

# BUILDING THE WAY OUT OF THE CRISIS

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## Buildings renovation takes centre stage as debate heats up over energy efficiency targets for 2030

With Europe's hard-fought over Energy Efficiency Directive (EED) coming into force next year, advocates are pushing for the EU to come forward with a target for 2030, and adopt proposals to dramatically cut energy use in Europe's building stock by 2050.

Campaigners are urging policymakers to act now and tackle the huge potential for energy savings in Europe's building stock, which currently accounts for 40% of Europe's final energy demand.

In the European Parliament, energy efficiency advocates are pushing for an ambitious 80% reduction in the consumption of energy in buildings by 2050, compared to 2010 levels. The



own-initiative report on the European Commission's Energy Roadmap 2050 was adopted by Parliament on 14 March 2013, after a vote in the industry committee on 24 January.

“There is no doubt about it – we urgently need to address the energy efficient renovation of the EU building stock. With poor performing buildings, we are not only wasting energy and money,

but we are also missing out on a golden opportunity to deliver on the EU's climate change, jobs, growth and energy security goals”, said British MEP Fiona Hall MEP (Alliance of Liberals and Democrats for Europe, ALDE), who is Shadow Rapporteur on the Parliament's Industry, Research and Energy committee (ITRE).

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“This ambitious yet achievable building renovation target, which received cross-party support in the ITRE Committee vote in January, is recognised as essential to provide market certainty needed in order to unleash investment in the building renovation sector”, claims Renovate Europe, a campaign group set up by EuroAce, the European Alliance of Companies for Energy Efficiency in Buildings.

### Member states progress to be evaluated in June 2014

The EED, approved by parliament in September 2012 after it became clear that the EU was not on track to meet its non-binding 20% energy savings target for 2020, does contain an obligation on member states to draw up a roadmap to make the entire buildings sector more energy efficient by 2050, but does not set a clear objective for the amount of energy to be reduced.

The EED also contains a binding measure for member states to renovate 3% of “centrally-owned and occupied” building stock per annum over the 2014-2020 period (starting with buildings with a useful area of 500m<sup>2</sup>, extending to 250m<sup>2</sup> in July 2015).

This limited measure, only applying to buildings owned by the central governments, means that member states will probably need to do more on a voluntary basis to meet the 2020 target. A progress review by the European Commission is scheduled for June 2014, and will determine whether or not member states are on track to meet their targets.

“According to the information of the European Commission itself the Energy Efficiency Directive is not ambitious enough to guarantee the achievement of our 2020 target”, German MEP Peter Liese MEP (European People’s Party, EPP) told EurActiv.

“That it is why we have a review clause. I hope the member states do as they promised on a voluntary base more than



necessary under the directive. Otherwise we need to strengthen the directive”, said Liese, who sits on the Parliament’s Environment Committee.

Liese describes the EED’s obligation to renovate public buildings as “very limited”, and “a very bad compromise”.

### ‘It’s all about the implementation’

There are some countries that just don’t see the priority of energy efficiency and are a bit reluctant to take on board new obligations”, according to Dutch Bas Eickhout MEP (Greens).

“But what you also saw happening was that the countries in the north west of Europe, who are usually more ambitious

on energy and environmental issues, are also more critical on whether Europe should do something about buildings, so it’s a competency issue. That combination made it difficult to get a deal”, Eickhout explains.

Fiona Hall MEP, who is championing an 80% energy savings target for buildings by 2050, told EurActiv that the key question was not the targets themselves, but whether member states actually implement what they say they are going to do in their national action plans on buildings.

“Whether [the EED] delivers for buildings really depends on how well it is

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implemented. That's the crucial thing", Hall told EurActiv.

"The first indications are reasonably positive, in that they [the Commission] have pretty well got all the member states targets in... It looked like at least the targets would add up to 20%, which is something", said Hall.

"But is the plan good enough to deliver what the member states are setting as a target? Even more crucially, there's the question of whether the member states are actually implementing the plan properly. It's all about the implementation as to whether this works or not", said Hall.

