



## **Energy – Recasting of energy labelling and energy performance of buildings Directives comes to an end.**

21 May 2010

**Summary:** On 18 May, the European Parliament formally adopted the recasts of two central pieces of EU energy efficiency legislation: the framework Directive on energy labelling from 1992 and the energy performance of buildings Directive dating from 2002. This marks the formal end of a recasting process which began with Commission proposals in November 2008.

### **Background**

The 2006 ‘Action Plan for Energy Efficiency: Realising the Potential’ contained ‘priority actions’ on energy labelling and on making buildings more efficient.<sup>1</sup> The Action Plan thus looked forward to a revision of both the framework Directive on energy labelling (1992/75/EC) as well as the energy performance of buildings Directive (2002/91/EC). In November 2008, the publication of the Second Strategic Energy Review also saw the tabling of an accompanying package of energy efficiency proposals including the proposals for revisions of both Directives.<sup>2</sup> A political agreement between the Parliament, Council and the Commission was achieved in November 2009.<sup>3,4</sup>

On 18 May, the European Parliament formally approved the recast energy performance of buildings Directive, and the day after, the recast energy labelling Directive. Both are expected to be published in the Official Journal of the European Communities in June. Member States will have to transpose the energy labelling Directive in one year after this comes into force. For the energy performance of buildings Directive, the picture is a little more complex – most provisions will have to have been transposed into Member States legislation between two and three years following the entry into force of the Directive.

### **Key issues – energy performance of buildings Directive**

- *Major renovation threshold of 1000m<sup>2</sup> deleted:* All buildings undergoing major renovations (as defined in the Directive) will now have to meet minimum performance standards;
- *Benchmarking system will help compare and contrast national minimum performance standards:* A benchmarking system which will require Member States to compare and approximate their national minimum performance standards to a cost-optimal level calculated according to a common ‘comparative methodology framework’ to be developed by the Commission by 30 June 2011. The comparison must be reported to the Commission at least every five years,

with the first report to be submitted by 30 June 2012. If Member State requirements differ from the cost-optimal levels, Member States will have to explain this in the report, and outline how the gap will be closed;

- *New requirements for penalties to be laid down by Member States:* These must be communicated to the Commission by two years and six months after the entry into force of the Directive;
- *Inspection reports on heating and air-conditioning system to be supplied to the owner or tenant of the building.*
- *Financing:* Member States are required to draw up a list of existing and proposed measures and instruments (including those of a financial nature) to promote the objectives of the Directive. The first such report is due by 30 June 2011, and then every three years. Reporting can take place in the context of the national Energy Efficiency Action Plans under Article 14(2) of Directive 2006/32/EC. The Commission shall also present an analysis of the structural funds and framework programmes that were used for increasing energy efficiency in buildings, as well as funds from EIB and other public finance institutions, and the coordination of Community and national funding. This should be done preferably by 2011;
- *All new buildings to be nearly zero energy by end 2020:* Member States must ensure that by 31 December 2020, all new buildings are nearly zero energy buildings. The nearly zero or very low amount of energy required should to a very significant extent be covered by energy from renewable sources, including renewable energy produced on-site or nearby;
- *Encouraging refurbishment to nearly zero energy:* Moreover, Member States must develop policies and take measures such as targets in order to stimulate the transformation of buildings that are refurbished into nearly zero energy buildings; and
- *Intelligent metering:* While ‘intelligent meters’ will not be compulsory for new buildings, Member States will be required to encourage their introduction whenever a building is constructed or undergoes major renovation.

### **Key issues – energy labelling Directive**

- *Extending the scope to energy related products:* Energy labelling will now apply to energy-related products, including construction products, which do not consume energy, but have a significant direct or indirect impact on energy savings such as window glazing, frames or outer doors;
- *Extending the scope to commercial and industrial products:* The requirement to label is also extended to energy consuming products for commercial and industrial use, such as cold storage rooms, display cabinets, industrial cooking appliances, vending machines and industrial motors.
- *The fate of the A-G scale:* The A-G rating was retained, but three additional classifications were permitted if required by technological progress (A+, A++, and A+++). In principle the number of classes is limited to seven. While the introduction of the additional A classes is potentially confusing to consumers, the old seven point colour scale is retained. Only the highest class can be dark green. The classification will be reviewed, in particular when a significant proportion of products on the internal market achieves the two highest energy efficiency classes and when additional savings may be achieved by further differentiating products. When the Commission reviews the Directive in 2014, this must include an assessment of the potential need to amend the design and content of the label in light of technical evolution and understanding by consumers of the label layout
- *Public procurement:* In relation to specifying minimum performance requirements for public procurement and incentive programmes, the levels will not be set in the implementing measures themselves. Rather, when an implementing measure exists, the contracting authority ‘shall endeavour’ to procure products with the

highest performance levels. Member States are permitted to *require* contracting authorities to procure only such products fulfilling those criteria. Similarly, as far as incentive programmes are concerned, Member States ‘shall aim’ at the highest performance levels; and

- The Commission is required to provide a list of priority products for which implementing measures should be developed.

### **Concluding remarks**

Both Directives are in different ways fundamental to delivering reductions in the energy consumptions in the EU. While the extension of the scope of the labelling Directive is to be welcomed, it remains to be seen whether the revision to the A-G scale will result in confusion among consumers. While the retention of the old green-red scale to some extent reduces the potentially confusing nature of the changes to the A-G scale, this will only be in so far as these are shown together. The details of specifying and revising the rating of specific equipment types will remain of key importance going forward, as the technical definition of energy efficiency indices for particular types of equipment will influence the capacity of the labelling scheme to contribute to the transformation of any given product market.

The setting of a target for all new buildings to be nearly zero energy sends an important signal to the property market. This should help reduce the additional mitigation challenge created by any increase to the building stock. However, much remains to be done on the existing building stock. The removal of the size threshold, which excluded most existing buildings, from the requirement to fulfil minimum performance standards in connection with major renovations is therefore welcome. It is also positive that Member States are specifically required to develop measures to stimulate the transformation of buildings that are refurbished, to nearly zero energy buildings. Nevertheless, much remains to be done to ensure that the European buildings stock is transformed and beyond that, that the stock is managed and occupied in a way that locks in any energy savings.

For both Directives there will be a substantial implementation challenges.

### **Future developments**

- New implementing measures will be developed under the recast energy labelling Directive;
- 31 December 2014 – Commission to evaluate the recast energy labelling framework Directive and its implementing measures; and
- 1 January 2017 – Commission to evaluate the recast energy performance of buildings Directive.

### **References**

1. Commission of the European Communities, Action Plan for Energy Efficiency: Realising the Potential, (COM(2006)545), Brussels, 19/10/2006, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0545:FIN:EN:PDF>
2. Commission of the European Communities, Energy Efficiency: Delivering the 20% target, (COM(2008)772), Brussels, 13/11/2008, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0772:FIN:EN:PDF>
3. Council of the European Union, Proposal for a Directive of the European Parliament and of the Council on the energy performance of buildings (recast) (first reading). Text reflecting the agreement reached at the informal triologue 17 November. Brussels, 18/11/2009. <http://register.consilium.europa.eu/pdf/en/09/st16/st16082.en09.pdf>

4. Council of the European Union, Proposal for a Directive of the European Parliament and of the Council on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products (recast). Text reflecting the agreement reached at the informal trialogue 17 November. Brussels, 18/11/2009.  
<http://register.consilium.europa.eu/pdf/en/09/st16/st16080.en09.pdf>

Pernille Schiellerup

© Copyright IEEP 2010