

## **Media advisory note: Under construction! Energy Ministers discuss EU's building directive and the gas package**

*24th October, 2022*

**What is happening:** Tomorrow, 25th October, the Energy Council will vote on a general approach to the Energy Performance Buildings Directive (EPBD). This agreement between EU Energy Ministers will be the position with which the Council will present itself once the revision process reaches the trilogue negotiations period (most likely at the start of 2023). The European Parliament is set to adopt its own position between the end of this year, or the beginning of 2023.

In parallel to the debate on the EPBD, the Energy Council will also have a preliminary discussion on the Hydrogen and Decarbonized Gas Market Package, known as the Gas Package, aiming to support the decarbonisation of Europe's gas system. Even before the publication of the Commission's proposals, the energy price crisis had rendered the draft outdated and already then, CAN Europe called for a revision of the Gas Package's Impact Assessment. The outdated assumptions became even more striking with Russia's invasion of Ukraine and the consequences on the EU's energy market, leading to extremely high gas prices and a downward revaluation of 60% by REPower EU of future gas consumptions in Europe, both impacting directly on the future hydrogen market development.

**Why is it important:** Ensuring energy demand remains very low should be at the top of the agenda of Energy Ministers as we approach this winter and the next ones to come. Adopting strong measures that will ensure high energy savings in the building sector, along with measures that enable a rapid fossil fuels phase out and renewable energy production is crucial in this regard. Buildings harbour a lot of potential in helping to drastically reduce the EU's total energy consumption, hence reliance on fossil fuels, while maximising the solar energy potential.

Approximately 75% of the EU building stock is inefficient and the whole building stock accounts for about 40% of all energy consumed in the EU. In the current energy prices crisis (which is set to last longer than this winter), powering and heating inefficient homes and buildings is putting major pressure on householders (especially the most vulnerable ones), schools, hospitals and businesses.

Decarbonising buildings through strong measures that spur deep renovations which will drive up energy savings, coupled with clear signals to Member States to stop installing and funding the installations of heating technologies that rely on fossil fuels, must be included in the EPBD and subsequently implemented by Member States in order to put the EU on the path to meeting its Paris Agreement Goals and help limit global temperature rise by 1.5°C.

In addition, by taking into account the radically changed reality of the use of gas, and of the energy market in a revised gas package, the EU decision makers can ensure a just energy transition for all.

**What does CAN Europe propose:** To ensure buildings policies address both EU short/medium and long term energy and climate priorities, we call for:

**Minimum Energy Performance Standards (MEPS):** Last year, the European Commission proposed MEPS, a regulatory instrument that would see buildings with the lowest energy performance classes (F & G) be upgraded to an E class by 2030/2033. This would be a **game-changer when it comes to reversing the current low trends related to renovation of existing buildings**. CAN Europe has been advocating for a more ambitious MEPS framework that would lift worst-performing buildings from low energy performance classes to at least a C class by 2030 (or 2033 in the case of residential buildings).

Implementing ambitious MEPS as soon as possible could successfully decrease the [EU gas demand by 9%](#), while guiding the building stock to full decarbonisation in the medium to long-term. Moreover, as the next few winters and summers will be especially harsh on low-income households, a stronger focus should be ensured for worst-performing buildings in the residential sector to tackle energy poverty.

To prepare the whole energy renovation value chain as soon as possible, clear forward-looking trajectories for buildings (set via strong National Building Renovation Plans) need to be put forward. **Needed effort in the building sector needs to be accompanied by adequate financial support, technical assistance and social safeguards to ensure a fair and just transition.**

**Urgently free our buildings from fossil fuels:** In line with the REPower EU 'Save Energy Plan', we need to stop public subsidies for the installation of fossil-fuel-based heating systems as of 2025. Fossil heating needs to stop being an option in both new and existing buildings by for example the adoption of national bans or stronger "zero-emissions buildings" standards. New and existing buildings aspiring to this level must consume very low energy, and the latter 100% supplied by renewable energy. In new constructions, we also see **whole-life carbon reporting requirements as essential to enable a gradual mainstreaming of life-cycle thinking and circularity in the building sector.**

**Maximising the solar energy potential of buildings:** In some European countries already, local authorities and governments have partly introduced solar mandates in response to the energy prices crisis and climate crisis. [An EU-wide solar obligation](#) needs to be implemented as soon as possible, starting with all new buildings and on existing buildings when major renovation or roof renovation occurs, to help lower energy bills, enhance energy security and help the EU meet its climate commitments. To reap its benefits as fast as possible, **a strong solar mandate needs to be adopted by mid-2023, and rolled-out immediately.**