## Looking at 2030

Critics of the EED argue that it could have gone further both in terms of the scope of renovation, and the type of renovation.

"The 3% renovation rate is not ambitious enough in terms of the type of renovation that public authorities are required to do, because this is in line with business-as-usual renovation, in line with the requirements already in the building codes of member states. We were arguing for much deeper renovation, to really reduce the energy consumption to the lowest level possible", Arianna Vitali, Policy Officer for Energy Conservation at WWF told EurActiv.

"The 3% is really a very low percentage, we were arguing for it to be extended to other buildings, to residential, commercial buildings... the 3% is not going to make a big difference", adds Vitali.

Looking further ahead, a big issue for energy efficiency advocates is to build momentum behind a 2030 energy savings target, and to get it onto the political agenda sooner rather than later. They argue that meeting the ambitious 80% energy savings in buildings target proposed by the European Parliament will depend a great deal on whether Europe agrees an energy efficiency target for 2030, and whether that target is legally binding.

"I think it is very important to discuss the 2030 targets already now", Peter Liese, a Christian Democrat MEP from Germany told EurActiv.

"Unfortunately there is the position of some Commissioners and in some member states that we should have only CO<sub>2</sub> targets for 2030. The European Parliament's Environment Committee almost unanimously supports that we should have three targets and all should be binding. However, the interaction of these targets should be improved and we should have as much flexibility as possible in how to implement the target", says Liese.

## Support building up for 2030 targets

There is support for an energy efficiency target from Climate Commissioner Connie Hedegaard, who reiterated the need for triple targets for 2030 on emissions reduction, energy efficiency and renewable energy.

"I am very happy to see that the European Parliament and the Council agreed on the need to urgently define our climate and energy targets for 2030. They also recognise that 2030 targets are needed not only to prepare Europe for the international negotiations up to 2015, but also to give certainty to investors, Member States and industry for the investments needed in emissions reduction, energy efficiency and renewable energy", said Hedegaard.

Hedegaard was speaking after an agreement struck on 19 June by the Council and the European Parliament on a new Environmental Action Programme to 2020. Proposed by the Commission in November 2012, the plan identifies nine priority objectives for the period up to 2020, including boosting sustainable, resource-efficient, low-carbon growth and helping EU cities become more sustainable.

"The debate is, after 2020, will Europe come forward with another energy efficiency target? And that is a key question", agrees Bas Eickhout, a Greens MEP from the Netherlands.

"There is support for carbon reduction target, there is more support for a renewable target after 2020, but on efficiency, it is the least obvious one, which is very strange, because every scientist is saying this is the most cost-effective measure... the less energy you use, the less you have to replace... But if you look at the political priorities, efficiency is at the bottom", Eickhout told EurActiv.

There are suggestions that the Commission is using the June 2014 progress review as an excuse to put off discussion on 2030 energy efficiency targets.

"This evaluation is used by people, including the Commission and Commissioner Oettinger to postpone any decision on energy efficiency in the framework of a new energy and climate package for 2030", Arianna Vitali from the WWF told EurActiv.

"Oettinger said that before thinking of a 2030 target, we'll have to see how the progress review goes in 2014. This assessment of process is misused to delay discussion on efficiency targets. The EED has a specific timeline to 2020, while the new climate and energy package will have a different time horizon, which is 2030. The two things need to go in parallel. If we don't set the three targets at the same time, it will be another mistake", argues Vitali.

Lithuania's ambassador Arunas Vinciunas told EurActiv that it was too soon to focus on 2030 energy efficiency targets so soon after the EED, and raised doubts as to whether the Commission was going to opt for a 2030 target.

"We have to focus first of all on the implementation of the EED and the targets", Ambassador Vinciunas told EurActiv.

"On the target for 2030 for energy efficiency, I really don't know if the Commission will come up with something, they will come up with something on climate, but on energy efficiency, right now, this is a bit early after the Directive", added Vinciunas, whose country will be taking over the Presidency of the Council on 1<sup>st</sup> July.

