Implications of the EPBD on Member States’ Energy Saving Obligations

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https://energysavingpolicies.eu/

• Update following agreement on the recast of the Energy Performance of Buildings Directive (EPBD) in May 2024

Implications of the Fit for 55 Package on Member States’ Energy Saving Obligations
Changes to the EED and other EU Directives and Regulations (update following the finalisation of the EPBD)

21 May 2024
Reminder of the main changes to the EED energy savings obligation

1. More Energy Savings
   - Main changes of the EED recast
   - Energy savings rate will gradually rise to meet 2030 targets.
   - Member States can phase savings flexibly over the period, if they achieve the same cumulative amount. Energy savings in the first years count for more years: clear incentive to act early!

2. Ensuring a just and inclusive energy transition
   - Main changes of the EED recast
   - A share of energy savings must be achieved among priority groups.
   - This new ringfence will help to tackle energy poverty and make sure that everyone can benefit from energy efficiency policies.

3. Aligned with Climate Goals
   - Main changes of the EED recast
   - Energy savings from fossil fuel technologies will progressively become ineligible.
   - This gives a clear signal that public funds should no longer support fossil fuel technologies.
Two contrasting impacts of EU law on the EED energy savings obligation

- Synergy with the energy savings obligation
- Increase baseline of savings from EU policy measures
1 Synergies MEPS and renovation trajectories

- Art 9 EPBD requires Member States to establish minimum energy performance standards (MEPS) for non-residential buildings to ensure that the least efficient 16% of the stock are no longer in that worst performing group by 2030, extending to cover the least efficient 26% by 2033.

- For residential buildings, Member States must establish national trajectories for the progressive renovation of the stock ensuring that the average primary energy use of the whole stock decreases by 16% by 2030 and 20-22% by 2035. Renovation efforts must focus on the worst performing buildings, with at least 55% of the decrease achieved in the worst 43% of the stock.
Annex V(2)(c) EED anticipates the EPBD recast explicitly adding a derogation for policy aimed at meeting MEPS in existing buildings to the pre-existing derogation for energy savings from building renovation.
Buildings sector emissions expected to fall dramatically by 2030

1 Synergies
MEPS and renovation trajectories

Source: EU Commission (2024) 2040 Target Impact Assessment
2 Synergies
Action to tackle energy poverty

- Art 3 EPBD requires national building renovation plans to include definition of energy poverty, measurement of energy poverty and related indicators, quantified reduction of energy poverty as result of measures.

- Art 9 EPBD renovation focus on the worst performing homes.

- Art 17 EPBD requires Member States to target financial incentives, as a priority, on vulnerable households, people affected by energy poverty and people living in social housing, in accordance with the Art 24 EED.
Art 8 EED requires a share of Member States energy savings obligations to be delivered among people affected by energy poverty, vulnerable customers, people in low-income households and, where applicable, people living in social housing.
3 Synergies

Stand-alone fossil fuel boiler incentives ban

- Art 17 EPBD includes a deadline of 1 January 2025 by which Member States shall **not provide** any **financial incentives** for the **installation** of **stand-alone boilers** powered by **fossil fuels**, with some exceptions.

- Annex II EPBD requires the template for the structure of **National Building Renovation Plans** (Annex II), which must be submitted to the Commission by end 2025, to include **mandatory reporting** of **policies and measures** to decarbonise heating and cooling **with a view to the complete phase out** of **fossil fuel boilers** by 2040.
Annex V EED makes ineligible policy measures that subsidise fossil fuel boilers in the residential sector and newly implemented policy measures that regard the direct combustion of fossil fuel technologies from 2026. Energy savings with regard to the direct use of fossil fuel combustion are also excluded from policy measures newly implemented from 2024, except in some cases in the industrial sector.
4

Increases baseline
New build provisions

• Articles 7 and 11 EPBD: tighten the minimum requirements for new buildings to zero-emission building level

• This reduces the scope for savings from national building codes and new build incentives that go beyond EU law
Art 7 EPBD: Member States shall ensure that new buildings are zero-emission buildings in accordance with Article 11:
(a) from 1 January 2028, new buildings owned by public bodies; and
(b) from 1 January 2030, all new buildings

Art 11 EPBD: Member States shall take the necessary measures to ensure that the energy demand of a zero-emission building complies with a maximum threshold ... at least 10% lower than the threshold for total primary energy use established at Member State level for nearly zero-energy buildings on 28 May 2024.
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