Regarding the **gas package preliminary discussion**, [CAN Europe's joint NGO letter](#) calls on Energy Ministers to pause the ongoing discussions, giving the Commission more time to take into account the new reality on gas prices and reduced projections for gas use. This should include priority use of hydrogen in key energy intensive sectors only (chemicals, steel) requiring pure hydrogen and excluding blending, the impacts of reduced gas use on key hydrogen and gas infrastructure, including decommissioning plans and finally strong governance and unbundling rules allowing for integrated network planning. These minimum measures are required to embark on an energy transition in line with the 1.5°C objective and

a fossil gas phase out by 2035. We call on Energy Ministers to raise this at their Council meeting next week.

**What are our expectations:** In December 2021, the European Commission presented its proposal for the recast of the EPBD among the final pieces of the “Fit for 55” package. CAN Europe believes that the Commission’s proposal pointed in the right direction by including some elements that seek to overcome the [inaction witnessed so far in the building sector](#). Elements such as MEPS and new ‘zero-emissions buildings’ standards’ were a good starting point to address the need to reduce energy consumption and finally boost climate action. The European Commission proposal came before Russia’s invasion of Ukraine and the ensuing energy prices crisis. Against this background, **the importance of a revised and ambitious EPBD should have become clearer in the eyes of Member States, but this will likely not be the case in light of the ongoing discussions and the likely text for a General Approach in view of tomorrow’s vote.**

The Czech Council Presidency has had and is having a tough time in finding a viable compromise text for the Directive, especially when it comes to MEPS. The introduction of this regulatory tool has rapidly and deeply polarised Member States’ positions. A growing number of Member States have been trying to water down the Commission’s proposal by including several exemptions and flexibilities. In an attempt to reach a common ground, in the latest proposal for the GA we see a dual MEPS approach for residential and non-residential buildings (respectively called “trajectory” and “threshold” approach), **whose compliance will be extremely hard to track by the European Commission as the approaches rely on pure domestic calculations on energy performance averages to achieve (residential) or maximum energy performance thresholds not to surpass (non-residential) without any clear and EU-wide comparable milestone(s) to fulfil that is in line with the achievement of our energy and climate goals.** With the proposed approach, especially for the residential sector, we will miss the opportunity to tackle worst-performing buildings as the so-called “trajectory approach” doesn’t allow any specific ring-fence for renovation actions on these units. This will make us miss the chance to provide energy poor with a healthy and well performing place to live.

Low ambition is also witnessed in the proposal for standards for new constructions. As buildings built today will be standing for the next 50 years, it is essential we have “zero-emissions buildings” standards for new constructions which **allow no CO2 emissions**. ZEBs need to be highly energy efficient and their very low energy demand must be completely covered by renewable energy, something that the latest text proposed for the GA does not secure.

An EU-wide solar obligation is introduced but it does not fully grasp the solar energy potential of our buildings. Timelines remain the same as the REPowerEU proposal, which seem rather slow, and the scope reduced, if we think that deployment of solar installations on existing public and non-residential buildings will have to take into account trigger points such as deep or major renovation and a larger roof area. Excluding the existing residential buildings from the scope of the mandate is also a big missed opportunity, as it will undermine its potential in view of the balancing needs of our grid, but most of all for EU consumers.

The Council seems to get the phase out date of subsidies for the installation of fossil fuel-based technologies right by fast-forwarding its start (2025), but the devil is in the details.

*“The building legislation recast proposal was launched before the ongoing war in Ukraine and the fossil fuel crisis. We need to think outside of the ‘business-as-usual’ scenario and come up with bold and ambitious policies that will protect our homes and communities from the coming winters. Yet, despite the current circumstances, Member States are actually pushing back on the Commission’s proposal delaying even more the effort needed in our building sector. EU Energy Ministers cannot afford to pass on this unmissable opportunity.”* said Eva Brardinelli, Buildings Policy Expert at CAN Europe.

**-ENDS-**

**Notes to the Editor:**

Position paper on the Energy Performance of Buildings Directive recast proposal:

<https://caneurope.org/position-on-ebpd-recast/>

Policy briefing on the Energy Performance of Buildings Directive (EPBD) Revision:

<https://caneurope.org/policy-briefing-on-the-energy-performance-of-buildings-directive-revision/>

NGO Gas Package letter: EU Gas Package must take into account new geopolitical and energy market reality

<https://caneurope.org/eu-gas-package-must-take-into-account-new-geopolitical-and-energy-market-reality/>