#### **European Commission - Questions and answers**





# Questions and Answers on the revised Energy Performance of Buildings Directive (EPBD)

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#### 1. What are the core elements of the revised EPBD?

The revised Energy Performance of Buildings Directive (EPBD) puts Europe on track to achieve a fully decarbonised building stock by 2050 by spurring renovations in each Member State, particularly for worst-performing buildings. It upgrades the existing regulatory framework (agreed in 2018) to reflect higher climate ambition coupled with social action and provides the Member States with the flexibility needed to take into account the differences in the building stock across Europe. It does not impose any renovation obligation on individual homeowners.

Under the strengthened framework, residential and non-residential buildings are addressed differently. As regards **residential buildings**, each Member State will adopt its own national trajectory to reduce their average primary energy use by 16% by 2030 and 20-22% by 2035. The national measures will have to ensure that at least 55% of the decrease of the average primary energy use is achieved through the renovation of the worst-performing buildings, but Member States are free to choose which buildings to target and which measures to take.

As regards **non-residential buildings**, the revised Directive foresees the gradual introduction of Minimum Energy Performance Standards to renovate the 16% worst-performing buildings by 2030 and the 26% worst-performing buildings by 2033. Member States will have the possibility to exempt certain categories of both residential and non-residential buildings from these obligations, including historical buildings or holiday homes.

The revised Directive makes **zero-emission buildings the new standard for new buildings.** All new residential and non-residential buildings must have zero on-site emissions from fossil fuels, as of 1 January 2028 for publicly-owned buildings and as of 1 January 2030 for all other new buildings, with a possibility for specific exemptions.

The updated EPBD also strengthens the enabling framework for renovations. It introduces 'Building Renovation Passport' schemes throughout the EU to help building owners plan their (staged) renovations.

Safeguards for tenants are also strengthened as Member States will have to introduce measures to tackle the risks of so-called 'renovictions' (de-facto eviction related to a significant increase in rent following renovation works). Furthermore, the provisions on databases and data exchange will ensure the provision of reliable building information data to citizens and to financial institutions, to support renovations.

Better planning is also a key feature of the revised Directive. Under the new provisions, Member States will establish national Building Renovation Plans to set out the national strategy to decarbonise the building stock and how to address remaining barriers, such as financing, training and attracting more skilled workers. A common template with mandatory and voluntary elements is introduced to improve comparability across the Member States. Draft plans are to be submitted to the Commission for assessment and based on this assessment the Commission may issue recommendations that should further support the Member States in the elaboration of their final plans. The plans shall be submitted as part of the integrated National Energy and Climate Plans (NECPs) process. Exceptionally this time, and considering the urgency to scale up building renovation based on solid national plans, the first draft of the plans shall be submitted by December 2025.

#### 2. How will the EPBD support the phase-out of fossil fuels used for heating in buildings?

To ensure a decarbonisation of the buildings sector, the EU Climate Target Plan highlights the need to phase out fossil fuels in heating by 2040. By then, the direct emissions of the buildings sector will have to have decreased by about 80%-89%. The revised EPBD will help the EU to **phase-out, in a** 

#### gradual manner, boilers powered by fossil fuels.

The lifetime of heating systems is on average about 20 years. Under the revised EPBD, stand-alone boilers powered by fossil fuels will not be eligible for public support as of 2025, in line with the recommendations in the REPowerEU Plan and EU Save Energy Communication. While the revised EPBD does not mandate an EU-level phase-out date for installing new fossil fuel boilers, it introduces a clear legal basis for national bans, allowing Member States to set requirements for heat generators based on greenhouse gas emissions, the type of fuel used, or a minimum part of renewable energy used for heating. Many Member States consider such measures essential to achieve a decarbonised building stock and to improve air quality and health.

In addition, Member States will have to set out in their Building Renovation Plans their policies and measures with regard to the phase out of fossil fuels in heating and cooling with a view to a phase-out of fossil fuel boilers by 2040.

Finally, to encourage the swift deployment of heating systems with zero direct emissions, the new zero-emission buildings must not cause any on-site carbon emissions from fossil fuels.

### 3. How does the EBPD contribute to the increase of renewable energy in buildings?

On top of supporting the phaseout of fossil fuels from heating in buildings, the revised Directive introduces a specific requirement for all new buildings to be "solar ready", meaning that they have to be fit to host rooftop photovoltaic or solar thermal installations at a later stage without costly structural interventions.

