

Brussels, 29 May 2009

Energy Performance of Buildings: Comments on the European Parliament's first reading voting results

In view of the Council's further proceedings on the Commission's recast proposal on the Energy Performance of Buildings Directive COM 2008/780 (EPBD), and in the light of the European Parliament's first reading voting results, Orgalime seeks the support of Regulators for its key positions.

Notwithstanding the long and difficult transposition process of the existing EPBD in member states and especially in their national building regulations and construction practices, significant steps forward have been made and have helped to achieve a better framework for energy efficiency actions in the building sector.

However, more needs to be done to explore the full potential of energy savings in buildings. This is confirmed by the findings of the ELECTRA High Level Experts Group (available at: http://www.orgalime.org/Pdf/Electra-Brochure-Final-LR_25Jun08.pdf).

We fully support the objective of the recast proposal to further improve the energy efficiency of buildings with a view to contributing to meet the EU's 2020 energy and climate change objectives.

We believe that in a number of areas the European Parliament's first reading report shows the right direction in order to achieve these objectives. We hope that member states will acknowledge the progress made so far and support the following Orgalime comments and recommendations for the way forward:

1. HARMONISATION OF CALCULATION METHODOLOGY - A DUAL LEGAL BASE

Orgalime very much welcomes that the European Parliament in its first reading report has seen fit to request the European Commission to establish a common calculation methodology of the energy performance of buildings by 31 March 2010, to be implemented by member states. The European Parliament further requests that the Commission establishes by the same date a common methodology for calculating cost optimal levels of minimum energy performance requirements for buildings, which may refer to European standards. No later than 30 June 2015, requirements set by member states shall achieve at least the results of the calculation of cost optimal levels. We believe that these amendments give a clear signal for the urgently needed better harmonisation, which we support.

We kindly request member states to support amendments 4, 22, 47 and 55 of the European Parliament's first reading report.

Orgalime, the European Engineering Industries Association, speaks for 35 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs some 11.1 million people in the EU and in 2008 accounted for some €1,885 billion of annual output. The industry not only represents more than one quarter of the output of manufactured products but also a third of the manufactured exports of the European Union.

We believe that member states should go a step further and base the provisions related to the calculation methodology on article 95 of the EC Treaty, so as to ensure the good functioning of the internal market. The Commission's proposal, so amended, would fully tie in with principles and approaches chosen for other EU product legislation applying to the products that our industry manufactures and would ensure the development of an internal market in energy efficient technologies based on common rules: this would be both to the advantage of consumers and provide a real opportunity to fully exploit Europe's huge internal market, thereby fostering the development of a competitive EU leadership in environmental technologies in Europe and on export markets¹.

We therefore request member states to introduce a dual legal base of article 175 and article 95 of the EC Treaty, whereas article 95 of the EC Treaty should particularly apply for article 3, article 4, article 5 and annex I of the Commission's proposal.

2. CONSISTENCY OF EPBD WITH OTHER LEGISLATION

As underlined above, it is our view that the recast EPBD should strive for full cohesion and consistency with other EU product legislation, so as to avoid overlaps and legal uncertainty, and to secure the competitiveness of Orgalime's industries. We therefore support the European Parliament's proposal that the methodology and the minimum energy performance requirements to be set by member states should be consistent with other applicable community legislation.

With regard to the application of EPBD requirements to technical building systems (article 8 of the Commission's proposal), we welcome the Commission's efforts to ensure consistency between minimum energy performance requirements and the legislation applicable to the product that compose the system. An EPBD, which would not fully harmonise calculation methods across member states, would in practice prevent manufacturers of compliant products from marketing them across the EU.

We kindly request member states to support amendments 5 and 100 of the European Parliament's first reading report.

