achieve the target set by the end of 2020 and the European Commission were to initiate formal infringement proceedings, the Flemish Region would be able to argue that it had done everything within its power to still achieve the target in difficult circumstances.

B. ADDITIONAL MEASURES TO BE NOTIFIED

The following additional alternative policy measures could be notified, in each case from the date of entry into force of the policy measure in question (or from 2014 in the case of long-standing policy measures):

- The electricity distribution system operators' subsidies for solar water heaters, heat pumps and heat-pump boilers;
- The real-estate tax rebate for more energy-efficient new-build homes and apartments;
- The demolition and rebuilding subsidy.

For the new measures, too, calculations are based on an upper limit and a lower limit for savings that are not yet known. In this case this only concerns the 2020 figures, as there are already monitored data for all measures up to and including 2019.

The following assumptions were applied for 2020 in order to calculate the lower and upper limits for the energy savings made.

For the upper limit:

- annual totals are calculated for the subsidies for solar water heaters, heat pumps² and heat-pump boilers based on the cases paid up to and including April 2020;
- for the real-estate tax rebate for more energy-efficient new-build homes and apartments, the savings in 2020 are set at the average for the previous 4 years;
- for the demolition and rebuilding subsidy, based on the available data 1 850 cases will be included in the figures for 2020.

For the lower limit:

- for the subsidies for solar water heaters, heat pumps and heat-pump boilers, the cases actually paid up to and including April are used, with half of the monthly

² For heat pumps, hybrid heat pumps are not included in the savings because insufficient past data are available to arrive at a calculation method in accordance with the provisions of the EED.

- average of this for the other months;
- for the real-estate tax rebate for more energy-efficient new-build homes and apartments, the savings in 2020 are set at half the annual average for the previous 4 years;
- for the demolition and rebuilding subsidy, the cases actually paid up to and including mid May 2020 are used, with half of the monthly average of this for the other months.

These measures are expected to result in the following savings:

TWh, final (cumulative over the entire 2014-2020 period)	Lower limit	Upper limit
Demolition and rebuilding subsidy	0.04	0.06
Real-estate tax rebate for energy-efficient new builds	0.70	0.72
Heat-pump boiler subsidy	0.01	0.01
Solar water heater subsidy	0.22	0.22
Heat pump subsidy	0.32	0.32
<i>Total</i>	<i>1.29</i>	<i>1.33</i>

Combined with the measures previously notified, this gives the following overall picture:

	TWh, final	% achieved
Target to be achieved	47.75	
Savings, lower limit	48.59	101.76%
Savings, upper limit	51.07	106.95%

Even in the lower-limit scenario, on the basis of the assumptions, Flanders would still achieve the target for the 2014-2020 period.

C. FURTHER PLAN OF APPROACH

The Flemish Energy Agency is being tasked with further preparing the notification to the European Commission.

The other Belgian Regions and the Federal Government have been informed via ENOVER/CONCERE [Belgium's consultation group for the Federal and Regional Governments on energy matters] that the Flemish Region was considering notifying additional measures for the first target period. The actual notification will take place via the Flemish Permanent Representative to the European Commission.

The Flemish Minister for Justice and Enforcement, the Environment, Energy and Tourism,

Zuhal Demir

Directive 2012/27/EU

Supplementary notification by the Flemish Region of alternative policy measures for the 2014-2020 period in accordance with the provisions of Article 7b and Annex V

Content:

Measure 1: Financial support for demolition and rebuilding

Measure 2: A real-estate tax rebate for energy-efficient homes and apartments

Measure 3: REU public service obligations for network operators – additional actions

FINANCIAL SUPPORT FOR DEMOLITION AND REBUILDING

1. TYPE OF ALTERNATIVE MEASURE

Financing schemes and instruments or fiscal incentives that lead to the application of energy-efficient technology or techniques and have the effect of reducing end-use energy consumption.

2. DESCRIPTION OF THE POLICY MEASURE

DESCRIPTION

CO₂ emissions from residential buildings make up a large part of total non-ETS emissions. In connection with the Renovation Pact, the Flemish Government has therefore committed itself, together with the construction sector and other relevant stakeholders, to deep renovation of the existing building stock by 2050 and to significantly improving energy performance.

