

Inputs to the Consultation on the review of the Energy Efficiency Directive (EED)

What are the main lessons learned from the implementation of the EED?

Article 4 – This article requires that Member States (MS) establish a long-term strategy for mobilising investment in the renovation of the national stock of residential and commercial buildings, both public and private. Housing Europe members consider that the establishment of such strategy is a good way to identify the needs in terms of funding, skills, types of measures to allow the housing sector to trigger a fair energy transition. Through various fora including the EU project Nearly Zero Energy Challenge, providers of social, cooperative and public housing have expressed their experience on the ground and the elements that should be in any effective long term renovation strategy:

- A roll-out of the appropriate financial tools at the right scale and the right time to help housing providers in their path towards the fair energy transition;
- Improved implementation and stabilisation of the current legislative framework, in particular the nZEB Roadmaps of the EPBD and the Renovation Roadmaps of the EED;
- Urgent improvement of the building renovation supply chain and promotion of business models which are effective and affordable;
- Welfare policies ensuring that low-income groups are not unduly burdened by rising fuel prices and climate change costs. Special attention should be paid to the involvement of end users in formulating and implementing renovation programmes.

Article 5 – This article requires that each Member State shall ensure that, as from 1 January 2014, 3 % of the total floor area of heated and/or cooled buildings owned and occupied by its central government is renovated. Furthermore it requires that Member States encourage public bodies, including at regional and local level, and social housing bodies governed by public law, with due regard for their respective competence and administrative set-up, to adopt an energy efficiency plan, as well as for instance use, where appropriate, energy service companies, and energy performance contracting to finance renovations and implement plans to maintain or improve energy efficiency in the long term. While Housing Europe members believe it is not feasible nor desirable to extend to municipal public housing the obligation to refurbish their stock at a certain rate (because it would be detrimental for the business model of energy refurbishment and would also result in significant rent increases), most of them are committed to long term renovation strategies (including but not only with energy aspects) and would favour any incentive to use relevant tools in particular in terms of funding schemes.

Article 7- This article gives the possibility for MS to set obligations with social aim to energy providers. Paragraph 7 refers to investment in social housing to alleviate energy poverty among low income households. This point should be maintained and further incentives for MS

to use that clause should be introduced. Furthermore, many member states have used as alternative policy measures to help the residential sector to kick start renovations (eco loans, subsidies, set up of specific funds for renovations). Those measures go in the right directions and should be further encouraged.

Articles 9-11 – Those articles allow for flexibility in the implementation of measures aiming at empowering citizens/energy consumers. Such flexibility should be continued. The fact that measures must be “technically feasible, cost-efficient and proportional in relation to potential energy savings”, should be retained upon the revision of the EED. This wording represents an important safeguard, ensuring that resources are devoted to those measures that are most favourable from a socioeconomic perspective.

In detail:

It is important to consider individual metering as only one tool in improving empowerment of residents. The focus laid down by EED on metering and billing of individual consumption of energy comes from the fact that without an adequate frame of reference, consumers cannot know whether their consumption is excessive or not. Meters (even smart meters) have been deployed since a few years in the housing stock of many providers. In many instances, results are positive only if measures are well designed together with tenants, implemented together with other supportive initiatives (aiming at engaging residents) and obviously technically feasible and cost effective.

The experience within the public, cooperative and social housing sectors shows that individual heat metering and billing is feasible in some countries, but not others because of the ways homes are built and because of the existing regulations in the field of rent and energy bills. However, even in those countries where it is feasible, improved metering systems is only one way to achieve behavioural change in the field of energy consumption of household. Alone they will not deliver on the energy savings that we want to achieve, in particular in countries and situation where their installation is clearly not cost effective. But they can be, if cost effective, a good tool for a strategy to empower residents and make sure they have a certain control on the energy transition. In any case, any measure related to metering systems should take place within the framework of a multi-faceted approach to energy efficiency (combining access to finance, training of professionals, use of renewable energy to decrease the overall carbon footprint) whereby residents and tenants have an important role.

Article 19 – This article urge Member States to evaluate and if necessary take appropriate measures to remove regulatory and non-regulatory barriers to energy efficiency such as the split of incentives between the owner and the tenant of a building or among owners, with a view to ensuring that these parties are not deterred from making energy efficiency investments.

Housing Europe members’ believe that Member States should continue to exchange experience on how to overcome the obstacles to energy efficiency investments in the

residential sector, such as for instance the split incentives, as well as to better understand the specific features of some rent setting systems. For instance, if appropriate, regulations allowing for an increasing of the rent after renovation (while avoiding “renovictions”) and incentives for energy service companies and schemes such as energy performance contracted should be promoted.

Article 20 – This article requires Member States to facilitate the establishment of financing facilities, or use of existing ones, for energy efficiency improvement measures to maximise the benefits of multiple streams of financing. The experience of Housing Europe’s members is that access to low cost capital for refurbishment is crucial to unlock the potential of energy efficiency in the residential sector. Funding opportunities should be easily accessible at the right level (EU, national or local) and channelled by the appropriate intermediary (such as housing finance agencies, housing public banks, public third party investors...)

In detail:

There is a need for simplified access to EU funding, funds from European Strategy Investment Fund (EFSI) to be earmarked for EE investments, stronger technical assistance efforts from EIB for energy efficiency investments by local and regional authorities, more targeted financial instruments for local and regional energy efficiency investments so they can contribute more to achieving EU’s overarching energy efficiency target, and fast-tracking of energy efficiency investment projects in the project pipeline of European Investment Bank and EFSI.

Specific energy efficiency projects must be included in the European Investment Project Portal which the Commission will launch in 2016.

At the national level, it is important to urge member states to set up entities that could provide a wide range of services for instance (based on the example of *Energie positIF* in France):

- In multifamily buildings, to undertake EPCs in private condominiums as well as small social landlords. Providing technical coordination of work with an energy efficiency commitment and a financing offer.
- In public buildings, providing consultancy to support local authorities in the negotiation process for EPCs with private operators.
- providing consultancy, engineering and financial participation in projects of renewable heating and green electricity production, initiated by local project promoters