3. EXISTING BUILDINGS TO BE THE TOP PRIORITY FOR THE RECAST

Action on new buildings is certainly a key aspect for energy efficiency improvements. However, considering that 80 % of the installed base that will still exist in 2020, already exist today, action on existing buildings should be the top priority for the recast of the EPBD. We therefore welcome that the European Parliament backed up the Commission's proposal that minimum energy performance requirements shall apply to all types of buildings, regardless of their size. Furthermore, we welcome that the European Parliament is of the opinion that EPBD requirements should apply to temporary buildings with a planned use of less than 18 months as well as removed the exemption to set requirements for residential buildings intended to be used less than four months a year.

We seek the support of member states to leave the provision of the Commission's proposal removing the 1000 m² threshold unchanged, and to support amendments 6 and 50 of the European Parliament's first reading report.

¹ Please note that the EP legal affairs committee acknowledged in its opinion on the legal base of the EPBD supported the additional reference to article 95 of the EC Treaty. The text of the JURI opinion is available here : <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-423.703+01+DOC+PDF+V0//EN&language=EN>

In order to realise the 2020 targets, it is in our view relevant that the EPBD should target any renovation having an impact on the energy efficiency performance of the building and that is technically, functionally and economically feasible. The amended definition of “major renovation” in the European Parliament’s first reading report, while going in the right direction, is in our view too timid a step that may not be sufficient in order to achieve the necessary energy savings in buildings.

We recommend member states to consider extending the scope of the EPBD to any renovation having an impact on the energy efficiency performance of the building that is technically, functionally and economically feasible.

4. CHANGES IN CONSUMPTION PATTERNS ARE URGENT

Changes in consumption patterns will be a vital prerequisite for realising energy efficiency improvements. Raising the awareness of the consumer or end user on the energy consumption data of his building is a pre-condition for the changes to happen. Thermal insulation and use of high efficiency equipment, active control systems such as automation, control and monitoring systems (for electricity, gas, water, heating, ventilation, air conditioning, lighting...) as well as intelligent metering should be promoted.

Orgalime welcomes that the European Parliament has seen fit to introduce amendments encouraging the installation of active control systems and smart meters. The use of active control/monitoring systems can in our view considerably contribute to achieving the EU’s energy efficiency targets. For example, a shift in temperature of 2°C can result in an increase up to 15% of heating or air conditioning energy use, which represents the main energy use in a building. Also, effective lighting control combined with high efficiency lighting bulbs can halve the energy used for lighting. This will allow consumers or end users to adapt their behaviour and realise the benefits of energy savings.

We kindly request member states to support amendments 15, 23, 34, 44, 46, 86, 105 and 116, 106, 117 and 57, 107 and 119 of the European Parliament’s first reading report.

We believe that active control systems/intelligent metering should be further promoted as a starting point for “home and building automation” throughout the EPBD.

We therefore recommend member states to:

- *Mention in a new item in the preamble that a provision for monitoring energy consumed by type of energy and by energy usage shall be made and refer to this as good energy management practices.*
- *Add a definition of active control systems in article 2.*
- *Reference in article 2, definition 3 “energy performance of building” that the amount of energy actually consumed in a building and use of data coming from energy monitoring systems should be encouraged for energy performance certificates of existing non residential buildings.*
- *Introduce an obligation to indicate the global cost and the cost by usage in users’ invoices which should be made available on a more regular basis (monthly for example).*
- *List automation, control and monitoring systems in annex I.*

Furthermore, **making consumption data available and publishing benchmark** data by type of building and usage would foster the implementation of energy saving actions. The public sector should take the lead in such a move and build the references. The energy performance certificate is a unique source of data for establishing the benchmark, which could be very useful to all actors in the building chain. A single method for calculation, with a formula for accounting for local climatic

conditions, would enable common technology assessment and provide the ability to benchmark. While we feel that some progress have been made in this area in the European Parliament's first reading report, especially in amendment 122, 103 and 62, where it says that the energy performance certificate shall not only include the energy performance of a building for comparison purposes but also include the actual annual energy that is consumed, as referred to in annex I, if appropriate, these provisions could in our view be further completed by actually referring to the benchmarking exercise.

