

19.11.2021

The European Commission

Commission adoption/Proposal for a directive - COM(2021)558

Subject:

EU energy efficiency directive (EED) – Proposal for a directive

RAKLI is the Finnish Association for Building Owners and Construction Clients. RAKLI brings together private and public Real Estate and Infrastructure Owners as well as Real Estate investors, developers and the major cities in Finland. RAKLI's member organizations invest yearly nearly 10 billion euros to Finnish Real Estates and Infrastructure.

RAKLI welcomes the opportunity to contribute to the development of energy and climate policies at the EU level.

RAKLI's members the professional building owners have for a long time been in the forefront of driving sustainable Real Estate Investments forward in Finland. In the heart of this movement have been the volunteer non-regulatory Energy Efficient Agreements in Finland. The voluntary Energy Efficiency Agreements have been very effective in producing results. Energy efficiency measures implemented by participating companies and municipalities between 2008-2016 reduced carbon dioxide emissions by 4.7 million tonnes a year and energy costs in total by more than 560 million euros a year.

RAKLI is promoting sustainability and low carbon Real Estate business and Infrastructure through active measures. For example last year RAKLI produced a low carbon Road Map for RAKLI's member organizations and we continuously share best practices about carbon reduction and energy efficiency with our member organizations.

In RAKLI's opinion the amount of Investments to sustainability in Real Estates and Construction field and decarbonizing the building stock is growing rapidly. The Members of RAKLI are committed to ambitious ESG targets and to the Carbon Neutrality target 2035 of the Finnish government.

RAKLI's General Feedback

Energy efficiency has been identified as a key area of action in order to reach full decarbonisation by 2050 and all sectors, including our sector, the building sector, will need

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to contribute. The transition to carbon-neutrality is incurring costs that will ultimately be borne by consumers, either directly or indirectly.

It is possible to gain public acceptance for the climate measures supporting the EU's 2050 carbon-neutrality target if the measures are cost-effective, market-driven and support national best practices. Unless the proposal adequately stresses cost-effectiveness and avoids conflicting obligations, its acceptability to EU citizens may will be a challenge. Cost effectiveness is also to key in reaching ambitious climate targets. If measures are not cost effective they unneceserily spend resources that could be used with greater effect.

To make the transition towards a more energy efficient economy successful, we propose the following adjustments to the Fit for 55 package and the proposal for a Recast of the Energy Efficiency Directive.

1. The Fit for 55 package should not contain conflicting or overlapping obligations, such as the requirements for reducing energy consumption versus the reduction of emissions. The key proposals should concentrate on the development of emissions trading, not on the effort sharing sectors or on detailed requirements in the proposals for revising the Energy Efficiency Directive (EED) and the Renewable Energy Directive (RED).
2. The EU should focus on setting union-wide emissions reduction targets and supporting the Member States' energy and climate work. It should adopt a technology-neutral approach and take account of national strengths, leaving the selection of means and the practical implementation to the Member States. Monitoring the achievement of the targets would fit with the EU's role.
3. The reduction of greenhouse gas emissions, not detailed technical requirements, should be the principle that governs the energy use of buildings. In practice, emissions reductions can be achieved by developing the current emissions trading sector and by including property-specific heating in the emissions trading scheme.
4. Sufficient time should be allowed for the implementation and for the verification of the effectiveness of the recently (2018) revised EED and RED. A suitable time for assessing the need for revision would be the end of 2024 when the second reporting period of the National Energy and Climate Plans (NECPs) (2023–24) draws to close. The need for changing the EED and the RED should not be assessed prior to that.
5. Under the Energy Performance of Buildings Directive (EPBD), the Member States are obliged to establish renovation strategies aimed at decarbonising and improving the energy efficiency of the building stock. It should be the EU's role to monitor the implementation of the plans for ensuring the renewal of the building stock and, where necessary, to require the Member States to step up the level of ambition for the plans and allocate requirements by sector. The EU should also ensure that the necessary reporting

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takes place. This would also be consistent with Finland's sectoral lowcarbon road maps prepared in line with the Government Programme.

6. The EU should refrain from amending the EED to include detailed, cost-inefficient and unrealistic energy efficiency requirements. It should enable an efficient allocation of resources both at sectoral and national levels. Requirements that do not promote cost-effectiveness take away resources from impactful action advancing sustainable development.

7. The detailed requirements for the public sector to annually renovate its building stock should be removed from the directives (Article 6). The public sector's higher energy savings targets (Article 5) and the energy efficiency requirements for the acquisition (purchase, rental) of existing buildings (Article 7) should, likewise, be removed.

8. There are considerable differences in energy efficiency between the Member States. The EED targets should be set considering the efficiency improvements already made by the Member State. Energy efficiency work becomes less and less cost-effective the further it progresses. The aim cannot be to punish Member States for their previous efforts and for achieving targets. This is another aspect that speaks in favour of developing the reporting on the national plans and their progress.

9. Involving both local and regional private and public sector actors in energy and climate work is important. It is also a way to ensure the efficiency and acceptability of the measures concerning buildings. This can be best achieved through the national plans, whose implementation the Commission monitors.