Member States should also ensure the deployment of suitable solar installations on large existing public buildings and existing non-residential buildings going through major renovations or for which a permit is required, as well as on new roofed car parks.

Furthermore, in zero-emission buildings (i.e. all new buildings from 2030), where technically and economically feasible, 100% of the total annual primary energy use will have to be covered by renewable energy generated onsite, nearby or from a renewable energy community, energy from an efficient district heating and cooling system or energy from carbon free sources.

The integration of renewables is also better highlighted in the Energy Performance Certificates (EPCs) as well as in the Building Renovation Passports.

### 4. How does the revision of the EPBD support the deployment of electric vehicles and bicycle use?

The rollout of recharging infrastructure for electric vehicles needs to be accelerated to accompany the expected increase of the electric vehicle fleet on EU roads. The <u>Alternative Fuel Infrastructure</u> <u>Regulation (AFIR)</u> sets targets for the publicly accessible recharging infrastructure. Since it is expected that a large share of recharging will take place in buildings, the revised EPBD complements AFIR with requirements for recharging infrastructure and pre-cabling in buildings and adjacent carparks, both at home or at the workplace.

The revised Directive further requires Member States to simplify, streamline and accelerate the procedure for the installation of recharging points, and remove barriers to the installation of recharging points in multi-apartment buildings. There is also a new requirement for recharging points to support smart charging and where appropriate bi-directional charging, which is also in line with the Renewable Energy Directive. With smart charging, cars can be charged when energy prices are low or when renewable energy is abundant. As the technology evolves, it will also be possible to feed electricity back to the grid and use the car battery as a storage facility. Smart charging facilitates the integration of renewable energy such as wind and solar to the grid and helps decarbonise the energy system. Finally, the revised Directive addresses another important barrier to sustainable mobility - the lack of safe bicycle parking - by introducing requirements for bicycle parking spaces in new and renovated buildings and in existing large non-residential buildings.

# 5. What are Minimum Energy Performance Standards and to which buildings will they apply?

In general, Minimum Energy Performance Standards (MEPS) are requirements for existing buildings to meet a certain energy performance as part of a wide renovation plan for a building stock or at a trigger point on the market (such as sale, rent, donation or change of purpose within the cadastre or

land registry), over a period of time or by a specific date, thereby triggering the renovation of existing buildings. They are already in use in some Member States.

The revised EPBD establishes the gradual introduction of Minimum Energy Performance Standards only for **non-residential buildings**, to trigger the renovation of the very worst-performing buildings. Those standards will be based on maximum energy performance thresholds and lead to the renovation of the 16% worst-performing non-residential buildings by 2030 and the 26% worst-performing non-residential buildings by 2033. Member States will have flexibility to exempt several categories of buildings, based on an unfavourable cost-benefit assessment or because of the building category and how the building is used, such as for historical and heritage buildings. Member States are also required to establish a pathway to comply with lower maximum energy performance thresholds by 2040 and 2050 as part of their National Building Renovation Plans.

For **residential buildings**, minimum energy performance standards will remain an optional tool to achieve the necessary energy performance improvement of the building stock. Member States will adopt a national trajectory to reduce the average primary energy use of the residential building stock at least by 16% by 2030 and 20-22%% by 2035 with high flexibility for them to decide which measures to apply and to which buildings. Still, the worst-performing buildings, defined as the 43% of the building stock with the lowest energy performance, will have to be renovated as a priority. For residential buildings, Member States will have to ensure that at least 55 % of the energy performance improvements are achieved, through the renovation of worst-performing residential buildings, for which usually renovations are most cost-efficient.

### <u>6. How does the revised EPBD strengthen transparency on the energy performance of buildings?</u>

Energy Performance Certificates (EPCs) are an essential tool for assessing the performance of our buildings. The revision includes measures to make EPCs clearer, more reliable and visible, and to base them on a common template across all 27 EU Member States with a number of indicators on energy and GHG emissions, and voluntary ones on charging points or the presence of fixed controls for indoor air quality. This will benefit building owners, buyers and tenants, financial institutions and public authorities.

Control mechanisms and visibility in property advertisement are improved, and Member States have to publicly report on the quality assurance process for EPCs.

Under the revised EPC, there will be a common A-G scale. The 'A' rating will correspond to zero-emission buildings while the 'G' rating corresponds to the very worst-performing buildings in each country, with the remaining buildings in the country distributed among the classes in between. This will allow a clearer and simpler system of classification of buildings, facilitating access to financing, while being flexible and adaptable to the national characteristics of the building stock. Member States will also have the possibility to define an 'A+' energy performance class corresponding to buildings which have an even better energy performance than zero-emission buildings and generate more renewable energy on-site annually than the amount of energy they consume.