# EU smart meter roll-out lags behind ambition

Europe's ambitious plan for 80% market penetration of smart meters by 2020 is failing to live up to expectations. A senior energy official at the European Commission admits that market penetration is still very low, particularly in the new member states, and that there is a big shortfall in investment.

According to Jan Panek, head of unit for the internal market at the Commission's energy department, so far €6 billion has been invested in 300 smart meter projects across Europe.

"But we need more investment: €50 billion for 250 million smart meters by 2020, and €480 billion to upgrade the rest of the grid system by 2030", he told an audience at EU Sustainable Energy Week in Brussels.

"All depends on how rigorous and ambitious member states will be in rolling out smart metering systems", said Panek.

Under the Third Energy Package, a legislative framework to promote an internal gas and electricity market in the EU that came into force in September 2009, member states are required to undertake a Cost Benefit Analysis of smart meter roll-out and submit the results to the Commission.

Although the deadline for submissions was in September 2012, several member states have not yet submitted reports, "including a very important one", said Panek, without naming Germany. However, he said that the Commission will not be pursuing legal action to oblige the laggards to comply, preferring to keep a dialogue open.



As for those who have already submitted their Cost Benefit Analysis, only two-thirds of member states gave a positive assessment for the electricity industry, and for the gas industry it was more negative, with only one-third giving a positive assessment, Panek said.

Under the terms of the Third Energy Package, there isn't a blanket obligation to roll out smart meters, but rather a requirement that they be applied where the market conditions are suitable. Given the far-from-resounding results so far, it seems that member states remain to be persuaded on smart meters, despite the evident energy efficiency benefits for buildings.

"Are we on track? Yes we are on track, but not as far as we could or should have been", conceded Panek.

## Low uptake in Central Europe

According to a recently published update of the Smart Grid Inventory Report 2012, there are currently 281 smart grid research and development projects in the EU, and only 90 smart meter pilots and actual roll-outs. Most of the projects are in the EU 15, with a much lower uptake in the newer member states.

Market penetration across the EU is still very low, with only 15-18% of households having smart meters.

Much of the investment in smart meters depends on the Distribution System Operators (DSOs), who have led or supported 116 out of the 281 research and development projects, and they are responsible for 57% of investments in market projects, according to the recent updated study.

The traditional view is that utilities would resist energy efficiency measures, which include the roll-out of smart meters. Some argue that Europe's utilities are actively lobbying against policies such as the Energy Efficiency Directive due to the negative impact it could have on their revenue streams.

Greens MEP Bas Eickhout argues that utilities need to change their attitude if they are to fully embrace energy efficiency, rather than lobby against it.

"We need a different attitude. We see in Denmark for example, that energy companies really changed their attitude. They changed it from one of selling energy to selling energy services. One of

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the energy services if of course helping people in isolated areas... That change you see happening in some countries, but unfortunately in many countries you still see a conservative force in the utilities companies, who say: 'well, we want to sell energy', well, as long as that is their attitude, then they will always lobby against efficiency", the Dutch MEP told EurActiv.

Speaking off the record, a Commission official told EurActiv that while some utilities did not want to change their game and face up to new market conditions, others were adapting their business practices and seeing the opportunities afforded by energy efficiency.

### Potential for energy savings

More broadly, there are potentially big financial gains to be made in the growing

energy efficient technologies market.

Eurelectric, the industry association for European utilities, recently published a study estimating that this market could be worth €30 billion yearly to the EU economy by 2030.

"We have a positive outlook on energy efficiency and its business opportunities both through the electrification of transport, heating and cooling, and through new energy management service offers," Jesse Scott from Eurelectric told EurActiv.

However, utilities that EurActiv has spoken to expressed a clear preference for governments to stimulate demand, rather than impose regulatory restrictions, such as through the Energy Efficiency Directive, which requires utilities to find energy savings of 1.5% per year.