Bringing all existing homes into line with the objectives of the long-term renovation strategy by 2050 requires far-reaching efforts. A proportion of the current housing stock cannot be brought up to the level of the long-term target at a reasonable investment cost. After all, the Flemish building stock is relatively old, with many homes that date from before the Second World War and that do not satisfy energy performance standards. Some of these homes are also struggling with serious stability and/or moisture problems and are no longer in line with current comfort requirements. From a societal point of view, it may be undesirable to renovate these types of structures, or it may not make financial sense. In such cases, demolition and replacement by an energy-efficient new build that satisfies all qualitative requirements and fits with the future vision for housing may be a better and more cost-effective solution.

The Federal Government allows a reduced VAT rate of 6% (instead of the standard rate of 21% for new builds) for the demolition and reconstruction of homes located in a number of urban areas (for some urban areas this is restricted to the urban centres). For Flanders, this involves 13 towns and cities. All other Flemish towns, cities and municipalities are ineligible for this VAT measure.

The Flemish Government therefore decided to launch a demolition and rebuilding subsidy for homes in those Flemish towns, cities and municipalities that do not fall under the 6% VAT rate.

The demolition and rebuilding subsidy is regulated by Articles 7.12.1, 11.1.7 and 12.3.17 of the Flemish Energy Decree [*Energiebesluit*] of 19 November 2010.

In specific terms, private individuals can claim a subsidy of EUR 7 500 for the demolition of one or more buildings located in the Flemish Region (excluding the central cities to which the 6% VAT for demolition and rebuilding applies) and the associated rebuilding of one or more homes or an apartment building.

So far, the subsidy has been limited in time: it only applies to applications for a demolition and rebuilding permit submitted between 1 October 2018 and 31 December 2020.

REFERENCES

- ✓ The Flemish Energy Order [*Energiedecreef*] of 8 May 2009
- ✓ The Flemish Energy Decree [*Energiebesluit*] of 19 November 2010

3. PARTIES INVOLVED

The following parties are involved in this policy measure:

- ✓ The Flemish Government;
- ✓ The Flemish minister responsible for energy policy;
- ✓ The Flemish Energy Agency (VEA).

The Flemish Government and the Flemish minister responsible for energy policy outline the legal framework. The regulations lay down not only the specific conditions for the subsidy, but also when and how the subsidy must be applied for.

The VEA is the implementing public authority. It is responsible for general coordination, communication (including via the website energiesparen.be, the distribution of an information booklet about the subsidy and participation in construction fairs), and the processing and payment of the actual subsidy applications, as well as for case-based checks, global follow-up, reporting and penalties.

4. TARGET SECTORS

Residential demolition and rebuilding.

5. EXPECTED ENERGY SAVINGS OVER THE 2014-2020 PERIOD – DURATION OF THE OBLIGATION PERIOD AND INTERMEDIATE PERIOD

EXPECTED ENERGY SAVINGS	
2009-2013 early actions	N/A
2014-2017	0 GWh
2018-2020	41.78 GWh
FINAL OR PRIMARY ENERGY SAVINGS?	
All savings are calculated in terms of final energy.	

6. ELIGIBLE TYPES OF ACTIONS

Promotion of the demolition of one or more buildings located in the Flemish Region (excluding the central towns and cities in which the 6% VAT rate for demolition and rebuilding applies) and the associated rebuilding of one or more homes or an apartment building.

7. CALCULATION METHOD

METHOD OF SAVING

Savings assessed on the basis of engineering estimates

DESCRIPTION OF SPECIFIC METHOD

For the calculation of the energy savings per residential unit, a distinction is made between the average actual energy consumption for heating and domestic hot water in an existing home and the average actual energy consumption for heating and domestic hot water in a new-build home that meets the applicable requirements on the application date for the planning consent.

For an existing home, average energy consumption is assumed for heating and domestic hot water.

For the actual energy consumption of a new build, in accordance with the applicable requirements, the Flemish Energy Agency has a model (the Rebus model) with the annual energy and other characteristics of the Flemish building stock.

The model calculates the energy consumption for space heating and domestic hot water and then calibrates this calculated consumption to the actual consumption from the Energy Balance Sheet.

A number of policy scenarios were built into the model, on the basis of which the savings resulting from various policy measures can be determined. The data on new-build homes can also be separately obtained from the model.

In order not to give rise to double counting with the 'Real-estate tax rebate for energy-efficient new builds' action, savings for demolition itself are only calculated up to the level of the statutory new-build requirement.

