**Public consultation „Financial Support for Energy Efficiency in Buildings“**

**9 May 2012**

## 1) Addressing market failures

### a) Are the barriers identified in this document the most important ones? If not, which barriers are missing and why are they important?

Lack of financing regarding new energy efficient buildings: Different new legislations (such as the EPBD) require new types of buildings which are very cost-intensive (e.g. solar panels, water tanks, etc.). In order to make energy efficient buildings more interesting for people, the affordability of such houses must be guaranteed. Furthermore the energy efficient renovation of a building should be supported by funds in order to increase the renovation rate from 1% to 3% per year.

Legislators should prevent owners from new energy efficient buildings/renovated buildings to increase the rent disproportionately. Rented apartments or buildings should remain affordable.

### b) Which market failures would be most urgent to address? At what level (i.e. EU, national/regional/local) would these failures be best addressed?

Due to the economic crises investment in the housing sector as well as the granting of loans has been decreased. Therefore the housing starts are and will be in the coming years at a very low level which will have major effects on the economic performance of the construction sector and on employment. Moreover a lack of housing starts would also increase rents.

All levels (EU, national, regional, local) should act together to address the existing market failures.

### c) How could these failures be best addressed? For example; how could behavioural change needed for quicker uptake of energy efficiency measures by society be triggered at the national level? How could the development of an energy services market for households be further stimulated? What could be done to increase awareness raising and promotion of energy efficiency in buildings? How could the business community (.e.g. building sector, ESCOs, local banks, etc.) be better supported in delivering energy efficiency in buildings? How could the split incentive problem be best tackled?

Public authorities should lead by example (renovation, new energy efficient office buildings). Training and campaigning could raise the awareness of the society for energy efficiency in buildings. In order to increase competition the business community could be stimulated by defining technology and building material neutral standards related to the

**Tiles & Bricks Europe aisbl**
Rue de la Montagne, 17 – B-1000 Brussels, Belgium
Tel. +32 2 808 38 80
sykes@tiles-bricks.eu

overall energy demand of a building. Furthermore the awareness for energy efficiency in buildings could be increased by compulsory energy efficiency screening for all old buildings. Training for employees in the construction sector could focus on the implementation of the new building requirements (air tightness of a building, new equipment such as solar panels, heat pumps…).

**2) Improving access to financing**

**a) Are the current EU-level financial tools for energy efficiency in buildings effective? How could the uptake of EU-level funding for energy efficiency (including cohesion policy funding) be improved? As a complement to tailor-made national or regional financial instruments (e.g. set up with a contribution from cohesion policy funds), what could be the future role of centrally-managed financial instruments at EU level in this context?**

Currently the stimulation of new energy efficient housings is not foreseen in the regional funds. However the new ERDF proposal foresees new housing in urban areas as eligibly for funding.

Art. 5. (4) c. of the proposed ERDF regulation defines 'supporting energy efficiency and renewable energy use in the public infrastructures and in the housing sector' as a priority for ERDF. We propose to complement it with the following: '… *including newly constructed housing in justified cases*". New construction coupled with affordability would stimulate investment in energy efficient buildings that is needed to reach the EU 2020 target of energy efficiency.

The related indicator in the Annex of the ERDF proposal is proposed to be modified in order to reflect the above mentioned proposal. The current indicator is: 'Number of households with improved energy consumption classification' (Energy and Climate change). The new proposed indicator would reflect the EU 2020 objectives by covering both public buildings and housing independent of whether it is a renovation or improvement ('improved energy consumption') or an overall improvement of primary energy consumption at a regional or national level: 'Improved specific energy consumption of households (new buildings and renovated buildings).' or equivalent indicator.

Moreover we do see a need to include also housing in rural areas into the eligibility in order to avoid rural depopulation. Furthermore housing is explicitly excluded in the new cohesion fund draft proposal. This seems to be controversial to the aim of the cohesion fund – therefore social housing projects should be included.

Furthermore in specific cases – according to a cost-benefit analysis including ecological an economical aspects – thermal renovation and the conversion of a building should be treated equally as demolition and rebuilding. Structural funds for energy efficient

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renovation should be open for energy efficient new construction. Therefore rebuilding should be treated as renovation.

b) **How could more private financing (both from institutional investors as well as building owners) for energy efficiency projects be mobilized? What would be the role of public funding (both at EU and national level) in this context? Is access to (project development) technical assistance an issue and how could it be provided most efficiently at the national, regional and local level? How could both national and EU financing schemes be improved to best cover all segments of the market (residential, commercial, public building, etc.)?**

Training in energy efficient buildings for builders, architects… should be stimulated and financed / co-financed by the EU. This could be done with the European Energy Efficiency Facility.

c) **Is there a need for guarantee systems related to building efficiency investments? If so, what guarantee systems for efficiency investments would be necessary and how should they be designed? Is there a need for other enabling mechanisms (e.g. risk-sharing, investment vehicles)?**

A guarantee system should be in place to check the energy performance sold by the construction company. Therefore compulsory measurements of the energy performance of a newly constructed building should be required. Penalties could be in place in case of failure.

d) **Are there examples of good practice at national or regional level (with data on costs and benefits) that could be applied more widely?**

The Austrian public housing policy can be highlighted as a best practice example: social housing as Service of General Economic Interest, cooperatives and limited-profit housing associations – financed with the assistance of public funds.

3) **Strengthening the regulatory framework**

a) **Is there any need for further EU-level regulation to stimulate energy efficiency investments in buildings beyond the Commission proposal for a new Energy Efficiency Directive? If so, what should these measures entail?**

The financing of energy efficient buildings should become part of the draft Common Strategic Framework 2014 to 2020.

Furthermore in specific cases – according to a cost-benefit analysis including ecological and economical aspects – thermal renovation and the conversion of a building should be treated equally as demolition and rebuilding. Structural funds for energy efficient renovation should be open for energy efficient new construction in the case of rebuilding. Therefore rebuilding should be treated as renovation.

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**b) What could be specific measure to be taken at national level to implement and complement most effectively the EU-level regulatory framework for energy efficiency?**

Member States should use the same key figures as used in the EU framework legislations: e.g. primary energy demand, overall energy demand.

All national regulations should only be energy performance oriented and should not be in favor of a specific technical solution or of a specific material.

Furthermore national regulations should be based on a holistic approach and should also take into account other issues such as health (e.g. indoor air quality).

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