"Energy efficiency has a key role to play in making the energy transition a success. When implementing the

directive, member states should follow a market driven approach that best helps the customer to manage his energy consumption," a representative of the Germany utility RWE told EurActiv.

An official at Dutch energy company Eneco told EurActiv that it views the Energy Efficiency Directive as an opportunity, but that the government should do more to stimulate demand for energy efficiency from consumers.

"We urge for stimulation of the demand-side of the market, because that's the bottleneck. Concrete measures to support the realisation of the efficiency target could be mandatory label improvements and energy audits for real estate, housing projects and governmental buildings. The creation of a national fund for energy efficiency is also a demand side measure that could lower the investment barrier that consumers are facing", Eneco said in a statement.

## Commission hamstrung in Brussels buildings renovation drive

The Brussels Capital Region is probably the most ambitious in Europe in terms of introducing energy efficiency in buildings, industry sources tell EurActiv, but the European Commission's ageing building stock has not yet reaped the benefits.

Following the passage of the Energy Efficiency Directive, the European Commission pledged to commit to the same energy savings measures in its buildings as was imposed on member states:

"The European Parliament, the Council and the Commission declare that, due to the high visibility of their buildings and the leading role they should play with regard to their buildings' energy performance, they will, without prejudice to applicable budgetary and procurement rules, undertake to apply the same requirements to the buildings they own and occupy as those applicable to the buildings of member states' central government", said a European Council statement dated 29 January 2013.

The European Commission now occupies 54 buildings in Brussels, according to the Brussels infrastructure and logistics office (OIB), which manages the infrastructure for the EU executive. In Brussels overall, buildings account for a high 72% of total energy consumption, prompting a sleuth of ambitious measures to tackle energy efficiency from the Brussels-Capital Region.

The Energy Efficiency Directive, adopted in 2012, requires EU countries to renovate 3% of buildings "owned and occupied" by the central government each year.

However, the ownership status of the Commission's buildings has complicated potential energy savings, particularly when it comes to deep renovation work. Bruxelles Environnement, a state agency, told EurActiv that Commission buildings fall under the responsibility of the government of the Brussels-Capital Region, and as such it is the local government that is responsible for introducing energy efficiency measures.

A Commission source told EurActiv that with a strict interpretation of ownership, buildings "owned and occupied" by the Commission in Brussels are just around 10%, which means for the other 90% the Commission is a tenant, making it a lot less enticing to carry out deep renovation.

"The European institutions are subject to the rules of the Brussels Capital Region and of the government of the Brussels Capital Region, which is responsible for the introduction of energy efficiency measures", confirmed Nolween Lecuyer

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from Bruxelles Environnement.

“Indeed the buildings that we own and/or occupy are subject to all legislation related to buildings in the Brussels-Capital Region,” said Marlene Holzner, an energy spokesperson for the Commission.

As such, the Commission buildings are in theory included in the government’s ambitious renovation schemes, such as a measure to make all new buildings near-zero carbon emitters by 2015.

#### Brussels PLAGE scheme

The Brussels region has taken steps to follow the building renovation requirements of the Energy Efficiency Directive. A Local Action Plan for Energy Management, known by its French acronym PLAGE, has focused on energy efficiency improvements in large buildings in the public sector.

Funded by energy grants, it consists of a four-year action plan for buildings, including drawing up an energy inventory, developing an energy accounting system, implementing an action plan and monitoring energy consumption. So far, it has been rolled out in 15 municipal governments, five hospitals, two public and six social housing companies as well as in 70 schools.

There is no mention of Commission or EU buildings, however.

“Since its launch in 2005, PLAGE has led to a 16% average annual cut in fuel consumption and a reduction of 10,000 tonnes of CO<sub>2</sub> emissions per year, a stabilisation of electricity consumption and a savings of around €4.25 million per year,” according to a press release from Bruxelles Environnement.

Bruxelles Environnement told EurActiv that PLAGE has been so successful that the regional Parliament has decided to extend its scope so that from 2015, it will become mandatory for private owners of more than 100,000 m<sup>2</sup> of buildings and public owners of more than 50,000 m<sup>2</sup>.