ADDITIONALITY AND DEMONSTRABLE CONTRIBUTIONS

The Flemish Energy Agency communicates with the general public about this policy measure: on its website, via the information booklet, at construction fairs, via banks and municipalities.

The subsidy must also be applied for in two steps: the first after submitting the application for the demolition and rebuilding permit and the second after the building has actually been demolished. Only savings associated with cases for which the first step was completed on time are included in the figures (once the second step has also been completed). Anyone who demolishes and rebuilds a building without going through the first step of the subsidy application process after the permit application will not receive a subsidy, which means that savings under Article 7 will not be included in the figures.

The description of the measure, the tasks listed and the detailed description of the verification systems set up (see below) are sufficient to show that the parties involved demonstrably contribute to the savings that are calculated for Article 7.

Obtaining the demolition and rebuilding subsidy is linked to substantive subsidy conditions that are verified.

The Flemish Energy Agency continuously communicates about the subsidy action and the conditions to be met through various channels.

The application form submitted by the client includes a declaration of honour that the data submitted are truthful and correct.

Subsidy applications are submitted to the Flemish Energy Agency online and are stored in a central database. Each subsidy case is given a unique case number.

Each subsidy applicant is also identified via his or her unique national register number and each project via the unique number for the environmental permit for demolition and rebuilding (assigned via the Flemish Environment Portal [omgevingsloket.be]). All requested supporting documents are also stored in the central database, as are the result of the checks carried out. Multiple subsidies are never awarded for the same project (recognisable by the unique environmental permit number), even if an application is submitted by various persons.

DOUBLE COUNTING

There is no overlap with any other policy measure notified under Article 7 EED.

Every subsidy application, including the various supporting documents, is registered in a central database by the Flemish Energy Agency. Automatic checks have been built into the central database in order to detect duplicate cases, in connection with both the subsidy applicant and the demolition/rebuilding project itself. The double counting of savings is therefore not possible. Moreover, the calculation method only takes into account the savings of an existing home compared to a new-build home that meets the statutory requirements, even if the energy performance of the rebuilt home would be even better than the legal requirement. Going beyond the legal requirements in this way is not promoted by the demolition subsidy, which therefore does not claim these extra savings in respect of Article 7 so as to avoid double counting with the 'Real-estate tax rebate for energy-efficient new-build homes and apartments' action.

8. LIFETIME OF THE MEASURE

Calculations are made using the 'straightforward method', as described on page 19 of the Guidance note.

Specifically, for demolition and energy-efficient rebuilding, a lifetime of at least 25 years is assumed.

9. MEASUREMENT, MONITORING AND VERIFICATION SYSTEMS

DESCRIPTION OF THE CHECKS

Monitoring and verification of the demolition and rebuilding subsidy takes place in the following way:

- ✓ In order to obtain a subsidy, the individual applicant must complete an online application form and submit a number of supporting documents. The first step of the application process concerns the proof of receipt of the environmental permit application. The second step towards obtaining a demolition and rebuilding permit involves the demolition invoice (if applicable) and photos of the building to be demolished before the demolition works and of the site after the demolition works have been carried out;
- ✓ Each case is stored in a central database in which a number of automatic checks have been built in, for example to detect duplicate applications for the same project and/or from the same applicant and to check whether or not the conditions for the subsidy have been met;
- ✓ For each case submitted, the Flemish Energy Agency reviews the built-in automatic checks and all other conditions for the subsidy and supporting documents submitted. If a case file is incomplete or unclear, the applicant will be contacted;
- ✓ In summary, the following checks are carried out for each case:
 - Automatic checks on applicants with multiple cases;
 - Automatic checks on duplicate projects;
 - Check of the number and date of application for an environmental permit or notification;
 - Check of demolition certificates;
 - Check of environmental permits granted for rebuilding;
 - Check of the content and status of the environmental permit application on the basis of data from the Flemish Environment Portal;
- ✓ Periodically, an additional check is carried out on whether the subsidies awarded should be recovered on the basis of one of the grounds for recovery (see penalties below);
- ✓ The Flemish Energy Agency is responsible for calculating the energy savings in the framework of Article 7.

WHO IS RESPONSIBLE FOR THE CHECKS?

The monitoring and verification systems described above are implemented by the Flemish Energy Agency.

INDEPENDENCE OF THE CHECKS

The monitoring and verification systems described above are implemented by the Flemish Energy Agency, the implementing public authority.

