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Breakthrough on the Energy Performance of Buildings Directive

The EFBS welcomes the compromise reached yesterday in the trilogue on the Energy Performance of Buildings Directive. *"Individual mandatory renovations are off the table. The decision benefits climate action and offers the chance to strike a social balance between demands and incentives"* explained Managing Director Christian König.

Brussels – "We have a deal!", the green EPBD rapporteur Ciarán Cuffe posted on X (formerly Twitter) yesterday evening. The EPBD is also known as the Energy Performance of Buildings Directive. The deal that Cuffe is referring to is not to be taken for granted. Co-legislators had been struggling for months to reach an agreement. At various points, it looked as if the negotiations might be abandoned.

Roughly two years ago, on 15 December 2021, the European Commission published its proposal for a revision of the EPBD. In the fall of the following year, the Council of the European Union adopted its position on the file under the Czech Presidency. It was not until March 2023 that the European Parliament finally published its report, ushering in trilogue negotiations.

This was followed by several rounds of negotiations, which were closely followed by the European Federation of Building Societies (EFBS). European bausparkassen have been supporting insulation renovations in existing buildings and energy efficiency in new builds for a long time. In recent years, energy-related building renovation has become a core component of the bauspar business. Buildings are a key component of the ecological transition. Without a stronger decarbonisation of residential buildings, the EU will not be able to achieve its climate targets.

The EFBS therefore welcomes the compromise reached by the trilogue parties, which lays down workable rules for building owners and sets the course for a net-zero building stock. Instead of minimum energy efficiency standards, that would have led to a building-specific refurbishment obligation, binding primary energy savings are now stipulated for member states across their entire building stocks. The EU has taken the right path.

The broad flexibility granted to member states has been coupled with a high level of ambition. Soon, each member state will define a national target pathway to reduce the average primary energy consumption of residential buildings by 16 per cent by 2030 and by 20 to 22 per cent by 2035. Member States are free to decide which buildings they target in their plans and what measures they take. The national measures must ensure that at least 55 per cent of the reduction in average primary energy consumption is achieved by renovating the buildings with the poorest energy efficiency.

Member states should also develop building renovation plans that include the national strategy for decarbonising the building stock and indicate any remaining obstacles, e.g. regarding financing or training and recruiting skilled workers.

For the EFBS, the negotiations have come to a positive conclusion and yielded a compromise that can be supported by all sides. The EFBS had repeatedly spoken out against the widely criticised compulsory renovation requirements. On the road to climate neutrality, affordability and social acceptability must be given due consideration. Whether for tenants or owners – excessive financial burdens would have been socially explosive.

The agreed text contains a review clause according to which the European Commission is to examine whether further binding measures need to be introduced at Union level to achieve the 2030 and 2035 targets. The provisional agreement reached by the negotiators must now be formally approved by the Council of the EU and the European Parliament. A corresponding vote in plenary is planned for spring 2024.