EPCs will have to be issued and shown at more trigger points than today, including in case of major renovations and the renewal of a rental contract, to raise the awareness of building owners and tenants.

The recast EPBD also includes common requirements to have national databases on the energy performance of buildings, on access to those databases and publication of aggregated information. This will improve the availability of information, its quality and facilitate the work of public authorities and financial institutions, to spearhead renovations across Europe.

Building renovation passport schemes will also be introduced across all Member States to provide reliable and personalised renovation roadmaps to building owners planning a staged renovation of their building.

### 7. Will there be enough funding for energy renovations?

Energy renovations of buildings pay for themselves over time, by generating savings on energy bills. However, there are a variety of obstacles at present which may deter home-owners from going ahead with energy renovations, leaving home-owners and tenants exposed to high energy bills and more vulnerable to energy price increases. This is especially true for those living in the worst-performing buildings, who are also often those with less capital to finance energy performance improvements.

The revised Directive will thus ensure that higher support is given to vulnerable households and

greater emphasis is put on buildings for which renovations are the most cost-effective - and thereby bring the greatest savings. A very worst-performing building can consume up to 10-15 times more energy than a zero-emission building.

National Building Renovation Plans must enable the deployment of sufficient national-level finance and help leverage private investment at scale. Member States are required to include an overview of national policies and measures empowering and protecting vulnerable households, alleviating energy poverty and ensuring housing affordability, in line also with the recently published <a href="Commission Recommendations to tackle Energy Poverty">Commission Recommendations to tackle Energy Poverty</a>.

With more than €100 billion estimated to be available from EU financing to support renovations between 2023 and 2030, the Commission is also helping to mobilise more financing necessary to cover upfront investment costs. EU financing comes from several sources including, the Cohesion Policy Funds, InvestEU, lending from the European Investment Bank, the LIFE Clean Energy Transition subprogramme, Horizon Europe including the Built for People Partnership, the ELENA Facility, the Modernisation Fund and the Recovery & Resilience Facility, thanks in particular to the strong 'Renovate' flagships and dedicated REPowerEU-related chapters in national Recovery and Resilience Plans. Crucially,the new Social Climate Fund established under the European Green Deal will mobilise €86.7 billion for the period 2026-2032 to support vulnerable households and microenterprises, with energy renovations as one of the two focus areas (with transportation) on structural measures.

To enable an efficient combination of public and private financing, the Commission has also made the State aid framework more conducive to the needs of the EU-wide minimum energy performance standards, in particular the <u>General Block Exemptions Regulation</u>.

The revision should also contribute to mobilising support from financial institutions. The Directive tasks the Commission with developing a comprehensive portfolio framework for voluntary use by financial institutions, in view of supporting an increase in lending volumes for building renovation. Facilitated and regulated access by financial institutions to the EPC data should also facilitate the funding of renovations through private financial institutions.

## 8. How does the revision of the EPBD address greenhouse gas emissions over the whole lifecycle?

Emissions from the manufacturing of materials, transportation, construction, maintenance and deconstruction of a building are known as "embodied carbon". Carbon emissions linked to the use phase of the building are "operational" carbon emissions. Making good choices about efficient building practices and materials can have a huge effect on both operational and embodied carbon emissions.

The new rules take several positive steps towards addressing greenhouse gas emissions over the whole lifecycle of the buildings. Indeed, lifecycle GHG emissions will need to be calculated and disclosed through an EPC for all new buildings from 2030, to inform citizens and businesses. In addition, Member States will have to adopt national roadmaps and set targets to reduce such lifecycle emissions.

# 9. How will the revision of the EPBD support better indoor air quality and indoor environmental quality?

Member States will retain the competence for regulating indoor environmental quality, and they will need to define the indoor conditions to be maintained in buildings in order to ensure healthy conditions. The revised EPBD supports high indoor environmental standards by requiring that new non-residential zero-emission buildings are equipped with measuring and control devices for monitoring and regulating indoor air quality. This is also the case for buildings undergoing major renovations, where technically and economically feasible.

These devices will monitor and regulate the operation of the building's technical building systems in order to ensure that they operate optimally and provide the required indoor environmental quality conditions, while maintaining high efficiency levels.

The Energy Performance Certificates and Smart Readiness Indicator will provide visibility to the buildings that have control and monitoring systems for indoor environmental quality installed.

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