PENALTIES

Article 7.12.1(6) of the Flemish Energy Decree regulates the specific penalty for the demolition and rebuilding subsidy. The penalty results in a recovery of the subsidy if:

- ✓ the conditions for the subsidy have not been complied with;
- ✓ the environmental permit is not fully implemented within the statutory deadlines;
- ✓ the environmental permit is annulled;
- ✓ the environmental permit is transferred to a legal entity prior to the occupation of the new building;
- ✓ during the course of the construction project, the ownership of the land or of one of the buildings (the building to be demolished or the new-build building)
 - is transferred to a legal entity;
 - has a right *in rem* imposed on it to the benefit of a legal entity;
- ✓ the newly built home or the newly built apartment building does not satisfy Energy Performance and Indoor Climate [*Energieprestatie en Binnenklimaat* – EPB] requirements. The specific measurement, monitoring and verification systems associated with the energy performance regulations are already described in the fact sheet 'Real-estate tax rebate for energy-efficient new-build homes and apartments'.

In addition to this specific penalty, the Royal Decree of 31 May 1933 on declarations to be made in connection with subsidies, allowances and supplements, as amended by the Act of 7 June 1994, applies.

ANNUAL PUBLICATION OF ENERGY SAVINGS RESULTS

Every year, the Flemish Energy Agency will publish a report on its website, www.energiesparen.be, showing the savings achieved in the framework of Article 7 of the Directive for each notified policy measure.

WHO IS RESPONSIBLE FOR MONITORING THE PROGRESS OF THIS POLICY MEASURE IN THE FRAMEWORK OF ARTICLE 7?

Every year, the Flemish Energy Agency will publish a report on its website, www.energiesparen.be, monitoring the progress achieved in terms of compliance with Article 7 of the Directive. The Flemish Energy Agency is to report on this so that the Flemish Government can intervene if necessary, where the expected energy savings results are not achieved.

REAL-ESTATE TAX REBATE FOR ENERGY-EFFICIENT NEW-BUILD HOMES AND APARTMENTS

1. TYPE OF ALTERNATIVE MEASURE

Financing schemes and instruments or fiscal incentives that lead to the application of energy-efficient technology or techniques and have the effect of reducing end-use energy consumption.

2. DESCRIPTION OF THE POLICY MEASURE

DESCRIPTION

The real-estate tax is an annual tax on the indexed value of cadastral income from real estate, including buildings.

The Federal Government – more specifically the General Administration of Estate Documentation [*Algemene Administratie van de Patrimoniumdocumentatie* – AAPD] – determines the cadastral income for each real-estate property.

The regional governments, including that of the Flemish Region, are responsible for determining the tax rate and for exemptions and reductions. In Flanders, there are three parts to the real-estate tax:

- ✓ the basic levy intended for the Flemish Government;
- ✓ surcharges for the provinces (on top of the basic levy);
- ✓ surcharges for the municipalities (on top of the basic levy).

Within the Flemish Region a reduction in real-estate tax has been offered since 2009 for the construction of a home/apartment or other building with an energy performance ('E level' [*E-peil*]) better than that required by law. In the framework of Article 7, savings are only included in the figures for homes and apartments.

Over the years, the conditions have been systematically tightened up (partly in order to take account of the tightening-up of the statutory EPB requirements). In terms of conditions, the reduction is linked to the year of the building application. The table below provides an overview:

Building application	Duration of reduction	% reduction of the real-estate tax	Max. E level for homes/apartments if a reduction is to be enjoyed
Prior to 2013	10 years	20%	E60
		40%	E40
In 2013	5 years	50%	E50
		100%	E30
In 2014 and 2015	5 years	50%	E40
		100%	E30
From 2016	5 years	50%	E30
		100%	E20

The reduction is granted with effect from the tax year following the year in which the E level was determined, for the duration specified in the second column above.

The reduction is allocated to the owner of the energy-efficient building. If the owner of the building changes within the term, the benefit is transferred to the new owner for the remainder of the term.

REFERENCES

- ✓ The legal basis for the real-estate tax is laid down in the Flemish Tax Code [*Vlaamse Codex Fiscaliteit*], specifically in Title 2, Chapter 1. This can be consulted via the Flemish Fiscal Navigator.
- ✓ The Flemish Energy Order [Energiedecreet] of 8 May 2009, Title XI
- ✓ The Flemish Energy Decree [Energiebesluit] of 19 November 2010

3. PARTIES INVOLVED

The following parties are involved in this policy measure:

- ✓ the Flemish Government;
- ✓ the Flemish Tax Service (VLABEL);
- ✓ the Flemish Energy Agency (VEA);
- ✓ architects;
- ✓ accredited EPB reporters, ventilation reporters and air permeability assessors.

