



Conseil Européen des Professions Immobilières
(European Council of Real Estate Professions)



A Guide to the Energy Efficiency Directive

This guide has been prepared for CEPI member associations to assist them in monitoring the implementation of the Energy Efficiency Directive. It refers to points which are likely to be of practical importance.

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The Guide...

On 25 October 2012, the EU adopted Directive 2012/27/EU on energy efficiency. This Directive establishes a common framework of measures for the promotion of energy efficiency within the Union in order to ensure the achievement of the Union's 2020 20 % headline target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets for 2020.

How this Directive is implemented in different countries will be very important. There are measures which will have an impact on the work of property professionals.

The Directive should lead to increased business opportunities and jobs in the field of energy efficiency. However in order to do so it needs to be correctly and fully implemented in the different Member States.

It is also important to remember that there are now several other European directives in the field of energy efficiency which impact on the building sector. These are listed for reference in Annex I to the guide. Additional sources of information are listed in Annex II.

What are important elements in the new Directive for property professionals?

The Directive applies minimum rules. These rules are intended to complement the existing rules relating to buildings in the recast Energy Performance of Buildings Directive. Member States may choose to go further in their requirements.

1.1. National energy efficiency targets (Articles 3 and 4)

- Each Member State will have to set an indicative national energy efficiency target taking into account national circumstances.

For building renovation, each Member State will have to establish a long-term national strategy (to be published by 30 April 2014) to promote investment in the national residential and commercial building stock including an overview of the national building stock; an identification of cost-effective approaches to renovation according to building type and climatic zone and policies to stimulate cost-effective “deep” renovations of buildings.



What are important elements in the new Directive for property professionals(2)?

1.2. An exemplary role for public buildings and authorities (Article 5)

- The Directive imposes rules for the renovation of public buildings by requiring Member States to renovate 3% of the total area of “heated and/or cooled buildings owned and occupied by their central government”. This will apply as from 1 January 2014 to buildings with a “total useful floor area” of more than 500 m², as from July 2015 more than 250 m². Member States will also be allowed to use alternative means to achieve equivalent energy savings.
- Member States have to ensure that central governments purchase only products, services and buildings with high energy-efficiency performance, if cost-effective to do so.
- Member States will also have to encourage public bodies and public social housing bodies to adopt an energy efficiency plan, put in place an energy management system including energy audits and use energy service companies and energy performance contracting to finance renovations and implement plans to maintain or improve energy efficiency in the long-term.



What are important elements in the new Directive for property professionals(3)?

1.3. Energy audits (Article 8)

· There are also rules promoting the availability of high quality energy audits to be carried out in an independent manner by qualified and/or accredited experts. Transparent and non-discriminatory minimum criteria for energy audits must be established. Member States may set up support schemes for SMEs to cover the cost of an energy audit and of the implementation of highly cost effective recommendations from the audits. They are also to encourage training programmes for the qualification of energy auditors in order to facilitate sufficient availability of experts. Enterprises that are not SMEs must be subject to an energy audit to be carried out at least every four years.



What are important elements in the new Directive for property professionals(4)?

1.4. Metering (Article 9)

- Member States will need to ensure that as far as possible final customers for electricity, gas, district heating, district cooling and domestic hot water are provided with competitively priced individual meters (providing information about energy consumption and actual time of use). Such meters must be provided when a new connection is made in a new building or a building undergoes major renovation. Where heating and cooling or hot water are supplied to a building from a district heating network or from a central source servicing multiple buildings, a heat or hot water meter shall be installed at the heating exchanger or point of delivery.
- Individual consumption meters will have to be installed in multi-apartment buildings by 31 December 2016 to measure the consumption of heat or cooling or hot water for each unit where technically feasible and cost efficient. Member States must also ensure, by 1 January 2015, that billing information is accurate and based on actual consumption. For multi-apartment buildings supplied from district heating or cooling, or where own common heating or cooling systems for such buildings are prevalent, Member States may introduce transparent rules on the allocation of the cost of thermal or hot water consumption in such buildings.



What are important elements in the new Directive for property professionals(5)?

1.5. Qualification, accreditation and certification schemes (Article 16)

· The Directive also promotes qualification, accreditation and certification schemes for providers of energy services, energy audits, energy managers and installers of energy-related building elements.