In addition, we request member states to:

- *Implement the benchmark in a coordinated way at EU level and as a first step at least for residential and public buildings.*
- *Modify article 10 and 19 accordingly.*
- *Use annex I paragraph 4, complemented by a list of energy usages, as a first structure of this benchmark.*
- *Article 10 paragraph 7 refers to a maximum 10 years validity period for energy performance certificates. According to the above, the validity period should be reduced, at least for non residential buildings.*

Servicing of all equipment by qualified personnel should be made mandatory at installation and on regular basis throughout the life of the building to ensure that performance improvements are maintained. Buildings are subject to numerous modifications and control systems should be adjusted accordingly in order to maintain the energy performance. A number of building control systems are not properly installed or maintained, settings are not adjusted to the building occupancy conditions and it has been observed that up to 8% to 10% of energy consumption can be lost due to this. We believe that servicing should be stressed in the Council's Common Position.

We therefore recommend member states to add a specific article focusing on the regular maintenance of all equipment by qualified personnel and especially of building automation and control systems in line with article 13 and 14.

Energy Performance Contracting has proved to be a very good model in some member states, specifically in the public sector, allowing financing of the energy saving actions and investments by the future energy savings. Extended use of Energy Performance Contracting should therefore be facilitated and promoted. This aspect is unfortunately missing from the Commission's proposal and European Parliament's first reading report.

We therefore recommend member states to:

- *Add a definition of Energy Performance Contracting (in line with the one of Directive 2006/32/EC) in article 2.*
- *Include in article 19 the obligation for all member states to:*
 - *Ensure that local regulations do not prevent the use of the model or render it inefficient through administrative burden.*
 - *Promote the use of the model specifically in the public sector.*

5. IMPLEMENTATION OF ENERGY SAVING ACTIONS

Orgalime supports the effective implementation of energy saving actions, which should be encouraged by incentives, such as rebate schemes or tax credits. We therefore welcome provisions on financial instruments foreseen in the European Parliament's first reading report in order to contribute to the achievement of the full energy saving potential of buildings. However, we would request a cautious approach with regards to VAT reductions for products, which, in our view, could lead to arbitrary results in the market and should therefore not be the preferred option.

We also welcome that the European Parliament requests the public sector to take the lead in implementing the recommendations for energy saving actions.

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We kindly request member states to support amendments 14, 93 (except for point a on VAT reduction for products), 95, 110 and 120 (except for point d, on VAT reduction for products), 122, 103 and 62 of the European Parliament's first reading report.

6. TRAINING OF ALL ACTORS IN THE BUILDING CHAIN

From design, installation, operation and occupancy up to services including certification, the actors along the chain are numerous. Massive training (technical, as well as behavioural), in harmonised programmes across the European Union if possible, is necessary to raise the level of awareness and knowledge and thereby provide a persistently high level of performance.

Furthermore, the availability and role of installers is critical to achieving the savings potential in buildings, particularly in the domestic sector. It is important to ensure the training of installers to a higher level of competence so as to enable installers to play the key role they have to support the improvement of building energy efficiency. We welcome that these views are reflected in the European Parliament's first reading report.

We kindly request member states to support amendments 75 and 78 of the European Parliament's first reading report.

7. CONCLUSIONS

In conclusion, Orgalime calls upon member states to support the progress achieved in the European Parliament's first reading report on the recast Commission's proposal on EPBD and to take up the opinion of the European Parliament in the areas indicated above.

Orgalime strongly encourage member states to strive for a Council's Common Position, which provides for the possibility of achieving the full potential for energy savings in buildings with a view to reaching the ambitious 2020 objectives to which Orgalime is fully committed.

We believe that much political support has been given to the 2020 objectives; now is the time to consolidate and implement the framework that will deliver these objectives.

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The European Engineering Industries Association

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