The Flemish Government sets the legal framework, both with regard to the Energy Performance and Indoor Climate (EPB) regulations for new builds and other buildings and with regard to tax reductions on real-estate tax.

Architects, EPB reporters, ventilation reporters and air permeability assessors have a number of implementing functions.

The architect assists the developer during the construction process and is responsible, within EPB, for designing the building in such a way that it meets the EPB requirements, determining what measures are most suitable for the construction of a sound and energy-efficient building and checking that everything is done as prescribed.

The EPB reporter is responsible for correct reporting on the execution of the construction project. This means that he or she prepares an initial declaration (including pre-work calculation and advice on achieving the EPB requirements), as well as an EPB declaration. Both the initial declaration and the EPB declaration are drawn up using the EPB software and submitted electronically to the Energy Performance Database. The EPB declaration is drawn up by the reporter, partly on the basis of supporting documents. The reporter must satisfy a number of conditions for accreditation and be accredited by the Flemish Energy Agency.

Ventilation reporters prepare a preliminary ventilation design and a ventilation performance

report, two documents that the EPB reporter needs when drawing up the initial declaration and the EPB declaration, respectively. Ventilation reporters are accredited by a quality organisation accredited by the Flemish Energy Agency.

Air permeability assessors perform a measurement of air permeability on request (this is not an obligation). If that measurement is carried out in accordance with a particular quality framework, the results can be included in the EPB declaration. Air permeability assessors are accredited by a quality organisation accredited by the Flemish Energy Agency.

The Flemish Tax Service and the Flemish Energy Agency are the implementing public authorities.

The Flemish Energy Agency plays a coordinating role in the whole EPB process, for example in:

- ✓ drawing up the calculation method for the energy performance of a building, including handling applications for equivalence for innovative products, systems or building concepts that are not (yet) included in the EPB methodology;
- ✓ producing periodic evaluations of the EPB requirements (taking account of the cost-optimal studies, among other things), the calculation method, the EPB procedures and the administrative burden;
- ✓ developing and managing the Energy Performance Database;
- ✓ developing and managing the EPB software;
- ✓ the accreditation of EPB reporters, as well as of training, education and examination institutions;
- ✓ the accreditation of the quality organisations that in turn accredit ventilation reporters;
- ✓ supervising compliance with the EPB procedures and with the EPB requirements, as well as penalties for non-compliance;
- ✓ checking and upholding the quality of the EPB declarations submitted;
- ✓ communicating with the general public, the construction sector and other stakeholders about both the energy performance regulations and the financial instruments in place to promote energy-efficient new builds.

The Flemish Energy Agency (VEA) has concluded a protocol with the Flemish Tax Service (VLABEL) regarding the electronic forwarding of new-build projects and projects equivalent to new builds that qualify for the reduction of the real-estate tax on the basis of the E level calculated. To that end, the VEA sends (securely) a list of these projects to VLABEL every February, categorised according to the application date for the permit and according to the E level achieved. Corrections (e.g. after an additional check or as a result of a complaint/objection to VLABEL) are exchanged and followed up on several times a year. The link between the VEA's list and VLABEL's database is established using unique identification numbers linked to the building application.

Finally, the Flemish Tax Authority is responsible for the implementation of policy in connection with the Flemish tax system. Among other things, it is responsible for:

- ✓ the collection and recovery of Flemish taxes;
- ✓ the exercise of fiscal control on those taxes;
- ✓ the issuing of certificates for tax exemptions and reductions.

Specifically in connection with the reduction in the real-estate tax for energy-efficient new builds and equivalent projects, the Flemish Tax Service has the following responsibilities:

- ✓ Processing the case files supplied by the VEA by looking up the parcels of land concerned and linking the E levels to them;
- ✓ Granting the reduction in the real-estate tax for energy-efficient homes.

4. TARGET SECTORS

Residential new builds and equivalents (e.g. complete rebuilding after demolition).

