

**Miguel Arias Cañete Speech at
Renovate Europe Day 2017: "What Building Stock by 2050?"**

Brussels, 10 October 2017, ASP ASP3H1

Dear Members of the European Parliament,
Dear Presidency Representative,
Ladies and Gentlemen,

It is a real pleasure to be with you today. I would like to thank Mr Bendt Bendtsen, the ITRE rapporteur on the Energy Performance of Buildings Directive review, and the 4 shadow rapporteurs – Ms Kumpula-Natri, Mr Petersen, Mr Marcelllesi and Mr Tamburrano - for co-hosting today's meeting.

Not only because of the importance of the subject: **Buildings - probably - have the biggest untapped energy saving potential and can therefore significantly contribute to a carbon-neutral competitive economy.**

But also, **because this is the right moment to share with you my concerns** about the most advanced file within the Clean Energy Package. The Council has already reached a general approach in June. Their level of ambition falls considerably short of the Commission proposals on a number of points. The position of the European Parliament – likely to be voted on in the ITRE Committee tomorrow - will be essential for the next stage of the co-decision procedure.

I also would like to express my thanks to the Presidency for joining this meeting while we are in the middle of the co-decision process and for all your efforts to make a good progress on all our proposals.

I would like to cover in my intervention 3 main elements:

- **Firstly**, some remarks on the latest developments both in Council and Parliament on the **Energy Performance in Buildings Directive**;
- **Secondly**, some important relevant elements of the closely related **Energy Efficiency Directive**.
- **And the third point**, I would like to cover the initiative on which we are currently working to facilitate **the necessary investment in the clean energy transition**.

On my first point – the EPBD.

There are multiple benefits from the renovation of buildings. The gains in energy efficiency are **important for society** – for example in terms of reducing our emissions – but they are also **important for consumers**, with estimates suggesting that more than 3 million households could escape from energy poverty, as well as seeing an improvement in their quality of life.

Building renovation will also be **important for jobs and growth**, particularly for SMEs. **And let me underline that these are local jobs that cannot be delocalised.**

I welcome the support we are seeing for many aspects of our proposals, such as strengthening long-term renovation strategies.

However, the main issue on which **I would like to see the European Parliament taking a firmer stand is the issue of** charging points for electric vehicles. Today we are in a **chicken and egg situation**, where

the sale of electric vehicles is being held back by the lack of charging points – and investment in charging points is low because of the limited sales of electric vehicles.

The electrification of transport is crucial for decarbonising the transport sector. Indeed, the Commission is currently preparing a Mobility package to be adopted in November which will include, amongst others, the **revision of the post 2020 CO2 standards for cars and vans**.

Let me be clear: **the setting of new standards for cars and vans for the period after 2020 will be a very different exercise** from the past one. As a matter of fact, beyond setting a general emission reduction target for cars and vans, **we are considering, for the first time, different kinds of incentives to accelerate the penetration of clean vehicles** into the market.

One option we are looking at is a **mandate** to require a minimum share of a manufacturer's fleet to be zero- and/or low-emission vehicles. The other option would be to opt for a **crediting system** to allow for a more flexible approach which would provide a continuous incentive for innovation. Personally, I do not like mandate or quotas.

In this context, the Alternative Fuels Action plan that will be adopted with the package will address elements of publicly accessible charging points. Notably, by providing substantial new financial support to accelerate the roll out of infrastructure. But let me stress one element: **the EPBD is the only instrument we have to increase the charging of electric vehicles in private buildings**. To unlock the potential of private buildings is extremely important, since 90% of charging take place today in the private realm (be it at home, in the office, in the parking of a supermarket or a cinema). One element will not substitute the other. We need action on both fronts: public and private buildings.

The Energy Performance in Buildings Directive is a powerful policy instrument to accelerate **the deployment of the recharging infrastructure**. In fact:

- Leveraging building codes to establish requirements on the equipment of buildings' car parks has proven being an effective approach;
- Several EU Member States, for instance Austria, France, Italy, Spain, and other regions of the world have already established such requirements.

My message to you today is clear. **The Council position on this issue falls massively short of our ambition on charging points** - cutting by more than 95% the number of recharging points that would be mandated - and so it is therefore more important than ever that the European Parliament takes a bold stance on this crucial point.

And that brings me on to **my second point – the Energy Efficiency Directive**. The Commission has proposed to set a new 30% reduction target for 2030, binding at EU level, up from 27%. I am following with interest the ongoing discussion in the Parliament about the cost and benefits of a higher level of ambition. In this context, **I do think that it is important not to change the basis on how we calculate**. We need to be concerned about energy savings both in energy generation and in buildings, industries and transport.