1.6. Energy services and energy performance contracting (Article 18)

· Member States must promote the energy services market and access for SMEs to it by disseminating information on available energy service contracts and financial instruments and incentives. It must support the public sector in taking up energy service offers, in particular for building refurbishment by providing model contracts for energy performance contracting. Member States must also, if necessary, take measures to remove the regulatory and non-regulatory barriers That impede the uptake of energy performance contracting.



What are important elements in the new Directive for property professionals(6)?

1.7. Split incentives (Article 19)

· Member States must evaluate and if necessary take appropriate measures to remove regulatory and non-regulatory barriers to energy efficiency **including** the split of incentives between the owner and tenant of a building or among owners (this extends to national rules and measures regulating decisionmaking processes in multi-owner properties). These measures may include providing incentives, repealing or amending legal or regulatory provisions, adopting guidelines and interpretative communications, or simplifying administrative procedures and may be combined with the provision of education, training and specific information and technical assistance on energy efficiency.

1.8. Online platform (Article 25)

· The Commission must establish an online platform practical implementation of the Directive at national, regional and local levels. That platform will support the exchange of experiences on practices, benchmarking, networking activities, as well as innovative practices.



What is the timescale for implementation of the Directive?

Member States have until June 2014 to implement the Directive. Every 30 April until 2020 Member States will present the Commission with reports on their progress towards meeting national energy efficiency targets.





Some advice from the European Commission



There are practical questions to be answered. Therefore CEPI put some questions to Marie Donnelly, Director of DG Energy at the European Commission. These are her comments.

“Member States have until June 2014 to transpose the Energy Efficiency Directive. This may seem far ahead but in reality it is not. Given the width of requirements under this legislation, important resources will need to be mobilised to ensure a thorough and timely implementation. The Commission is assisting Member States in this task by providing administrative support and guidance on the interpretation of several provisions.

However, the success of this process will equally depend on the role of stakeholders operating at national level since often they have both the necessary knowledge of local conditions and access to local decision-makers. I therefore strongly encourage you to follow and get involved in the implementation process, as several requirements have a direct and indirect impact on the real estate sector. The implementation of certain provisions of the Directive will need to be preceded by a proper consultation with stakeholders. A good example is Article 4 which requires Member States to establish long-term strategies for mobilising investments in the renovation of buildings. Note that this strategy needs to be ready by April 2014. This means that the debate at national level on what is necessary to speed up renovation needs to start right away.”





Some advice from the European Commission (2)



Property professionals, and particularly property managers, are closely involved on a daily basis in decisions being made concerning the fabric of buildings and their energy use. What do you see as being the most important steps which they can take to make these decisions most effective?

“It is important to make investment decisions on the basis of the life-cycle cost of a building and consider using Energy Performance Contracting as a vehicle for these investments. A first step would logically be a proper energy audit showing the different options for reducing the energy consumption of a building. Subsequently, the choice of improvement measures should not only look at the return on investment from a strict financial perspective but should also take into account additional benefits such as increased comfort and health conditions leading to enhanced productivity of people occupying the building.

Of course, an energy-related building renovation should possibly be tied in to the most opportune moments such as during an ownership or tenant change-over or when a 'normal' refurbishment takes place. This reduces the additional costs (e.g. of moving people out of the building) and makes the investment more sustainable.”





Some advice from the European Commission (3)



The Energy Efficiency Directive mentions the issue of split incentives which is fundamental for property managers. They have to deal with different owners and also landlords and tenants and are only too aware of the difficulties which can arise. Are there any particular ways in which you can demonstrate that the EU is working to try and solve this problem? Do you see practical solutions which we can promote?

“Several Member States already address this issue. In France, when energy saving renovations are undertaken by a landlord within the private and/or common parts of a dwelling, a contribution for sharing the saved energy costs can be asked of the tenant of the relevant dwelling as from the end of the renovations, provided that the tenant directly benefits from the renovations made and these have been explained to him/her. This participation, limited to 15 years maximum, is specified in the rent agreement and cannot exceed 50% of the energy saving made. Under the UK 'Green Deal' programme, the investment in renovation is provided by a third party and paid back by whoever pays the energy bills. On our end we will work with MS as part of the so-called Concerted Action to ensure that such best-practice examples are applied elsewhere, while taking into account local conditions.