Commission ‘in a tough position’ over buildings renovation

A European Parliament building does

feature in one government scheme, BatEx, which aims to stimulate the markets to build and renovate buildings with a high energy performance and has been praised by industry sources for showing that ambitious renovations are achievable. The building, located on 30 Rue Montoyer, dating from 1958, has had a major refit and got a subsidy of €40/m<sup>2</sup> under the scheme.

“The EC has been in a tough position for many years because they have been renting the buildings they are in, rather than owning them. However, it is now pursuing a policy to buy the buildings it currently rents, which would enable it to make the kind of deep renovations that would result in major energy savings,” said Adrian Joyce, secretary-general of EuroACE, a private advocacy group campaigning for buildings renovation.

The Commission’s Infrastructure and Logistics Office (OIB), which is responsible for the day-to-day running of Commission buildings, told EurActiv about a range of energy efficiency measures it has pursued, including improved lighting, measures to improve efficiency of humidifiers and air handling units, removing hot water supplies in lavatories and reducing non-essential ventilation in parking lots.

“With the above measures, the Commission has improved the energy efficiency of its building park by almost 20% only in the last five years”, OIB told EurActiv.

According to OIB, the energy performance of the Commission properties (as defined by the energy performance certificates for public buildings) ranges from around 150kWh/m<sup>2</sup>/a to circa 650kWh/m<sup>2</sup>/a depending on the age, conception and use of individual buildings (from B to G category), with an overall average for the complete building park of the Commission standing at circa 360kWh/m<sup>2</sup>/a, whereas the average for administrative buildings in Brussels is 418kWh/m<sup>2</sup>/a (category D-).

EuroACE says the Commission should be more ambitious in its energy efficiency drive. “I think the European Commission

should go beyond the level of ambition they are proposing for member states”, Joyce told EurActiv.

The EED requires member states to undertake a renovation rate of 3%. “I think the Commission should go for more than that, say 4%, and therefore lead by example”, says Joyce, whose EuroACE members include companies like Johnson Controls, BASF and Philips.

“I imagine that there are some willing voices in the Commission who would be willing to put those plans in place, but I can imagine many not-so-willing voices who would say that it’s too difficult for the Commission to achieve”, added Joyce.

#### Resistance in some Commission departments

Claude Turmes, a Green MEP from Luxembourg, told EurActiv that while the European Parliament tried to get an amendment to the EED that would have forced the Commission to play an exemplary role, there was much resistance from certain departments:

“There was a complete outcry in the European Commission against it, from DG Budget and DG Administration, so it was vetoed by the Commission”, said Turmes.

OIB says while the Commission is committed to further improve the efficiency of its buildings, it has already made the most evident adaptations, and that its building park is ageing:

“Therefore, further improvements can only be achieved through a mix of measures, such as behavioural changes, profound renovation of some buildings, or replacing older buildings by new and more efficient ones”, says the OIB.

EurActiv understands that Fiona Hall, the Liberal MEP who is active in promoting energy efficiency policies, plans to submit a parliamentary question soon to see what is being done to fulfill that commitment.

“The Commission should be a flagship for energy efficiency in buildings in Brussels. They should agree on a work-plan on how to renovate the most inefficient wrecks between now and 2020”, Turmes said.

# A wider view: Shifting paradigms in the buildings sector

The debate on what kinds of buildings we should live and work in is shifting, with construction experts and EU policymakers moving away from focusing simply on energy efficiency to a broader appreciation of sustainable buildings, taking into account their environmental, social and economic impact.

On the European policy-making level, this change in emphasis is being led by the European Commission's environment department, which is currently working on a new policy paper (Communication) on Sustainable Buildings.

Speaking at an event on 25 June

during EU Sustainable Energy Week, Pavel Misiga, a head of unit at the Commission's environment division, announced that the Communication, which is still in its early stages, would focus on resource use in both residential and non-residential sectors (excluding industrial buildings and infrastructure).

