

Energy poverty and European building efficiency

Lighthouse Europe

13 September 2022

Introduction

Back in 2020, the European Commission published a strategy called "**A Renovation Wave for Europe – Greening our buildings, creating jobs, improving lives.**" with the aim of pursuing the dual ambition of energy gains and economic growth by boosting renovation of private and public buildings in the EU. The strategy aimed at doubling the annual energy renovation rates in the coming years, pursuing the objectives of the **European Green Deal** by notably reducing emissions, whilst also enhancing the quality of life of European citizens in their homes, and creating many additional green jobs in the construction sector.

Following the hardship and global energy market disruption caused by **Russia's invasion of Ukraine**, the need to **improve building efficiency** has become even more salient for European policymakers. Indeed, in May 2022 the Commission presented the **REPower EU Plan**¹ aimed at ending European dependence on Russian fossil fuels, and tackling the current climate crisis. The measures in the REPowerEU Plan can represent the **long-term response** to this ambition, through **energy savings, diversification of energy supplies, and an accelerated roll-out of renewable energy** to replace fossil fuels in homes, industry and power generation.

This objective is also in line with the **Climate Target Plan 2030**² proposed by the Commission in September 2020, to achieve the **55% emissions reduction target**. According to the text, by 2030 the EU should reduce buildings' greenhouse gas emissions by 60%, their final energy consumption by 14%, and energy consumption for heating and cooling by 18%.

¹ https://ec.europa.eu/commission/presscorner/detail/en/IP_22_3131

² https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en

Boosting building renovation as a key factor in achieving energy sovereignty

The EU's revised Energy Performance of Buildings Directive (EPBD)

Europe's building stock is unique but also old in its expression of the history of our continent. 85% of the EU's building stock was built before 2001.³ These **buildings are not energy efficient**, and most of them **rely on fossil fuels for heating and cooling**.

Overall, buildings are responsible for about **40% of the EU's total energy consumption**, and 36% of its greenhouse gas emissions from energy.⁴

Russia's war in Ukraine has boosted the already **high** prices of oil and gas used for the heating and cooling of European buildings. Thus, **reducing energy consumption through the renovation wave** is a fundamental – if not the most pre-eminent – step forward towards the **reduction of the EU's dependence on Russia**, which has been the key provider of gas supplies to EU countries so far. Indeed, 39% of European households in 2019 [used a gas boiler](#). In Germany alone, [20 million gas boilers](#) are running day in and day out.⁵

To boost the energy performance of buildings, the EU has established a legislative framework that includes the [Energy Performance of Buildings Directive 2010/31/EU](#) and the [Energy Efficiency Directive 2012/27/EU](#). Together, the directives promote policies that will help achieve a highly energy efficient and decarbonised building stock by 2050.

The EPBD revision – ambitions on targets

As of now, the **revision of the Energy Performance of Buildings Directive (EPBD)** is in progress. The Commission tabled a proposal in **December 2021**, aimed at **renovating the bottom 15% of the worst performing buildings in Europe**. This objective will have to be achieved "by 2027 as a deadline for non-residential buildings, and 2030 as a deadline for residential buildings."

On **11 July 2022**, **European Parliament's four largest political groups** – the centre-right European People's Party (EPP), the Socialists and Democrats (S&D), the centrist Renew Europe

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1603122220757&uri=CELEX:52020DC0662>

⁴ Idem.

⁵ <https://www.euractiv.com/section/energy/interview/industry-chief-district-heating-sector-looking-at-other-options-than-gas/>

(RE) and the Greens – put forward [joint amendments for the revised energy efficiency directive](#).⁶

The key factor is a higher **energy efficiency target** of **14.5% by 2030** compared to the 2020 reference scenario. In **May 2022**, the European Commission already proposed a raise of the EU's efficiency target to 13%, up from the 9% outlined in July 2021.

In addition, **EU public authorities** would have the obligation to **reduce their energy consumption** by “**at least 2% every year.**” This is up from the 1.5% noted in the Commission's earlier plans.

The above-reported targets showcase the determination and ambition of European policymakers to generate energy savings through a sector endowed with a lot of potential, both for its current energy (in)efficiency status and for the economic growth that reconstruction entails through its 'satellite' activities, generating employment and economic growth.

It is important to note that this will be the **first time that energy savings become a legal obligation on EU Member States.**

European nations would, however, “**retain full flexibility regarding the choice of energy efficiency improvement measures**” to achieve the target on final energy consumption, in order to reflect the different national circumstances affecting energy consumptions, such as GDP forecasts, level of uptake in renewable energy, and level of ambition in national decarbonisation plans, the joint text adds.

The plan of this broadly supported measure is to **cut imports of Russian fossil fuels by two-thirds before the end of 2022** and diversify gas supplies, thereby accelerating the green transition – reducing European dependence on Russian gas further.

“In this time of energy crisis where Putin shuts off gas deliveries to the EU, we need to save more energy, and we need to do this by setting high and binding energy efficiency targets for the EU as a whole and for the individual member states,” said the S&D Danish lawmaker Niels Fuglsang to Euractiv.⁷

⁶https://www.euractiv.com/wp-content/uploads/sites/2/2022/07/EED_Final-Compromise-Amendment.docx

⁷<https://www.euractiv.com/section/energy/news/eu-parliament-groups-unite-behind-14-5-energy-savings-goal-for-2030/>

Next Steps

This month, the **European Parliament** is holding a **debate on the revised directive**. Unless one of the Parliament's political groups asks for a plenary vote to be held, the file will be sent directly for **trialogue talks** with the 27 EU Member States in the EU Council of Ministers to finalise the legislation.

The final target, and the measures to meet it, will be at the centre of the talks with the **Council**, which **agreed its position on 27 June 2022**⁸.

Conclusion

With Russia's decision to cut down gas supplies to Europe, through an 'indefinite' shut down of the Nord Stream 1 pipeline announced on **31 August 2022**,⁹ Europe is becoming aware of how fundamental **an issue it is to tackle energy poverty**.

This common European effort aims to achieve the energy transition without significantly affecting European households and their livelihoods, whilst simultaneously improving their life quality.

Therefore, it is crucial for European policymakers at Parliament and Council level to showcase their determination in **achieving challenging targets** which can **safeguard future European energy sovereignty and price stability**.

In this scenario, the ongoing revision of the EPBD is a great example of European efforts to enforce targeted actions aimed at reducing energy consumption where there is more potential for savings, whilst generating employment and economic growth for European society.

⁸ <https://www.climatechangenews.com/2022/07/12/eu-lawmakers-back-stronger-energy-efficiency-target-in-response-to-russian-war/>

⁹ <https://www.theguardian.com/business/2022/sep/02/nord-stream-1-gazprom-announces-indefinite-shutdown-of-pipeline>