5. EXPECTED ENERGY SAVINGS OVER THE 2014-2020 PERIOD – DURATION OF THE OBLIGATION PERIOD AND INTERMEDIATE PERIOD

EXPECTED ENERGY SAVINGS	
2009-2013 early actions	N/A
2014-2017	230.55 GWh
2018-2020	471.30 GWh
FINAL OR PRIMARY ENERGY SAVINGS?	
All savings are calculated in terms of final energy.	

6. ELIGIBLE TYPES OF ACTIONS

Energy-efficient new builds (or equivalents) with an energy performance better than that required by law.

7. CALCULATION METHOD

METHOD OF SAVING

Savings assessed on the basis of engineering estimates

DESCRIPTION OF SPECIFIC METHOD

For the calculation of the energy savings per residential unit, per new-build project (or equivalent project) that satisfies the requirements to be eligible for the real-estate tax rebate, a distinction is made between the average energy consumption for heating and domestic hot water of a new-build home that merely meets the applicable requirements and the energy consumption of a new-build home with the stricter E level actually achieved (as calculated in the EPB declaration).

For the energy consumption of a new build, the Flemish Energy Agency has a model (the Rebus model) with the annual energy and other characteristics of the Flemish building stock. The model calculates the energy consumption for space heating and domestic hot water and then calibrates this calculated consumption to the actual consumption from the Energy Balance Sheet.

A number of policy scenarios were built into the model, on the basis of which the savings resulting from various policy measures can be determined. The data on new-build homes can also be separately obtained from the model. Savings can thus be calculated per E level point of improvement.

In order not to give rise to double counting with the 'Financial support for demolition and rebuilding' action, in the case of rebuilding, only those savings over and above the statutory new-build requirement are included in the figures (while for the 'Demolition and rebuilding' action, only those savings from the existing home up to the statutory requirement for new builds are included).

ADDITIONALITY AND DEMONSTRABLE CONTRIBUTIONS

Only the savings from the statutory energy performance level are included in the figures. Both the Flemish Energy Agency and the Flemish Tax Service communicate to the general public about this policy measure (on existing websites, via information booklets, at construction fairs, via banks, etc.). Moreover, users can also simulate the real-estate tax in advance on the Flemish Tax Service's website, taking possible reductions into account.

The description of the measure, the tasks listed for the various parties involved (see above) and the detailed description of the verification systems set up (see below) are enough to show that these parties demonstrably contribute to the savings that are calculated for Article 7.

Obtaining the real-estate tax rebate for energy-efficient new builds is linked to substantive energy performance requirements that undergo checks.

Both the Flemish Energy Agency and the Flemish Tax Service communicate about the existing subsidy through various channels.

Each case is documented and recorded in Flemish Energy Agency and Flemish Tax Service databases.

DOUBLE COUNTING

There is no overlap with any other policy measure notified under Article 7 EED.

Moreover, each new-build project (or equivalent) is assigned an energy-performance case number by the permit-issuing authority. Each case and all associated documents (such as the initial declaration, the EPB declaration, etc.) in the Energy Performance Database are identified and followed up on the basis on this unique number. The EPB declaration, which is used as a basis for verifying whether the conditions for benefiting from a property tax discount have been met, also has a unique identifier. This makes double counting impossible.

Moreover, the calculation method only takes into account the savings resulting from the fact that new-build homes perform better than the statutory requirement for new builds. The savings achieved as a result of the demolition of an existing home and its rebuilding in accordance with the statutory requirement for new builds are not taken into account. This is not promoted by the Real-estate tax rebate, which therefore does not claim these extra savings in respect of Article 7 so as to avoid double counting with the 'Demolition and rebuilding' action.

8. LIFETIME OF THE MEASURE

Calculations are made using the 'straightforward method', as described on page 19 of the

Guidance note.

Specifically, for energy-efficient new builds, a lifetime of at least 25 years is assumed.

9. MEASUREMENT, MONITORING AND VERIFICATION SYSTEMS

DESCRIPTION OF THE CHECKS

Monitoring and verification takes place in a number of ways:

- ✓ With regard to the energy performance regulations:

The full regulation of energy performance in Flanders follows a fixed pattern with an extensively elaborated methodology and strict monitoring procedures. Everything is documented and monitored throughout the various phases.

On behalf of the Flemish Government, the Flemish Energy Agency (VEA) supervises compliance with the administrative EPB procedures and with the EPB requirements. Projects for which it is established that the EPB procedures have not been followed or that the EPB requirements have not been complied with are subject to penalties as a result. In addition to the procedural aspects, it is also important to check whether the EPB declarations submitted are truthful.