Specific Comments to EED Recast

Previous Recital 29

We think that it is still necessary to keep stressing the complexity of having individual heat meters in multi-apartment buildings (former Recital 29).

There is no obvious reason for deleting previous Recital 29. The considerations expressed in this Recital remain fully valid, and important to specify. Considering that no changes have been brought to the provisions on individual meters contained in this Directive, throughout all relevant articles, we do not consider the deletion of the mentioned Recital to be justified and therefore strongly encourage its readoption. Technical feasibility and cost-effectiveness need to remain the key guiding principles.

The installation of individual heating and hot water meters would raise significant problems in certain buildings or parts of buildings. As a very concrete example, the radiator

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network and piping system in existing multi-storages/multi-apartments buildings might have several in and out water pipes per apartment, no space to install individual meters on the pipe or not enough flow rate in each measurement device to have accurate measurement. In those cases, it would require redesigning the entire radiator network, which would not be a cost-effective nor a resource effective measure given that the lifecycle of a radiator network is compatible to that of an entire building.

Article 3: Energy efficiency first principle

The Commission's proposals now place far too much emphasis on the 'energy efficiency first' principle, even though in many cases the climate objectives are achieved by electrifying processes and increasing the production of emissions-free energy. As clean solutions based on electrification and, for example, on a hydrogen-economy become more common, it would be infinitely better to emphasise carbon-neutrality and to choose greenhouse gas emissions as an indicator of achieving the targets.

A 'zero-emissions first' principle should override the 'energy efficiency first' principle. The role of the legislator is to set the emissions reduction targets and to create a market mechanism for emissions and the conditions for investment – not to decide on technological solutions.

A rise in the CO₂ allowance price spurs industry and building owners to innovate and invest in as cost-effective and low-emission as well as energy efficient technology as possible.

Article 6: Exemplary role of public bodies' buildings

The public sector's obligation to annually renovate 3% of the total floor area of its building stock to meet the Near Zero Energy Buildings (NZEB) standard is neither a cost-effective nor a resource efficient way of improving the energy efficiency of buildings and reducing emissions. The obligation is problematic because it does not take into account the location of the buildings, the needs for their use in the future (Real Estate Strategy) and property value, nor is it based on the real renovation needs of the buildings. All this hampers a systematic development of the building stock and takes resources away from the effective actions to decarbonize the building stock. In Finland, migration, urbanisation and demographic changes means that the cities and municipalities must have flexible tools to develop their building stock .

Because of the directive, the rise in the costs would lead to short-sighted decisions on the management of public sector real estate. Moreover, the renovation market would overheat, which would also be reflected in the private sector as increased costs and a decline in the availability of renovation services. Even worthwhile renovations would be postponed or left undone. Therefore, we think it would be justified that only building

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owned by central government is considered in art. 6. Also, an alternative approach should be allowed to fulfill art. 6 requirements.

Article 7: Public procurement

The energy efficiency requirements concerning public procurement should only be applied to new buildings. The extension of the minimum requirements to buildings to be purchased or rented does not take account of local circumstances.

Article 8: Energy savings obligations

A positive aspect of the directive proposal is that it allows the voluntary energy efficiency agreements, currently the primary instrument in Finland for meeting the existing directive's obligations. The significant increase in the end-use energy savings target (0.8%/year → 1.5%/year) is excessive and does not take account of the starting points of Member States. The method used to calculate the targets is not clear.

There are considerable differences in energy efficiency between the Member States. The EED targets should be set considering the efficiency improvements already made by the Member State. Energy efficiency work becomes less and less cost-effective the further it progresses. The aim cannot be to punish Member States for their previous efforts and for achieving targets.

The proposal does not take into account key data on the national circumstances of the Member States, something that is expected of a European-level regulation. National circumstances include the regional population density, climate and weather conditions, the average age, condition and valuation of the building stock, and the current state and development prospects of the energy system and energy efficiency. These aspects speak in favour of developing the reporting on the national plans and their progress.

In Finland, the easy and affordable means of improving energy efficiency have already been largely exhausted. Efficiency improvement should not take precedence over the decarbonisation objectives; rather, it should be a means of flexibly supporting them. Finland's voluntary energy efficiency agreement scheme is an excellent example of how the means are selected and targets achieved at the sector level.

The EU should focus on setting union-wide emissions reduction targets and supporting the Member States' energy and climate work. It should adopt a technology-neutral approach

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and take account of national strengths, leaving the selection of means and the practical implementation to the Member States. Monitoring the achievement of the targets would fit with the EU's role.

The reduction of greenhouse gas emissions, not detailed technical requirements, should be the principle that also governs the energy use of buildings. In practice, emissions reductions can be achieved by developing the current emissions trading sector and by including property-specific heating in the emissions trading scheme.

Thus, we recommend that energy saving obligation should be kept unchanged in EED and the focus should be in Member States which do not fulfill existing energy saving targets.

Best Regards,

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RAKLI – The Finnish Association of Property owners and Construction Clients