It will focus on how to improve the environmental sustainability of buildings – moving beyond the current policy debates on energy efficiency – to look at embodied energy in buildings, water usage, construction materials and waste. Embodied energy takes account of all the energy required to produce a product, which helps to determine its impact on climate change.

“The objective is to reduce the environmental impacts of buildings, and we expect economic benefits for society and for the construction sector,” said Misiga.

## Looking at the whole lifecycle of buildings

When it comes to emissions, which is a key EU policy priority for 2020 and beyond, the choices over which materials

are used in buildings can have a major impact beyond energy efficiency. For example, an investment of €100,000 would save 75 tonnes of CO<sub>2</sub> over 20 years, while the same investment in low carbon concrete would save 663 tonnes of CO<sub>2</sub> immediately.

The difficulty facing both construction companies on the supply side and consumers on the demand side is knowing how to choose between the many technologies and materials, and what is the best choice for sustainability.

“We need knowledge and tools to decide what the right materials are to use in buildings,” affirmed Misiga.

Companies in the sustainable construction sector are also pushing for a wider perspective when it comes to the buildings of the future, and would like policymakers to take into account other issues such as the air quality in buildings, or the amount of daylight that can be harnessed. Supporters of such measures argue this would lead to better health and wellbeing for buildings' occupants, given that in OECD countries, people spend about 90% of their lives inside buildings.

“The holistic approach is gaining more and more ground. We have to look at the whole lifecycle [of buildings]”, Lone Feifer, programme director for Sustainable Living in Buildings at Velux, the roof window manufacturer, told EurActiv.

Velux argues that looking only at energy-efficiency at the expense of other approaches in sustainable buildings is “one-sided”.

Feifer said that within the last one to two years there has been more interest in looking at buildings from a whole lifecycle perspective. “We feel as manufacturers that we get asked about that a lot more”, said Feifer, who adds that “some very-forward looking public procurement agencies” are already taking such factors into account when it comes to buildings, as are some environmental impact assessments of buildings.

Feifer would like to see this perspective



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incorporated into the CEN/TC 350, a common European standard for sustainable construction works.

### Mixed reactions to Commission plans

Misiga told EurActiv that the public consultation on the new communication on sustainable buildings would be launched on 1 July, and that he hoped it would be ready by the first quarter of 2014. He conceded that so far, reaction from industry to this new initiative was mixed:

“It’s mixed, because part of the industry says [it is] another initiative [they will] have to comply with it. It will involve costs and changes, so we certainly don’t need it now. There are other stakeholders who are very positive. We have support from member states and from investors,”

said Misiga, who formerly worked with the environment minister of his native Slovakia.

He argued that it was important to develop a standard framework for sustainable buildings to reduce risks for investors, who see the overall move to sustainability in buildings but risk investing in a product now that nobody wants in 20 years’ time.

EuroACE, the European Alliance of Companies for Energy Efficiency in Buildings, agrees that investors would benefit from a more holistic approach towards sustainable buildings across the EU.

“I do support the DG Environment view that a holistic approach to buildings should be taken. The building is a system of products and components put together: the design and conception of the building, its orientation, how it is constructed, and how the components and the equipment in the building work together”, Adrian

Joyce, secretary-general at EuroACE, told EurActiv.

Joyce echoed industry sentiment that the current glut of different EU regulations was strangling innovation in the construction sector.

“Many regulations work against each other...the construction sector is among the most highly regulated in Europe, and our members suffer from the high number of different regulations at the national and European level,” said Joyce.

“When a new product comes to market, they have to go through a number of different certification schemes, that’s a big cost. Many good products are not reaching certain markets. It would be much better to have a European system that somehow took account of different climatic zones, but that it was one approach, and only one fee [to be paid by manufacturers],” he said.

## Governments short-change energy efficiency, investors say

The buildings sector is facing a huge challenge: how to encourage investment in the refurbishment of Europe’s old building stock, and for the near-zero buildings of the future? Industry sources tell EurActiv that member states are at fault for not doing enough to stimulate a market in energy efficiency investments.