Having said this, whatever the level of ambition, to deliver on our future target our proposal includes a key requirement: an extension of **energy saving obligations of 1.5% every year under Article 7**. This is a core provision, since through it we achieve about half of all the savings of the Directive. **This is the engine behind the much needed increase in building renovation**.



Latest reports show that most Article 7 measures target the renovation of buildings through energy efficiency obligation schemes, fiscal incentives or financing schemes to insulate walls, roofs or install more efficient boilers.

In its General Approach, the Council has accepted the 30% target without specifying the and the 1.5% savings obligation, but **the amount of flexibility that Member States have insisted on means that this energy savings figure will be halved in practice.**

Here again, we need the European Parliament to maintain the level of ambition, not just in terms of target numbers, but also in terms of flexibility provided.

Article 7 is also the key vehicle for attracting private financing in view of the achievement of our long term energy and climate objectives.

Any reduction in the level of ambition – including through added flexibilities – will slow down new actions, and above all renovation projects, and thereby prevent the delivery of the needed savings.

As you can see, there are obvious links between both the EED and the EPBD. In fact, this is one of the most important elements of our Clean Energy package – **the way in which all the different dossiers are consistent with each other and interlinked.**

And this is something that I want to highlight in **my third point**, because there are a range of other initiatives on which we are working, all pointing in the same direction: **stimulating investment in the clean energy transition.**

I would like to start by drawing your attention to the recent **change in EUROSTAT rules on the recording of Energy Performance Contracts (EPCs) in government accounts.** This means that from now on it will be easier for schools, hospitals, and other public buildings - which make up more than 10% of the overall EU building stock – to invest for the purpose of improving energy efficiency. This is a small but important change which has a huge impact mainly for regions and local authorities. This is why I would like to ask your help - as MEP, NGOs, industry or stakeholder in general - to reach out to your constituencies or to your national counterparts. Let's work together to make energy efficiency first a reality!

Beyond that, we are also working to implement our new **Smart finance for Smart Building initiative.** This new initiative, in close cooperation with the European Investment Bank (EIB) and the Member States, has the potential to unlock an additional €10 billion of public and private funds by 2020.

The current EU financing strands are already playing a key role in supporting this mobilisation. As part of the Investment Plan for Europe, the vast majority of energy projects approved for financing under the **European Fund for Strategic Investments** concern energy efficiency and renewable: **22% of the overall 154 billion euro in total investment,**

One of our priorities is to ensure that households get easier access to tailor-made renovation loans. In this sense, we are working closely with the European Investment Bank (EIB) **to develop national financing platforms for financing energy efficiency and renewable** investments in residential buildings. These platforms would allow pooling together financing from European Structural & Investment Funds (ESIF) and the European Fund for Strategic Investments (EFSI). They will include a risk sharing facility, managed by the EIB, which would provide a guarantee to local banks, allowing



them to offer more attractive loans to final beneficiaries. **Technical assistance will also be provided** to help the public authorities and the banks design and implement attractive financing programmes for energy efficiency and renewables.

There are already a number of successful initiatives in different Member States, and exchanging information and good practices facilitates the replication and scaling up of these initiatives. For this purpose, the Commission is organising regional events across Europe, known as **Sustainable Energy Investments Forums**. Such regional events are followed-up by national roundtables, allowing for more in-depth discussions. Webinars on specific topics are also available. The main aim of the Sustainable Energy Investments Forums is to gather together relevant stakeholders, provide access to available information, present successful projects and encourage the exchange of ideas and best practices.

Such regional events have already been organised in Riga, Prague, Copenhagen, Madrid and Dublin. A few more will be organised this year (in Milan, Warsaw and Bucharest) and others will follow next year.

Moreover, on **7 November 2017**, the Commission and the European Parliament are organising a **High-level level conference on clean energy financing in the hemicycle of the European Parliament—delivering the energy transition and its impact on jobs, growth and investment**. I am glad that the President of the European Parliament has confirmed that he will open the conference and I am keen to see all of you there. The discussion will focus on: (i) Supporting the shift to clean and efficient energy at local level; (ii) Investing in cross-border interconnections; (iii) Investing in renewables.

Ladies and Gentlemen,

Let me conclude by reminding you that buildings will unquestionably play a major role in achieving our objectives – delivering on our Paris Agreement commitments and ultimately achieving a carbon neutral economy. We will not achieve our objectives without renovating the building stock. This is why it is even more important to achieve a new legislative framework which is simple and coherent with the global drive towards the clean energy transition.

END