

Stakeholder workshop #5 for the revision of the Energy Performance of Buildings Directive 2010/31/EU: Accessible & Affordable Financing

Answers by the European Copper Institute (ECI)

1. Strengthening the EPBD

Mobilising financing can be difficult, in particular at local and regional level. EPBD revision could further guide Member States and support removing obstacles.

What are the most relevant regulatory obstacles and market barriers towards financing to be addressed within the scope of the EPBD revision? How can these be best addressed through legislative reinforcement notably in relation to the EPBD articles 2a, 10 and 20?

Well promoted long-term renovation programmes incorporating subsidies and loans with stable conditions are important for the market on both sides (building owners as well as construction sector). Confidence in long-term availability of support schemes is crucial and owners need to be ensured, that schemes will be available in the future, leaving them with some time to plan (staged) deep renovation according to their needs and supported by technical advice and tools, such as Building Renovation Passport.

What kind of (innovative) financial instrument should be recommended to Member States to accelerate the deep renovation of buildings within the scope of the EPBD revision? (budget guarantee, loan, support and subsidies, fiscal incentives, on-tax, on-bill schemes, property-linked finance, VAT rates, ...)

Pay-as-you-save (also called pay-per-performance) types of mechanisms is obviously an attractive option in times when central government revenues are under pressure; with fully self-financing mechanisms as the final goal. Energy service company (ESCO) financing and energy performance contracting (EnPC) can be part of the solution, but capacities will need to be built and performance demonstrated for such mechanisms to be established as standard business models in a risk-averse marketplace. Important here is to closely tie incentives to quality service provision and ensure that the renovation supply chain is capable of meeting the service needs (avoid the risk of market poisoning through unqualified service delivery).

Which of the current and planned EPBD instruments (EPCs, Deep Renovation Standards, MEPS, BRP) is better placed to stimulate additional financing on building renovations? Especially in the case of rented buildings (to address split incentives)?

As deep renovation rarely happens at once, BRP is a key element to overcome operational, financial, as well as social barriers of renovation, to support building owners with personalised advice, and to ensure coordination of works during staged deep renovations. For each renovation step, users should be provided with an estimation of the investment and the expected benefits (including non-energy benefits and so called 'multiple' benefits to avoid a too narrow focus on short payback terms). Financial support (public / private) and/or mortgage should be committed and linked to the actual execution of each consecutive step of the renovation roadmap outlined in BRP's.

2. Enhancing financing for the decarbonization of the EU building stock

(In the residential building sector), what is needed by private financial institutions to provide simple, attractive and easily accessible financing? How would they better integrate EPBD instruments in their measures?

How could EU (and national) public funds become more effectively targeted and better channelled to the end-users and local authorities by making it easier to blend various sources of financing, making the intensity of support proportional to performance, strengthening technical assistance and promoting synergies with market-based mechanisms and financial instruments?

To which specific purpose can ETS revenues, including from a future extended or reinforced ETS, be best channeled towards boosting building renovation? Should it target alleviating energy poverty?

3. Accessibility, social inclusion and alleviation of energy poverty

Among all current and planned instruments of the EPBD (e.g. MEPS, EPCs, BRP, LTRS, ...), which one would be the most appropriate to alleviate energy poverty and contribute to affordable housing? How should addressing energy poverty and affordable housing be mainstreamed within the scope of the EPBD revision?

How should the EPBD make financing more easily accessible and affordable to low-income households (and SMEs) and to the owners of worst performing buildings?

How could the EPBD boost the development of one stop shops for building renovation, beyond what is already in Article 2a and in Article 20 of the Directive? (and noting that one stop shops and increased access to finance are generally seen as preconditions to a successful introduction of MEPS)

How should the split incentives between landlords and tenants be addressed by the EPBD revision?



Should the EPBD the propose protective provisions, to be introduced by national and local authorities, towards increased housing prices as a result of energy renovations?

11 June 2021
European Copper Institute
www.copperalliance.eu
Contact:
Robert Pinter
Manager, Green & Healthy Buildings Europe
email: robert.pinter@copperalliance.org