BDI

Energy-efficient Buildings
BDI initiative

POSITION | ENVIRONMENT, TECHNOLOGY & SUSTAINABILITY

Statement on the EU Commission's Communication for a Renovation Wave

December 2020

Summary

1. **The availability of the necessary financial resources is the main challenge for the implementation of the required renovation wave in Europe.** Sufficient financial resources must be made available in the EU budget and in the Resilience and Reconstruction Plan for complementary financial incentives for building renovations.

2. **Mandatory renovation measures that go beyond the minimum requirements that already exist today can therefore only be a means to be used when all other available means have proved unsuitable.** Information, advice and, in particular, funding support are the means which should be strengthened rather than considering the introduction of additional obligations.

3. **The planned initiative for the training and further education of skilled workers is very important. The initiative should focus on strengthening existing training systems and structures in the Member States.** Advertising the relevant professions to school-leavers should also become an element of the initiative.

4. **Building renovation offers the opportunity to lay the foundations for the best possible management of energy consumption, energy production and energy storage of buidlings.** The intention to create the best possible conditions for this by introducing the Smart Readiness Indicator is worth supporting.

5. **Regarding the plans to examine the legal requirements for recovery rates and to strengthen sustainability aspects of construction products on the other, it must be ensured that the feasibility and coherence of political goals remains guaranteed.** In the case of requirements for construction products, technological and material openness should also be ensured and cost aspects should be taken into account.

6. **It is considered sensible to address existing energy poverty as a priority in the context of the wave of renovation.** Efforts to improve climate protection and implementing the energy turnaround can also help to improve the acceptance of more climate protection and an accelerated implementation of the energy turnaround.

W. Specht | BDI Energy-Efficient Buildings Initiative | T: +49 30 2028-1599 | w.specht@bdi.eu | www.bdi.eu

7. **By improving efficiency in the buildings sector, putting energy efficiency first, the majority of carbon emissions could be saved. But there will be residual needs for different kinds of carbon neutral, renewable energy sources**. This requirement should be taken into account when further developing policy approaches.

8. **The idea of including the buildings sector in the EU emissions trading system, ETS, is not considered sensible by the BDI. If an EU emissions trading scheme for the buildings sector is to be introduced, it must take the form of a separate scheme**.

In Detail

Background

The BDI climate study has shown that in the buildings sector the technologies for mobilising the potential for emission reduction are available and that emission reduction can be realised at a comparatively lower economic cost than in other sectors.

However, the new goal of reducing carbon emissions from buildings until 2030 by 60 percent compared to 2015 means a significant tightening of the already very ambitious climate protection goals in the buildings sector. This will be a Herculean task.

Implementing the necessary measures in less than ten years time is a major challenge, from a financial point of view especially for private building owners, tenants and landlords. Additional investment impulses from the European level are needed to mobilise the emission reduction potential in the buildings sector in the given time as comprehensively as possible.

The plan to launch a renovation wave

The European Green Deal rightly declares building renovation a flagship initiative: The BDI strongly agrees that the renovation wave should also be a key element of an European post-COVID recovery plan. Building renovation with its high domestic added value (Germany more than 80 percent) and with value chains that run right across Europe is an important economic driver.

The EU Commission rightly points out how immense the investment requirements are for the necessary mobilization emission reduction potential of buildings. The most important task for the EU Commission is to make the necessary financial resources available to stimulate or finance the targeted renovation wave.

In order to cover the immense investment needs, funds from all sources of financing – EU funds, national funds and private investment funds – must be pooled. The EU Commission should take on the task of coordinating the mobilisation of the funds.

Areas of lead actions

1. Funding

The availability of the necessary financial resources is the main challenge for the implementation of the required renovation wave in Europe. From the point of view of the BDI, the most important obstacle is the financing constraints at the level of building owners, combined with individually insufficient pay-back periods for renovation measures. In addition, there are financing restrictions for renovation of public buildings and insufficient incentives for renovation of non-residential buildings.

Therefore, sufficient financial resources must be made available in the EU budget and in the Resilience and Reconstruction Plan for complementary financial incentives for building renovations. The EU Commission should also ensure that the funds mobilised via the EU are distributed among the players in line with their needs.

It is important that EU funds are efficiently used. For this reason, EU funds should not be used primarily to introduce new programmes but rather to make existing programmes in the Member States more attractive and, where appropriate, better financed. The financial resources should therefore be made available directly to Member States to the greatest extent possible, subject to clear conditions. The intention to provide support in proportion to performance is correct.

Building renovation is one of the sectors facing the largest investment gap in the EU. It is therefore important to improve the conditions for the combinability of financial resources, in particular national and EU funds.

2. Strengthening information, legal certainty and incentives

The BDI is very critical of interventions in the constitutionally granted protection of property. The BDI is also convinced that it is much more effective to convince building owners of the importance of their contribution to climate protection and to enable them to make the required investments in renovation measures by offering attractive financial incentives.

From BDI's point of view, therefore, mandatory renovation measures that go beyond the minimum requirements that already exist today can therefore only be a means to be used when all other available means have proved unsuitable. Information, advice and, in particular, funding support are the means which should be strengthened from the BDI's point of view, rather than considering the introduction of additional obligations. Significant progress in carbon reduction could already be made by strengthening the implementation and monitoring of existing regulations such as the EU Energy Performance of Buildings Directive (EPBD) and the EU Energy Efficiency Directive (EED).

