Policy input
Meeting Europe’s building renovation challenge
20 March 2019, Brussels

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CLEAN ENERGY FOR ALL EUROPEANS

CLEAN ENERGY FOR ALL EUROPEANS POLICY PACKAGE

Enabling Framework

Energy Union Governance

Energy Efficiency

Renewables
- Revised Renewable Energy Directive

Electricity Market Design
- Regulation and Directive on internal electricity market; Regulation on risk-preparedness, ACER regulation

Innovative

Socially fair

Inclusive

Harmonised

Inter-connected

Digital

Investment-friendly
A resilient Energy Union with a forward looking climate change policy

**EU Energy targets** by 2030

- At least 40% cuts in greenhouse gas emissions
- At least 32% renewables in energy consumption
- 32.5% energy efficiency
EU 32.5% Primary Energy Consumption Target
Energy efficiency targets - critical factors

- Building renovation has to do more
- Financing has a more important role to play
- Digital/ICT has a big potential to contribute
Energy efficiency update

  
  Transposition Deadline: 10 March 2020

  
  Transposition Deadlines: 25 June 2020 and 25 October 2020 (for Articles 9, 9a, 9b, 9c, 10, 10a, 11, 11a and Annexes VII and VIIa)

- Revised **Tyre labelling regulation** – proposal from the Commission 17 May 2018

- In preparation - **revised or new ecodesign & energy labelling regulations**:
  
  - household and commercial fridges, dishwashers, washing machines, electronic displays, lighting
  - external power supplies, motors, industrial fans, transformers, servers and welding equipment
Revision of the Energy Efficiency Directive

Provisional agreement reached in June 2018
Formal adoption and publication expected in December

• 2030 energy efficiency target: 32.5% (upwards revision clause by 2023)
• Extended annual energy saving obligation beyond 2020
• Better information to consumers (individual metering and billing of thermal energy; transparent, publicly available national rules on the allocation of the cost of heating, cooling and hot water consumption in multi-apartment and multi-purpose buildings)
Revision of the Energy Performance of Buildings Directive (EPBD)

**Reinforced Longer Term Building Renovation Strategies**

- **2050 vision** for a decarbonised and highly efficient building stock
- Stronger **financing** component
- Enhanced transparency of national building **energy performance calculation methodologies**

**Smarter Buildings, Better Connected**

**Supporting E-Mobility**
Focus on long-term renovation strategies

*A major instrument for renovation in the EU*

- Aim to decarbonise the buildings stock by 2050;

Member States should develop long-term renovation strategies:
- To ensure a highly energy efficient and decarbonised national building stock by 2050;
- To facilitate the cost-effective transformation of existing buildings into nearly-zero-energy buildings;
- To put indicative milestones for 2030, 2040 and 2050 with measurable progress indicators.
Focus on the Smart Readiness Indicator

Raising awareness on smart technologies

“An optional common Union scheme for rating the smart readiness of buildings” (Article 8(10) amended EPBD)

- Establishment thanks to:
  - A delegated act for **definition and calculation methodology** and
  - an implementing act for **implementation modalities**

- The indicator is **developed by the Commission**, with the support of **technical studies**:
  - 1st technical study: March 2017 – August 2018
  - 2nd technical study: started in December 2018

- Extensive consultation of Member States and stakeholders

Support for setting up a Smart Readiness Indicator for buildings and related impact assessment final report

VITO Sign Ventura, Yossef Nii, Paul van Tichelen, Sarah Jippaert, Virginia Gómez Olarte
Wade Strategic Efficiency Paul Wade
OFFIS Markus Oehme, Markus Ohlemann

Study accomplished under the authority of the European Commission DG Energy

2017/R/942587
Date 20 August 2018
Focus on electro-mobility
An important contribution to transport decarbonization
Support to the deployment of the infrastructure for electro-mobility (Art 8)

<table>
<thead>
<tr>
<th>Scope</th>
<th>MS obligation</th>
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<tr>
<td><strong>New buildings</strong> and buildings undergoing major renovation</td>
<td>Ensure the installation of at least 1 recharging point</td>
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<tr>
<td>Non-residential buildings with more than 10 parking spaces</td>
<td>Ensure the installation of ducting infrastructure for at least 1 in 5 parking spaces</td>
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<tr>
<td>Residential buildings with more than 10 parking spaces</td>
<td>Ensure the installation of ducting infrastructure for every parking space</td>
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<tr>
<td><strong>Existing buildings</strong></td>
<td>Lay down requirements for the installation of a minimum number of recharging points – applicable from 2025</td>
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<td>Non-residential all buildings with more than 20 parking spaces</td>
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- **Simplification** of the deployment of recharging points (permitting procedure)
- Targeted **exemptions** (e.g. for SMEs)
Delivery of the long-term renovation strategies

Long-term renovation strategies (Article 2a)

Regulation (EU) 2018/1999 ("Governance Regulation") amended Article 2a EPBD and established rules for the submission to the Commission of the LTRS:

- **The first LTRS** must be submitted by **10/03/2020** (EPBD transposition deadline)

- The following LTRSs must be submitted **as part of each Member State’s final National Energy and Climate Plan (NECP)**
  - the first NECP is due for **31/12/2019**
  - then, **every ten years** thereafter

- **Some key elements** of the LTRS must be included in **each Member State’s draft NECP** (due by 31/12/2018 and every ten years thereafter) and **final NECP**:
  - indicative milestones for 2030, 2040, 2050
  - roadmap with measurable progress indicators
  - estimate of the expected energy savings and wider benefits and the contribution of the renovation of buildings to the Union's energy efficiency target
Long-term renovation strategies

