PRESS RELEASE

"Complete overhaul" to building renovation practices required to meet higher EU 2030 climate target, BPIE analysis shows

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Europe needs to reach a minimum 3% annual deep renovation rate to achieve a strengthened GHG reduction target and a boost for renewable heating and cooling.

BRUSSELS - 3 December 2020 - Achieving a higher 2030 climate target requires intensified action in the building sector, according to a new analysis from BPIE – the Buildings Performance Institute Europe. The analysis comes ahead of the upcoming European Council which will convene on December 10-11. EU leaders are expected to agree a new EU emissions reduction target for 2030 of at least 55% GHG reduction of 1990 levels[1]. According to the European Commission, achieving this level of ambition requires 60% GHG emissions reduction of the building stock by 2030.[2]

BPIE's analysis demonstrates that deep renovation should increase to minimum 3% per year until 2030 to deliver the desired GHG reduction. This is in contradiction to the European Commission's goal to double the annual overall energy renovation rate of 1%, as cited in its Renovation Wave.[3]

"Reaching a more ambitious 2030 climate target requires a complete overhaul of current renovation practices," says Oliver Rapf, Executive Director of BPIE. "Doubling the overall energy renovation rate is insufficient. Europe needs to reach *at least* a 3% deep renovation rate, combined with a push for renewable heating and cooling of our buildings."

According to the analysis, energy reduction measures should go hand in hand with renewable generation. By 2030, renewables should deliver 53% of final energy share for heating and cooling.

Despite the magnitude of required change, BPIE stresses that the ongoing revision of the Ecodesign and Energy Labelling rules, and the European Commission's "Fit for 55" package,[3] expected next year, offer a pivotal opportunity to agree and implement ambitious policies that would rapidly accelerate decarbonization of the building stock. Minimum energy performance standards, better financial incentives that reward a fuel switch towards cleaner and renewables-based technologies, and better alignment of legislation and requirements between efficiency and renewable energy measures in the building sector, are highlighted as key policies to accelerate decarbonization.

EU Member States are also encouraged to leverage financial support provided by Next Generation EU to push innovative technical solutions and service models into the mass renovation market. Earlier BPIE research shows that public funding support of 90 billion Euro per year would trigger private investments for deep renovation of European buildings at scale.

"While this scenario requires a higher effort in this decade, any delay in taking action will make efforts even more challenging at a later stage," says Rapf. <ENDS>

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[1] https://www.consilium.europa.eu/en/meetings/european-council/2020/12/10-11/

[2] https://ec.europa.eu/knowledge4policy/publication/commission-staff-working-document-swd2020176-impact-assessment-stepping-europe%E2%80%99s-2030_en

[3] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1940

Highlights

Key sectoral targets to hit by 2030

- BPIE's policy scenario would provide 24.8% reduction in final energy demand for heating and cooling by 2030, compared to 2015.
- The share of renewables in final energy mix should increase to 53%. Energy for space cooling should decline by 20% as systems and solutions become more efficient and the cooled floor area remains nearly constant.
- Renewable heat should reach a 32.4% share in final energy: solar thermal energy should grow by a factor of four compared to 2015, and geothermal energy should grow by a factor of 11.
- Ambient heat generated with heat pumps is expected to increase by a factor of 8.

Policy implications of achieving 60% GHG emissions reductions in the building sector by 2030

- All renovations should follow the nearly zero-energy building (NZEB) principle, i.e. achieving the highest efficiency level of a given building type while supplying the remaining energy demand from renewable sources.
- **Member States should rigorously follow the NZEB principle for all new buildings.** As of 1 January 2021, all new buildings in the EU must be NZEBs, combining very high energy performance with significant renewable energy supply. No new fossil fuel heating system should be installed in new construction from 2021 onwards. Any new installation of fossil fuels-based heating systems locks in CO2 emissions for the next two decades.
- For **existing buildings**, the switch to renewable energy must be made in conjunction with comprehensive deep renovation.
- **Mandatory minimum energy performance** requirements as indicated in the Renovation Wave should be considered as an effective policy. These should be tailored to specific segments of the building stock and ownership tenures and coupled with financing and targeted advice.
- The **ongoing revision of the ecodesign and energy labelling rules** for space and water heaters should be used as an opportunity to phase out inefficient and fossil fuel-based heating systems from the EU market. **Incentives and support schemes** should be designed to encourage citizens to carry out an earlier replacement of still functioning fossil fuel-based heating systems.
- **Integrated planning favouring the combination of energy efficiency and renewable energy is needed, in particular at regional and municipal level.** Renewables-based technologies such as solar thermal, geothermal and heat pumps and renewables-based district heating work better with low-energy buildings, allowing a higher deployment rate and investments in these technologies.
- **Better integrated planning and policy design** at all levels for supply- and demand-side measures is crucial to develop synergies to decarbonise the building stock and to maximise societal benefits. The 2021 revision of the EPBD, EED and RED should be considered the opportunity to better align energy reduction measures and integration of renewable generation systems. For example, the specific measures that Member States should consider in these strategies according to the official guidance for long term renovation strategies, outlined in the EPBD, do not directly encourage the decarbonisation of energy used in buildings.

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About BPIE BPIE (Buildings Performance Institute Europe) is Europe's leading centre of expertise on decarbonising the built environment, providing independent analysis, knowledge dissemination and evidence-based policy advice and implementation support to decision-makers in the public, private, and non-profit sectors. Founded in 2010, BPIE combines expertise on energy efficiency, renewable energy technologies, and health and indoor environment with a deep understanding of EU policies and processes. A not-for-profit think-tank based in Brussels and Berlin, our mission is to make an affordable, carbon-neutral built environment a reality in Europe and globally.