



## Proposal for an Energy Efficiency Directive

### Position paper – August 2011

Glass for Europe deplores the lack of ambition contained in the European Commission's proposal for an Energy Efficiency Directive. Although the political objective of improving Europe's rational use of energy by way of reducing energy demand in key sectors such as buildings is very much welcome, the measures laid down in the proposal are clearly insufficient for the EU to achieve its current (and regrettably non-binding) target of 20% energy saving by 2020.

Glass for Europe is particularly disappointed that **although the deep renovation of buildings is presented as a cornerstone of this directive, it lacks concrete measures** to deliver on the challenge of renovating Europe's existing building stock by 2050. In particular, whilst the introduction of an annual renovation target of 3% of the public building stock is a step in the right direction, we fear that the scope and the standards to be met when renovations take place will be insufficient to have a significant impact on the energy performance of Europe's public building stock.

### Key amendments required to the draft directive

- ✓ Remove the 250m<sup>2</sup> threshold for public building renovation.
- ✓ Include social housing in public ownership in the scope of Article 4.
- ✓ Specify a more ambitious depth of renovation required by Article 4.
- ✓ Introduce specific measures on financing, linked with Article 10 of Directive 2010/31/EU.
- ✓ Require energy utilities to deliver part of their saving obligations by investing in the deep renovation of building.

#### About Glass for Europe

Glass for Europe is the trade association for Europe's manufacturers of flat glass. Flat glass is the material that goes into a variety of end-products and primarily in windows and façades for **buildings**, windscreens and windows for **automotive and transport** as well as glass covers, connectors and mirrors for **solar-energy** equipments. Flat glass is also used for many other applications such as furniture, electronics, appliances, etc. Glass for Europe has four members: AGC Glass Europe, NSG-Group, Saint-Gobain Glass and Sisecam-Trakya Cam and works in association with Guardian. Altogether, these five companies represent 90% of Europe's flat glass production.



## Building renovation: the public sector must do more

Glass for Europe is convinced that in order to meet the objective of a 90% reduction in CO<sub>2</sub> emissions by 2050, the entire existing building stock must undergo deep renovation. Doubling the current annual renovation rate of public buildings would *a priori* be a good start. However, three essential elements need to be fixed so that the impact of this directive is not unduly limited.

1. Glass for Europe believes that setting a minimum size threshold is regrettable as it *de facto* excludes many public buildings, such as post offices, where deep renovation is as necessary as in larger buildings. In fact, the concept of building size threshold has already demonstrated its limitations and was taken out of the energy performance of buildings directive<sup>1</sup>. It should not be reintroduced through this directive.
2. Furthermore, the current wording of article 4 would not incentivize Member States to achieve the deep renovations needed, but instead would only push national authorities to meet minimum energy performance requirements. Glass for Europe is convinced that the public sector should lead by example and pave the way for the private sector. The directive should specify the depth of renovation required so that each public building is renovated according to the highest available standards so as to steer the construction market upwards.
3. Glass for Europe is aware that it might be difficult with such a piece of EU law to tackle the wide issue of privately-owned buildings. Nevertheless, the directive should not exclude privately owned buildings servicing the public sector, notwithstanding their size and their purpose. For instance, all social housing critically needs to be upgraded, not only to achieve energy efficiency gains but to reduce the burden of fuel poverty. Social housing must be included in the scope of article 4.

## Bringing all financing mechanisms together to give cohesion to the renovation challenge

Although, the Commission has recently announced the creation of a European Energy Efficiency Fund and proposed increasing the EU budget allocated to energy efficiency in the next Multiannual Financial Framework, Glass for Europe regrets the absence in the directive of any concrete proposal to finance the deep renovation of buildings. At the least, the directive should establish bridges between existing financial instruments and should connect the deep renovation of buildings to utilities' energy saving obligations.

In Glass for Europe's opinion, it is essential that the directive is linked to the next Multiannual Financial Framework as regards the financing of building renovation, to give credibility to this policy objective. In particular, it should be required that any construction project receiving EU financial support, for example by way of cohesion funds, should achieve nearly-zero energy standards. Furthermore, the directive should require Member States to consider specific financing instruments such as on-bill or third-party financing and energy performance contracting, when undertaking their obligations in article 10 of the energy performance of buildings directive.

## Energy saving obligations must be used to achieve long-term savings

Glass for Europe feels that requiring energy utilities to save annually an amount of energy equivalent to 1.5% of their market share will deliver sustainable and long-term energy savings if, and only if, it is linked to

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<sup>1</sup> Directive 2010/31/EC on the energy performance of Building directive.

investments in the deep renovation of buildings. Given that the interest of energy suppliers in selling less energy is limited, there is a risk with the current wording of article 6 and Annex V that energy utilities opt for the cheapest and most rapid way to achieve their obligations; the so-called ‘low-hanging fruit’. This would be harmful to the deep renovation of buildings and may not deliver enough long-term savings to achieve the EU 2020 and 2050 objectives.

The risk is that renovating buildings to the minimum standard necessary for energy utilities to achieve their required savings will make it more difficult and/or expensive to subsequently undertake the full renovations that are needed to meet our long term objectives. This is often known as the “lock-in effect.”

In order to achieve the 2020 and even more so the 2050 objectives, all resources must be invested in long-lasting energy-efficiency improvements such as the deep renovation of buildings. Article 6 and Annex V should include the possibility for utilities to meet their savings obligations through the allocation of a fund, independently managed, to co-finance the deep renovation of buildings.

### Other items of importance

- Glass for Europe welcomes the requirements for Member states to address regulatory and non-regulatory barriers to energy efficiency and, in particular, split incentives to building renovation between tenant and owners. This measure will be instrumental in fighting fuel poverty.
- The requirement for public bodies to only purchase buildings, services and products with the highest energy saving standards available on the market is welcomed by Glass for Europe. In the case of products covered by an energy label, public bodies should only be able to buy those with the highest class level that is available in their market. The development of energy labels for energy-related building components, and windows in particular, needs to be speeded up to empower purchasers to pick the most energy efficient solutions.
- Glass for Europe does not see any added-value in regular mandatory energy audits for large companies since such audits are already regularly carried out in our sector (for instance to get ISO certification). As such, this measure will not bring any additional energy saving in energy-intensive sectors and the glass industry. In Glass for Europe’s opinion, this is likely to result in duplication and become another unnecessary cost burden.
- Glass for Europe believes that it would be premature to establish a link between the EU ETS mechanism and the current directive. Not only would it be dangerous and counterproductive to already look into reviewing the EU ETS mechanism but thorough assessments of both instruments should take place before any reform is envisaged. The Commission’s efforts to ensure clarity and complementarities between the two instruments are welcome.
- Glass for Europe deeply regrets that a complete assessment of Member States’ progress towards the 2020 energy saving target is to be postponed to 2014. All resources must be mobilized as of now to achieve the 2020 objectives, as it will become even more difficult to achieve the target if the necessary measures are implemented only 5 years ahead of the deadline. Therefore the directive needs to foresee an earlier assessment, to define its methodology and to link an eventual lack of progress to transforming the 2020 objective into a binding target.

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