



## Directive on the energy performance of buildings (Recast)

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### Position Paper

Austrian Federal Economic Chamber (WKO)  
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## **WKO Position Paper on the recast of the Directive on energy performance of buildings ([EC Proposal](#), [Council's general approach](#), [Position EP](#))**

At the European level, the aim is to adapt the recast of the regulation on energy performance of buildings as part of the EU Green Deal and to decarbonize the building stock in the EU by 2050. This is intended to facilitate building renovations across Europe to reduce greenhouse gas emissions (and energy bills).

The Austrian Federal Economic Chamber (WKO) supports the goals of the European Green Deal and in general also sees the need for measures to decarbonize the building stock by 2050. However, we would like to emphasize that the situation in Austria is less dramatic than in the European comparison: Space heating and hot water in residential and non-residential buildings account for about 28% of final energy consumption and about 10% of greenhouse gas emissions in Austria. Although this advantage over the European average does not change the need for action in the building sector, national circumstances must be taken into account when designing new measures. This is equally true for factors such as bottlenecks in the supply chain like lack of skilled labor and the influence of geographic location and climate.

The building sector in particular, as one of the priority areas, requires the promotion of intelligent building automation solutions that can ensure major saving effects in the use of the building. In this context, the issue of data security and data privacy must also be taken into account.

We emphasize that greenhouse gas reductions should not be achieved through technology bans or mandatory renovation, but through subsidies and incentives to reduce the use of fossil fuels.

In detail, we would like to highlight the following points:

### **On the definition of “Zero-Emission Buildings” (ZEB):**

<b>Renewability as the only requirement for remaining energy demand</b>	One objective of the EPBD revision is to ensure that the building stock consists essentially of zero-emission buildings by 2050 at the latest. However, it is acknowledged in this context that zero-emission buildings (ZEB) may still require energy, even if the amount is low. It must be sufficient that this energy is covered from renewable sources. Furthermore, we believe that requirements such as mandatory local generation or generation at the building should be deleted. EU-wide requirements that restrict the Member States in their decision on the type of renewable energy used for buildings do not bring any clear advantages and therefore violate the subsidiarity principle (Art 5 (3) TEU). In this context, the factors of economic efficiency and technical feasibility must be taken into account.
<b>Maximum primary energy demand limits must be proportionate</b>	Furthermore, Annex III defines maximum limits for the primary energy demand of ZEB that should be deleted as they currently are disproportionate. It goes beyond what is necessary to achieve the objectives EPBD as the underlying calculation methodology and, in particular, the conversion factors are not harmonized across all Member States. Therefore, the primary energy demand table in Annex III should be deleted.

## **On minimum energy performance standards (MEP) and timeframes:**

<b>Realistic targets and timeframes</b>	<p>It is reasonable that renovation efforts should start with the buildings of the worst energy performance. In this way buildings with the greatest CO<sub>2</sub> reduction potential are renovated first. However, a renovation obligation for existing buildings interferes with property rights protected by fundamental rights (Art. 17. EU Charter of Fundamental Rights). This is only permissible if it is for the common good and the intervention is proportionate. However, the deadlines provided for in Art. 9 are far too short and therefore disproportionate, so that the renovation obligation does not represent the most efficient way to achieve the objective. Given the timeline for implementation of this recast, transposition into national law, and the need to assess the national building stock to determine the relative threshold between class G and F, final national regulations cannot be expected until mid-2024 at the earliest. This is not feasible with existing resources, as this gives building owners an effective timeframe of only a few years (two and a half years in the worst case) to renovate 15% of all buildings. We recommend strongly to extend the deadlines.</p>
<b>Incentives instead of obligations</b>	<p>We, therefore, call for the renovation obligations to be implemented not via a disproportionate "compulsory system" but via appropriately attractive subsidies. If this is not possible, the implementation deadlines must be chosen in such a way that there is no inadmissible interference on property rights protected by fundamental rights. Technical and economic feasibility as well as supply chain limitations and shortages of skilled labor need to be taken into consideration as well.</p>

## **On the Renovation Passport**

<b>Sufficient possibilities for flexibility</b>	<p>In the spirit of technology neutrality, we advocate more flexibility with regard to the Renovation Passport. It should open up different possibilities instead of a predefined plan. The investor decides for himself which technologies are to be used and which renovation steps will be carried out in the end. Otherwise, the proposed technologies may no longer be state of the art by the time as renovations take place over a longer period of time. Often it will also make sense to implement measures side by side, rather than one after the other.</p>
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## **On Infrastructure for sustainable mobility**

<b>Preparation of ducting infrastructure is sufficient and resource-efficient</b>	<p>Obligations to install pre-cabling on a significant share of parking spaces have been proposed. The Building Directive already contains specifications for the installation of ducting infrastructure, namely protective conduits for electrical cables (empty conduits), which is sufficient to fulfill the purpose. Additional pre-cabling does not further improve the infrastructure for sustainable mobility and is therefore disproportionate. In addition, the mandatory pre-cabling could possibly no longer correspond to the state of the art at the time of final use, which would be both uneconomical and</p>
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contradict the principle of sustainability and resource efficiency (it could make an unnecessary cable replacement necessary).

**No excessive pre-preparation for mobility infrastructure** Furthermore, the obligation to install preparatory infrastructure for 50% of all parking spaces as it has been suggested in some cases seems excessive. This would create large financial burdens on companies and owners of parking areas. It is not even clear, if this amount will even be needed in the future. This number should be not higher than 20% (one for every five parking spaces).