This Directive establishes a common framework of measures for the promotion of energy efficiency within the Union in order to ensure the achievement of the Union's 2020 20 % headline target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy, and provides for the establishment of indicative national energy efficiency targets for 2020”.





Some advice from the European Commission (4)



There is untapped potential in the building sector for further energy savings and more initiatives are likely. Can you tell us what future measures are planned with regard to the sector and when these may be expected?

“With the recently adopted Directive, the recast of the Energy Performance of Buildings Directive (EPBD) and the relevant implementing measures under the Ecodesign and Energy Labelling Directives (e.g. for boilers and lighting), a comprehensive regulatory framework for energy efficiency in buildings is now in place at the EU level.

We now need to focus on two issues; implementation and finance. Regarding implementation, we face the challenge that the majority of Member States have not yet fully transposed the EPBD – despite a deadline of 9 July 2012 - and where they have done it, the quality is often insufficient, especially as regards energy performance certificates of nearly zero-energy buildings. We need to ensure, including through infringements, that the transposition of relevant EU law improves. We will also closely monitor the implementation of the EED over the coming year and a half.





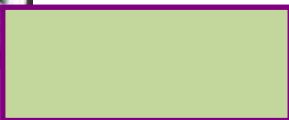
Some advice from the European Commission (4)



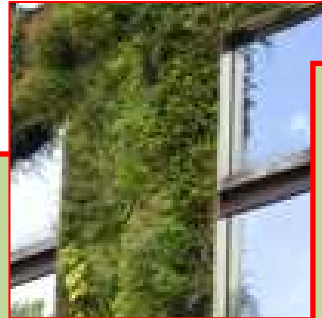
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Regarding financing, the Commission has proposed to increase the amount of available EU funds for energy efficiency and renewables – mainly through cohesion policy funding – while ensuring that these funds are used as a lever to attract more private sector investment. We will also review the rules for state aid as applying to energy efficiency with the aim to create a clear framework for financial support for energy efficiency measures, amongst others, in buildings.

Finally, I believe that energy performance contracting (EPC) holds a lot of promise, especially for the public and real estate sectors. To facilitate the further development of the ESCO/EPC market, DG Energy launched an EPC campaign to promote and build capacity for Energy Performance Contracting and Energy Services Companies throughout Europe. The aim of the EPC campaign is to enable country-specific discussion and capacity building of the core stakeholders, which should enable better understanding of the business model, its challenges and opportunities, increase confidence regarding its reliability and effectiveness, and help Member States in establishing a legal and financial framework for the market with energy services”.



Conclusions



The Directive makes some important changes which will affect the property market because of their impact on buildings. Therefore it is important to pay close attention now to the way in which these measures will be implemented.

CEPI member associations are encouraged to consider carefully how best the measures can be adapted to their particular national circumstances and are of course invited to direct any questions they may have about European legislation to the CEPI Secretariat.

Annex 1:

Other European directives in the field of energy relevant to the building sector

- Directive 89/106/EEC on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products
- Directive 92/42/EEC on efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels
- Directive 92/75/EEC on the indication by labelling and standard product information of the consumption of energy and other resources by household appliances
- Directive 2004/8/EC on the promotion of cogeneration based on a useful heat demand in the internal energy market
- Directive 2006/32/EC on energy end-use efficiency and energy services
- Directive 2005/32/EC establishing a framework for the setting of ecodesign requirements for energy-using products
- Directive 2009/28/EC on the promotion of the use of energy from renewable sources
- Directive 2010/30/EU on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products
- Directive 2010/31/EU on the energy performance of buildings (recast)



Annex 2:

Useful sources of information

- The website of DG Energy of the European Commission
http://ec.europa.eu/energy/efficiency/buildings/buildings_en.htm
- BUILD UP-an interactive web portal providing information about energy efficiency of buildings
www.buildup.eu
- For funding programmes dealt with by the Executive Agency for Competitiveness and Innovation
<http://ec.europa.eu/eaci>
- Concerted Action Energy Performance of Buildings Directive – forum of national authorities on the most effective forms of implementation of the Directive
<http://www.epbd-ca.org>
- Buildings Performance Institute Europe (BPIE)
<http://www.bpie.eu>



For further information about the contents of this guide and also CEPI and its activities please refer to www.cepi.eu or contact us :

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