The planned extension of the requirements for building renovation to all public administration levels is considered by the BDI to be a very important step. All levels of the public sector have an important role model function, which must be made visible to the public, particularly with regard to climate protection in buildings. In view of the financing restrictions that exist on regional levels – in Germany as well as in other EU Member States – an extension of the obligations should, however, be backed up by funding support. In addition, regular monitoring of the progress of building renovation should be carried out at the level of the national states and at all other public administration levels, together with a report to the EU.

With a view to the desired increase in deep renovations, the instrument of individual renovation roadmaps should be strengthened. A step-by-step deep renovation is often more attractive for investors, as it allows measures with a better investment/savings ratio to be implemented first. The savings from these measures can help to finance further measures.

An important point of departure for accelerating building renovation in the public sector is the debureaucratisation of public procurement directives. Examining this possibility should be encouraged.

3. Increasing capacity – upskilling workers and attracting new talents

Existing constraints on staff capacity and on the adequate qualification of skilled workers may become a major obstacle to accelerated renovation of the building stock. Therefore, the planned initiative for the training and further education of skilled workers is very important.

The initiative should focus on strengthening existing training systems and structures in the Member States. Advertising the relevant professions to school-leavers should also become an important element of the initiative.

A guide that addresses low-investment energy efficiency measures in buildings and in the entire building services sector would inform building owners/operators about important, often overlooked potential for reducing energy consumption in their property. This guideline would be a process optimization, which could also be used by non-specialists. The development of such a guideline should be considered as part of the planned collection of best practice examples.

4. Integrated Approach

Building renovation offers the opportunity to lay the foundations for the best possible management of energy consumption, energy production and energy storage of buidlings, and also for buildings to play an important role in an interconnected energy system – as energy producers, consumers and energy storage facilities.

The intention to create the best possible conditions for this by introducing the Smart Readiness Indicator is worth supporting.

5. Sustainable Built Environment

Given the considerable demand for sustainable resources in the buildings sector, it is advisable to examine the possibilities for an even more efficient and sustainable use of raw materials, especially with a view to an increased use of recycled raw materials.

The idea of promoting the development of standardised sustainable industrial solutions and the reuse/recycling of waste material is considered useful. Regarding the plans to examine the legal requirements for recovery rates in the forthcoming revision of the Construction Products Regulation on the one hand and to strengthen sustainability aspects of construction products on the other, it must be ensured that the feasibility and coherence of political goals, especially regarding circular economy, remains guaranteed. In the case of requirements for construction products, technological and material openness should also be ensured and cost aspects should be taken into account. It is important that the project to develop a "Roadmap to reduce carbon emissions from buildings throughout their life

cycle" takes a holistic and integrated approach: For example, it is important to take into account that carbon emissions from the production of building materials are already covered by the EU emission trading scheme.

6. Energy poverty

It is considered sensible to address existing energy poverty as a priority in the context of the wave of renovation. Efforts to improve climate protection and implementing the energy turnaround must not be allowed to exacerbate already existing hardships. Such initiatives can also help to improve the acceptance of more climate protection and an accelerated implementation of the energy turnaround.

Initiatives to reduce energy poverty should also include energy counselling, which can be used, for example, to point out sensible low-investment measures and other efficiency measures that are advisable and easy to implement.

7. Decarbonization

For the complete decarbonisation of the European buildings sector, further carbon-neutral energy sources are required in addition to electricity. By improving efficiency in the buildings sector, putting energy efficiency first, the majority of carbon emissions could be saved. This must be supported by appropriate measures. There also will be residual needs for different kinds of carbon neutral, renewable energy sources. This requires besides renewable electricity also carbon neutral gases and, especially for rural areas, carbon neutral liquids. These requirements should be comprehensively taken into account when further developing policy approaches.

The introduction of an obligation for a minimum use of renewable energy in buildings seems reasonable in view of the goal to quickly reduce carbon emissions in the buildings sector. However, an obligation to do so carries the risk that it could harm the acceptance of climate protection policies and the energy turnaround. This should be borne in mind when preparing the planned impact assessment. Possible requirements should be formulated in a way that ensures openness to technology, and taking into account profitability criteria and site specifics.

Possible inclusion of the buildings sector in the EU Emissions Trading System

The idea of including the buildings sector in the EU emissions trading system, ETS, is not considered sensible by the BDI. The abatement costs of the buildings sector, the industry sector and the transport sector are too different. As a consequence, a common trading system would not give the right price signals for the individual sectors. If an EU emissions trading scheme for the buildings sector is to be introduced, it must take the form of a separate scheme.

Impressum

Federation of German Industries (BDI)
BDI Energy-efficient Buildings Initiative
Breite Straße 29, 10178 Berlin
www.bdi.eu
www.initiative-energieeffiziente-gebaeude.de
T: +49 30 2028-0

Editorial

Mr Wilko Specht
T: +49 30 2028-1599
w.specht@bdi.eu

Number of BDI document: D 1272