According to European Commission figures, the buildings sector needs investment of €60 billion a year for refurbishments and new buildings, if it is to meet its energy efficiency targets for 2020 and beyond.



Yet in cash-strapped times, public funding is limited. As part of the recently agreed deal on Horizon 2020, €5.3 billion has been allocated to energy, of which 85% will go on energy efficiency and renewable energy, with energy efficiency receiving the

bulk of that.

The European Investment Bank has actually reduced investments for energy efficiency projects, which peaked at €2.4

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billion in 2010, and fell to less than €800 million in 2012. An official at the EIB attributed this to the economic downturn, and said that demand was lower. “We can only finance projects that we have been solicited for,” said EIB senior engineer Reinhard Six.

According to Carsten Müller, from DENEFF, an independent German business initiative for energy efficiency, huge additional financing efforts will be needed to meet Europe’s 2050 targets, and stronger public investment won’t be enough to meet that.

“We need energy efficiency to become attractive to financiers and to become economically appealing,” Müller told an audience at a conference on financing energy efficiency on 27 June.

Ultimately, the responsibility falls with member states to develop markets, says a key stakeholder in the buildings sector.

**‘Safe have’ for investors**

In an interview with EurActiv, Oliver Rapf, executive director of the Buildings Performance Institute Europe (BPIE), argues that the money is there, as is the investment opportunity, in the form of Europe’s building stock. But he said the regulatory framework was missing.

Unlike the commodities market, investment in buildings renovation offers “a safe haven for investors,” said Rapf. However, he conceded that investors had to be willing to wait for long pay-back times of up to 12 years. Achieving lower pay-back times is one of the core challenges holding back investment in energy efficiency generally, particularly for smaller projects such as energy savings in small and medium enterprises (SMEs), where investors expect pay-back periods of five years or less.

For Rapf, one of the main issues is the lack of a suitable investment framework for the sector at national level, and for that member states are to blame.

“We need a regulatory framework. Not

enough is being done. Most member states haven’t even transformed the EPBD into national legislation,” said Rapf, referring to the Energy Performance of Buildings Directive.

Asked what tools could stimulate a better private investment climate, Rapf argued that if Energy Performance Certificates could really steer the market if each certificate is reliable and mandatory.

“If your building has a bad rating, it will influence property values,” he said.

According to the results of a recent study, if a building goes up, an EPC rating following implementing energy savings, the value of the property goes up on average by 3%.

Another problem facing the sector is that banks either don’t know or don’t care about energy efficiency. A few alternatives financing schemes are popping up, such as the UK’s Sustainable Development Capital, which has an energy efficiency fund. The British Treasury’s Green Investment Bank has contributed £50 million to the fund.

Gil Levy, a partner at the investment firm, would like to see more incentives from EU governments, noting how the government’s incentives in the renewable energy sector have helped to galvanise developers and investors into the market.

“If you afford incentives or place a responsibility on energy managers, projects will be more commonplace and investors will come in on the back of predictable and risk mitigated income streams. It’s takes the motivating of private sector CEOs and leaders in the public sector to do something about their energy levels”, he told EurActiv.

“It’s either an incentive, or frankly, a stick. Requiring for example every CEO or every corporate to ensure that they are certain EPC grading”.

**Energising efficiency**

There are, however, some green shoots. In Germany, for instance, crowd-financing companies are just beginning to emerge. They aim to co-ordinate investment in largely small, local projects by asking the

public to contribute small amounts, for example to pay for energy savings in a local hospital or shop, and then paying these investors back a percentage of the energy savings within a relatively short pay-back period of 3 to 5 years. However, even these companies are struggling to find suitable projects, as market demand is not strong enough.

“Right now the ball is in the court of member states. I hope the Commission can monitor closely what’s happening,” said Rapf. The long-term renovation roadmaps which were agreed under the Energy Efficiency Directive will be essential to determining the political will behind stimulating building renovations and the investments they require.

Member states have until April 2014 to submit their plans to the Commission.

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