Enforcement is managed in a systematic manner by the Flemish Energy Agency. This systematic approach forms part of the annual EPB enforcement plan. The enforcement plan sets out the targets and actions for the coming year, taking into account the available resources (available time, budget and personnel resources).

In summary, the following elements are checked:

- ✓ Incorrectly acting as a reporter (verification of qualifications, declaration on honour, ongoing training);
 - ✓ Acting non-independently as a reporter;
 - ✓ Incorrect reporting by the reporter (check of whether declarations correspond with reality);
 - ✓ Failure to submit the initial declaration on time;
 - ✓ Failure to submit the EPB declaration on time;
 - ✓ Failure to satisfy the EPB requirements.
- ✓ Specifically with regard to the granting of the real-estate tax rebate:

VLABEL processes the case files supplied by the VEA by looking up the parcels of land concerned and linking the E levels to them.

VLABEL also handles objections submitted by those involved.

WHO IS RESPONSIBLE FOR THE CHECKS?

The monitoring and verification systems described above are implemented by the Flemish Energy Agency (VEA) and the Flemish Tax Service (VLABEL).

INDEPENDENCE OF THE CHECKS

The monitoring and verification systems described above are implemented by the Flemish Energy Agency and the Flemish Tax Service, which are both implementing public authorities.

PENALTIES

Penalties in respect of the notified policy measure can be divided into two parts: penalties within the energy performance regulations and penalties within the Flemish tax system.

- ✓ With regard to the energy performance regulations:

Various penalties are provided for in the energy performance regulations. These are regulated in Title XIII, Chapter IV, Section II of the Flemish Energy Order [*Energiedecreet*]. Fines are stipulated for the following:

- Failure to comply with the submission deadline for the initial declaration;
- Failure to comply with the submission deadline for the EPB declaration and the updated EPB declaration;
- Failure to satisfy one or more of the EPB requirements;
- The EPB declaration not corresponding to reality.

- ✓ With regard to the real-estate tax and the reduction applied:

If a home does not satisfy the conditions for obtaining the reduction for energy-efficient homes, the reduction will not be granted or recovered.

ANNUAL PUBLICATION OF ENERGY SAVINGS RESULTS

Every year, the Flemish Energy Agency will publish a report on its website, www.energiesparen.be, showing the savings achieved in the framework of Article 7 of the Directive for each notified policy measure.

WHO IS RESPONSIBLE FOR MONITORING THE PROGRESS OF THIS POLICY MEASURE IN THE FRAMEWORK OF ARTICLE 7?

Every year, the Flemish Energy Agency will publish a report on its website, www.energiesparen.be, monitoring the progress achieved in terms of compliance with Article 7 of the Directive. The Flemish Energy Agency is to report on this so that the Flemish Government can intervene if necessary, where the expected energy savings results are not achieved.

REU PUBLIC SERVICE OBLIGATIONS FOR ELECTRICITY DISTRIBUTION SYSTEM OPERATORS – ADDITIONAL ACTIONS

1. INTRODUCTORY REMARK FOR THIS FACT SHEET

The Flemish Region has already notified the REU public service obligations for electricity distribution system operators in respect of Article 7. However, that notification was limited to actions relating to the building envelope (insulation and glazing). This supplementary notification specifically notifies the actions relating to solar water heaters, heat pumps and heat-pump boilers. This fact sheet therefore only mentions those elements that specifically relate to the actions concerned. We will not repeat the general description of the system, the

EXPECTED ENERGY SAVINGS FOR SOLAR WATER HEATERS

parties involved, the monitoring and enforcement, etc.

2. DESCRIPTION OF THE POLICY MEASURE

DESCRIPTION

In addition to the insulation and glazing subsidies already notified, the REU action obligations incumbent upon the electricity distribution system operators also include provisions for the payment of subsidies for the installation of solar water heaters, heat pumps and heat-pump boilers in existing buildings.

The subsidies for solar water heaters and heat pumps existed from before 2014 (the beginning of the first obligation period under Article 7) and are therefore notified for the entire obligation period. The subsidy for heat-pump boilers was only introduced with effect from 2019, with the result that savings will only be allocated to this action starting from 2019.

Just like the actions relating to the building envelope, the requirements that must be met in order to obtain a subsidy are regulated by the Flemish Energy Decree of 19 November 2010 and in the ministerial orders laying down more detailed rules, technical requirements and levels for the subsidies.

