EUROPEAN GEOTHERMAL ENERGY COUNCIL

The review of the Energy Performance of Buildings Directive (EPBD) and its link with other EU directives

February 2016

EGEC Position Paper

Key messages:

1. The Energy Performance of Buildings Directive has been successful in increasing awareness at all levels. Its implementation is still on-going in many EU Member States and most of the key provisions will have an impact after 2020 and they mainly address new buildings and buildings subject to major renovation, rates of which are extremely low.

2. The European Commission is strongly encouraged to proceed with **further controls and guidance** to strengthen implementation and enforcement of the directive within Member States.

3. In order to complement the Energy Performance of Buildings Directive, the revised RES-D should extend beyond 2020 the requirements to increase the share of renewables in 'Nearly Zero Energy Buildings', including through district heating.

4. EPBD's concrete application is extremely dependent on actual market conditions; therefore the EU climate and energy framework post 2020 should aim at **correcting existing market failures.**

5. Energy efficiency should be considered not only in terms of insulation but also in terms of **heating and cooling appliances;** More guidance is therefore needed to promote in practice packages of measures.

6. Space cooling demand is on the rise and should be properly considered; additionally, there is a lack of EU-wide definition of **renewable cooling.**

About EGEC

EGEC is the voice of Geothermal in Europe.

More than 120 members from 28 countries, including private companies, national associations, consultants, research centres, geological surveys, and public authorities, make EGEC the strongest and most powerful geothermal network in Europe, uniting and representing the entire sector.

An international non-profit organisation founded in 1998 and based in the heart of the European quarter in Brussels, the role of EGEC is to promote members' interests, making sure they develop and thrive. It enables the development of the European geothermal industry- whether shaping policy, improving business conditions, or driving more research and development.

For further information, please contact:

Luca Angelino (Head of Policy and Regulation) l.angelino@egec.org

Introduction

The Energy Performance of Buildings directive has been successful in increasing awareness at all levels. Its implementation is still on-going in many EU Member States and most of the key provisions will have an impact after 2020 and they mainly address new buildings and buildings subject to major renovation, rates of which are extremely low.

Moreover, it has highlighted the relevance and the need to decarbonise heating and cooling consumption in buildings. The directive has been quite effective but its overall effectiveness should be measured in combination with other directives, namely the Energy Efficiency directive and the Renewable Energy directive.

The EPBD is an important piece of legislation, but alone it would not be sufficient to give a strong contribution to the EU Energy and Climate action. It has to be consistent with the other pieces of legislation. The European Commission should use the EU Heating and Cooling Strategy and the review of the RES and Energy Efficiency directives to strongly push changes in behaviours, market conditions, awareness, and business models as well as to remove persisting barriers.

More controls and guidance to strengthen implementation and enforcement of EPBD

The geothermal sector strongly encourages the European Commission to proceed with further controls and guidance for Member States as the implementation and enforcement of the directive are reported to be satisfactory in some countries but poor in others. For instance, in Spain no NZEB-related provision is being yet adopted.

Furthermore, there is a need for the Commission to guide Member States in avoiding that efforts to gain efficiency actually result in the opposite. For instance, EGEC members report of many cases where insulation has led to less air-circulation from the outside into the building. In this case the consumer could be driven to insulate and to install a heat device first and, at a later stage, fit a separate chiller for cooling. The result is higher energy consumption. This paradox is observed even in Central and Northern Europe, where cooling loads are also increasing.

NZEB should include gradually increasing share of renewable energy, including from district heating

The revised EPBD, in combination with Art. 13.4 of the RES-D, should extend beyond 2020 the requirements to increase the share of renewables in 'Nearly Zero Energy Buildings', including through district heating.

In this regard, it is crucial not to interpret the NZEB concept like if the building were an energy island. It is important to leave the doors open to "renewable energy produced nearby", i.e. from district heating, especially considering that in historic buildings and city centres there are technical constraints for deep renovation and the installation of on-site renewable technologies. In this regard, renewable energy used in district heating should always be taken into account as it is an easy way to decarbonise the buildings sector in a cost-efficient way and avoid locking-in conventional technologies using fossil fuels.

Despite new DH systems increasingly fall under the definition of "efficient district heating" as set out in the Art. 2 EED, today DH systems still mostly run on fossil fuels (some 85%). It is also important to note that most of the district heating plants above 20MW are still allocated free allowances. This is why the EU ETS is not sufficient to trigger fuel switch to RES technologies in the heat sector.

Therefore, there is a need to set minimum shares of renewables for existing district heating undertaking refurbishment and upgrading works. Such obligation can be integrated in the framework of Article 7 of the EED and supported through EU structural funds and the forthcoming EU modernisation fund.

Correcting existing market failures to better implement EPBD

EPBD's concrete application is very dependent on actual market conditions. The EU climate and energy framework post-2020 should therefore aim to correct existing market failures (e.g. persisting fossil fuel subsidies, lack of carbon pricing in non-ETS sectors, regulated prices, etc.); any cost-optimal methodology may otherwise NOT lead to the best choice for the general interest.

Beyond the EPBD, the Commission should remove market failures though its exclusive competence in competition policy. In particular, there is a need to ensure that externalities of fossil fuels used for heating in buildings are taken into account and to ensure full completion in the heat markets (and not only in the electricity and gas markets). Furthermore, the Commission is strongly encouraged to verify how carbon costs and other pollutions are used in calculating the primary energy requirements.

Going beyond a 'quick fix-approach'

Energy efficiency should be considered not only in terms of insulation but also in terms of heating and cooling appliances. More guidance is therefore needed to promote in practice packages of measures; as already suggested by the 2012 guidelines, this approach is in the long-term the most cost-efficient one.

Moreover, available data on the national/regional building stock is not sufficient to give a clear picture of the energy performance of the EU's building stock. This is especially true for heating and cooling consumption and heat appliances.

Need for an EU-wide approach to (renewable) cooling

There is a lack of EU-wide approach to renewable cooling and space cooling should be considered as important as space heating. The best approach in this regard is to take into account all the relevant technologies (not only electric air conditioning), especially those efficient and renewable technologies proving space heating, space cooling and domestic hot water with a single device. In many Member States this is not the case and an EU-wide approach in this sense is very much needed.

It is also crucial to ensure consistency between different pieces of legislation. For instance, it is still unclear how renewable cooling technologies are taken into account in the EPBD and in the RES Directive. Certainly, there is still very little awareness and contradicting approaches to renewable cooling, e.g. from geothermal and other heat pumps. The new RES Directive is therefore a good opportunity to address some of these regulatory gaps, including the lack of any EU-wide approach to renewable cooling and on the way the renewable cooling part from heat pumps is actually calculated.

European Geothermal Energy Council

Place du Champ de Mars 2, 5th Floor

1050, Brussels, Belgium

T: +32 2 318 40 63

E: com@egec.org

www.egec.org