### **On solar energy in buildings**

**Only realistic im-plementation targets** This obligation would represent an excessive demand on companies in an already difficult economic situation. Whether practical implementation would be possible is also questionable. The extremely short deadline as well as bottlenecks in the supply chains and in the necessary skilled workforce make this seem unlikely.

**Clear specifications on European level** In this context, we would like to emphasize that not every commercially used building is suitable for PV systems, e.g., due to insufficient load-bearing capacity of the roof structure (especially in the case of halls), snow load requirements, safety concerns (e.g. explosion protection), protection of historical monuments, shaded location and resulting inefficiency, other uses of the roof surfaces (e.g. cooling systems) etc. The corresponding specifications therefore require a precise legal framework with exceptions that are ideally are predefined at the European level. The further expansion of the power grid must also keep pace with foreseeable increase in electric load due to the required solar installation. Otherwise, a lack of capacity in the power grid will lead to bottlenecks in implementation or - worse - to harm to the power grid.

### **On the earlier phase-out of financial incentives for the installation of fossil fuel boilers**

**Keep principle of technological openness** We strongly oppose this earlier phase-out. On the one hand, we see it as contradictory to the principle of technological openness, and on the other hand, it appears critical in view of the current geopolitical situation. It is far from certain that the current gas crisis will be satisfactorily resolved by 2025. This specification could lead to uncertainty among industrial plants that would be willing and able to solve the current crisis by switching to other (fossil) fuels.

### **General principles**

**Taking national conditions into consideration** We want to point out that factors such as emissions from the building sector and efficiency of the building stock differ significantly across Europe. The same applies to challenges along the supply chains e.g., for solar modules or building materials and to the availability of skilled workers. Similarly, different geographic and climatic conditions (on heating needs among others) have an impact. There should be the possibility for Member States to take these factors into account in order to find optimal national solutions without disadvantaging the leading Member

States or third countries due to unfavorable framework conditions, when implementing the directive's targets on national levels.

**Initiatives and incentives for qualified skilled personnel** Particularly in the construction and renovation sectors there is a great and persistent need for qualified skilled workers. Without sufficient skilled workers, it is absolutely impossible to achieve the desired objectives of the EPBD. Therefore, incentives and strategies for the rapid recruitment and training of the necessary skilled workers are also needed on a European level. Current shortages must be taken into account when setting targets and implementation deadlines.

**No disproportionate bureaucracy** If one has to issue an energy performance certificate for a building, that had not undergone renovations throughout the period of validity of the last certificate, the new certificate would issue no new information. This would only bind resources, which would be better used otherwise. Any shortening of the validity period of energy performance certificates below 10 years would make that situation more likely and needs to be opposed. A simple renewing of a lease should not require the issuance or presentation of a digital energy performance certificate. This is excessive as costs and benefits are disproportionate. Current tenants know the energy consumption of "their" buildings.

### **Additional points**

**Choosing best option for each case from ecological and economical view** Considering the fact that renovation is strongly promoted, the proposal should also support assessments to determine whether deep renovation (purely energetic renovation) or demolition and subsequent rebuilding is ecologically and economically more reasonable. In some cases, it might be more efficient to entirely rebuild a building instead of renovating an old one.

**Cradle-to-Cradle instead Cradle-to-Grave** Building materials should be evaluated and promoted in terms of their reusability and recyclability. Therefore, the proposal should place more emphasis on the circular economy, i.e. the possibility of extending the life cycle of products through reuse and recycling.

**Same treatment for all non-residential buildings** The EPBD defines exemptions from its requirements for non-residential agricultural buildings. This is unjustified. An expansion of these exemptions to all non-residential buildings is required.

**Realistic timeframes in GWP-calculations** Timeframes in GWP calculations need to reflect the real lifespan of different kinds of buildings (e.g. 150 years for a brick house). This could be achieved by including, for example, an "ecological residual value".

<b>Gross Floor area as reference value in energy certificates</b>	As there are varying definitions for the usable floor area (standard), we recommend instead to use the gross floor area (GFA) as a reference value for the energy performance of buildings. Otherwise, there is a risk that "monolithic masonry products" (with larger wall thickness) are disadvantaged by the reference to usable floor area
<b>No restrictions on bank's mortgage portfolios</b>	Banks have already - e.g. as members of the Net Zero Banking Alliance or their membership of the Green Finance Alliance - put a lot of resources into the development of decarbonization pathways, always using science-based methodologies. The EU should not impose a mandatory target path here that may not align with that of the membership of the UN PRI - especially with the intermediate targets. It should also be borne in mind that each institution has its own individual portfolio and must therefore be able to develop a suitable individual target path by 2050, otherwise it will suffer severe losses in its business development and risk strategy.

### Summary

It is essential that the requirements set out in the EPBD are realistic (especially in terms of time and financial frame), proportionate with regard to the current geopolitical and national situation (supply chain, shortage of skilled workers) and do not lead to disadvantages for those affected in the medium-term to longterm.

Especially the consideration of cost efficiency represents an important pillar when it comes to maintaining the competitiveness of the European economy.

It must also be ensured that consumers and companies are free to choose the building heating system - depending on economic and technical possibilities - in the spirit of private autonomy. The principle of technological openness must be upheld, and a holistic approach must be implemented in line with the EU approach as well.



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