3. EXPECTED ENERGY SAVINGS OVER THE 2014-2020 PERIOD – DURATION OF THE OBLIGATION PERIOD AND INTERMEDIATE PERIOD

EXPECTED ENERGY SAVINGS FOR SOLAR WATER HEATERS

2009-2013 early actions	N/A
2014-2017	96.06 GWh
2018-2020	123.12 GWh

EXPECTED ENERGY SAVINGS FOR HEAT PUMPS	
2009-2013 early actions	N/A
2014-2017	118.18 GWh
2018-2020	202.65 GWh
EXPECTED ENERGY SAVINGS FOR HEAT-PUMP BOILERS	
2009-2013 early actions	N/A
2014-2017	0 GWh
2018-2020	8.77 GWh

FINAL OR PRIMARY ENERGY SAVINGS?

All savings are calculated in terms of final energy.

4. ELIGIBLE TYPES OF ACTIONS

The installation of a solar water heater, heat pump or heat-pump boiler in an existing building. In contrast to the actions relating to the building envelope previously notified, for these renewable energy installations an existing building is defined in the Flemish Energy Decree as a building connected to the grid or with a building application prior to 1 January 2014 (rather than 1 January 2006).

5. CALCULATION METHOD

METHOD OF SAVING

Savings assessed on the basis of engineering estimates

DESCRIPTION OF SPECIFIC METHOD FOR SOLAR WATER HEATERS

The Flemish Energy Agency estimated the demand for domestic hot water on the basis of the average domestic hot water use of a family. The percentage of this demand supplied by the solar water heater was determined using the information from the subsidies granted for solar water heaters.

The final energy consumption after installation of the solar water heater is determined as follows:

- For the proportion of the water heated by the new boiler, the demand is divided by the average hot water generation efficiency of new boilers with a storage tank (as also laid down as an ‘absent value’ under the EPB methodology for new builds and approved renovations). For information purposes, this efficiency is still somewhat higher than the minimum required by Ecodesign.
- For the proportion of the water heated by the solar water heater, an efficiency of 100% is assumed.

The savings achieved are the difference between the final energy consumption without a solar water heater (where the full heat demand is generated via a new boiler with the efficiency as described above) and the final energy consumption with a solar water heater.

DESCRIPTION OF SPECIFIC METHOD FOR HEAT PUMPS

The Flemish Energy Agency has a model (the Rebus model) with the annual energy and other characteristics of the Flemish building stock.

Among other things, the model calculates the energy consumption for space heating and then calibrates this calculated consumption to the actual consumption from the Energy Balance Sheet.

A number of policy scenarios were built into the model, on the basis of which the savings resulting from various policy measures can be determined.

In order to take Ecodesign into account, the energy consumption for space heating is calculated on the basis of the energy demand of an existing home for space heating, taking into account the minimum efficiency requirement for a new boiler.

To determine the energy savings, the energy consumption for heating for the same home is determined, taking into account the fact that a new heat pump is installed instead of a new boiler. A distinction is made between the various types of heat pumps (high-temperature, low-temperature, air/air) and the European product labels achieved are taken into account for the calculation of the efficiencies.

DESCRIPTION OF SPECIFIC METHOD FOR HEAT-PUMP BOILERS

The Flemish Energy Agency estimated the demand for domestic hot water on the basis of the average domestic hot water use of a family. The same demand is assumed for heat-pump boilers.

By dividing the heat demand by the minimum efficiency in accordance with Ecodesign, the final energy consumption is determined before the heat-pump boiler is installed.

The final energy consumption after installation of the heat pump boiler is calculated by applying the efficiency values associated with the European product label of the heat-pump boilers installed.

The savings achieved are the difference between the final energy consumption without a heat-pump boiler and the final energy consumption with a heat-pump boiler.

6. LIFETIME OF THE MEASURE

Calculations are made using the 'straightforward method', as described on page 19 of the Guidance note. The lifetimes are in line with the recommended lifetimes set out in the document Recommendations on Measurement and Verification Methods in the Framework of Directive 2006/32/EC on Energy End-Use Efficiency and Energy Services.

In specific terms, the following lifetimes are estimated:

- For solar water heaters: 20 years
- For heat pumps:
 - o 10 years for air/air
 - o 15 years for air/water
- 25 years for geothermal For heat-pump boilers: 15 years