- Focus on **deep renovation** (building renovation passeports could be used for staged deep renovation) -> min 60% energy savings
- Focus on **worst performing buildings**
- Actions targeting **all public buildings**
- Focus on **smart technologies** and connected buildings and communities
- **Provide support** (through various supporting mechanisms)
Obligation to facilitate access to mechanisms to support

- Member States shall facilitate access to appropriate mechanisms for:
  - (a) the aggregation of projects, ...
  - (b) the reduction of the perceived risk of energy efficiency ...
  - (c) the use of public funding ...
  - (d) guiding investments into an energy efficient public building stock, ...
  - (e) accessible and transparent advisory tools...
THE "SMART FINANCE FOR SMART BUILDINGS" INITIATIVE

More effective use of public funds

Use more **financial instruments** and develop flexible financing platforms for energy efficiency and renewable

Assistance and aggregation

- Support the development of a **strong project pipeline** at EU and local level

De-risking

- Understand better the risks and benefits of energy efficiency investments
THE POST-2020 MFF (Commission proposals, May-June 2018)

THE NEW MULTIANNUAL FINANCIAL FRAMEWORK 2021 - 2027
A BUDGET FOR A UNION THAT PROTECTS, EMPOWERS AND DEFENDS
In billion euro, current prices

I. SINGLE MARKET, INNOVATION AND DIGITAL
- €187.4
  - Research and Innovation
  - European Strategic Investments
  - Single Market
  - Space

II. COHESION AND VALUES
- €442.4
  - Regional Development and Cohesion
  - Economic and Monetary Union
  - Investing in People, Social Cohesion and Values

III. NATURAL RESOURCES AND ENVIRONMENT
- €378.9
  - Agriculture and Maritime Policy
  - Environment and Climate Action

IV. MIGRATION AND BORDER MANAGEMENT
- €34.9
  - Migration
  - Border Management

V. SECURITY AND DEFENCE
- €27.5
  - Security
  - Defence
  - Crisis Response

VI. NEIGHBOURHOOD AND THE WORLD
- €123
  - External Action
  - Pre-Accession Assistance

VII. EUROPEAN PUBLIC ADMINISTRATION
- €85.3
  - European Public Administration

Total: €1,279.4
EU funding of the Clean Energy Transition - next MFF: (Commission proposals, May-June 2018)

- Direct support towards clean energy investments- ESIF (ERDF/CF) & CEF
- Capacity building and policy support- LIFE/Clean Energy
- R&I and technology development- Horizon Europe
- Mobilising private investments through de-risking- InvestEU
A Clean Planet for all

A European strategic long term vision for a prosperous, modern, competitive and climate neutral economy
Background

• Parties of the Paris Agreement to present long-term low greenhouse gas emission development strategies by 2020

• In October 2017 the European Parliament also invited the Commission "to prepare by COP24 a mid-century zero emissions strategy for the EU"

• In March 2018, European Council invited the Commission "to present by the first quarter of 2019 a proposal for a Strategy for long-term EU greenhouse gas emissions reduction".

• Regulation on Governance of the Energy Union calls on the Commission to present an EU long-term strategy by April 2019, including pathways that achieve net zero GHG emissions by 2050 and negative emissions thereafter
Long-term vision by 2050

• 28 November 2018: the Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy by 2050.

https://ec.europa.eu/clima/policies/strategies/2050
7 Building Blocks

1. Energy efficiency
2. Deployments of renewables
3. Infrastructure and inter-connections
4. Clean, safe & connected mobility
5. Competitive industry and circular economy
6. Bio-economy and natural carbon sinks
7. Tackle remaining emissions with carbon capture and storage
Long-term vision by 2050

- Buildings represent today about 40% of final energy consumption
- 35% of buildings are over 50 years, 97% have been built before 2010 and would require renovation
Long-term vision by 2050

- The projected renovation rate varies across scenarios.
- Typically between 1.7-1.8% in the residential sector and 1.5-1.6% in services (vs. around 1% today).
Long-term vision by 2050

Investments needs by sector

• Investment builds up significantly to 2030 already in most sectors.

• Investment needs peak around 2040.

• Investment needs will be particularly large in the residential sector (energy efficiency) and the power sector (generation and grid).

• Investment needs will be large in transport, though a significant share is the replacement of vehicles.
Just transition

• Overall economic impacts of the deep transformation are positive.
• The transition will spur growth in new sectors. 'Green jobs' represent already 4 million jobs in the EU.
• But some sectors will face challenges (e.g. coal mining)
• Other sectors will transform (e.g. energy-intensive or automotive industries).
• This will affect some regions often in lower income MS.
• Modernisation process has to be managed, no-one left behind. EU budget, employment and cohesion policies have a role.
• Skill training is key

Energy efficiency first in a socially fair energy transition
Next steps

• National Climate and Energy Plans under development. Together with stakeholders vision on 2050 will enrich the debate.

• Invitation to all the EU institutions to consider the EU vision.

• EU leaders to reflect on this in Sibiu summit, all relevant Council formations should hold policy debates in preparation.

• Societal debate in 2019 is key! In an open and inclusive manner with National Parliaments, business, non-governmental organisations, trade unions, cities and communities, as well as citizens and the youth.

• EU to adopt and submit an ambitious strategy by early 2020 to the UNFCCC as requested under the Paris Agreement.

• Show leadership and work with other parties to do the same.
THANK YOU!