



Danish Ministry of Climate,  
Energy and Utilities

## Danish response to the public consultation on the revision of the Energy Performance of Buildings Directive

**Center**  
Centre for Global Climate Action

**Team**  
EU Green Transition

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### Danish key priorities for the revision of the Energy Performance of Buildings Directive

- Buildings in the EU play an important role in achieving the EU energy efficiency target of the EU's final consumption by 2030. The Danish Government welcomes the revision of the EPBD along with the Renovation Wave strategy, to ensure cost-effective energy efficiency along with the decarbonisation of the existing building stock.
- The directive should support the phase out of fossil fuels for individual heating and cooling of buildings.
- General support for updating the framework for Energy Performance Certificates, including a focus on the use of data and digitalization.
- The Commission is encouraged to ensure comprehensive alignment with the "Fit for 55 package", especially regarding the ETS and the inclusion of buildings.
- When revising the EPBD, the Commission is encouraged to take into account the national circumstances of the various member states in order to incentivize least-cost paths for emission reductions and energy efficiency.

### General remarks

The Commission strategy for a Renovation Wave for Europe will be an important step towards the green transition and the EU target of climate neutrality by 2050. The Danish Government therefore welcomes the revision of the Energy Performance of Buildings Directive (EPBD) as part of the Renovation Wave strategy.

The Danish Government seeks an ambitious approach to the renovation of the building stock and emphasises the need for a continued focus on a cost-effectiveness approach in this regard. When proposing new measures the Commission is encouraged to maintain a guiding principle on cost-optimality, as it will ensure sound implementation in Member States and keep support from the building owners.

Furthermore, the Commission is encouraged to ensure that cost-effectiveness guides EU spending on the Renovation Wave to ensure that buildings most in need of energy renovations are prioritised and in order to reduce greenhouse gas emissions and deliver higher energy efficiency along with the decarbonisation of the existing building stock.



There is a particular challenge related to the poor energy performance of the EU building stock, which should be addressed to achieve the ambitious EU climate targets. There is a huge potential for energy efficiency in the European building stock through cost-effective improvements of the building shell, transition to electric and efficient heat pumps as well as the promotion of district heating and energy efficient equipment and smart buildings through smart lighting and advanced buildings energy management systems.

Consequently, the Commission is encouraged to ensure that the principle of energy efficiency first will continuously be a key objective in the Fit for 55 package as well as the revision of the EPBD. Here, the Danish Government encourages the Commission to raise the present energy efficiency target at EU level to 40 pct. of the EU's final energy consumption by 2030. In addition, the Commission should ensure full alignment between the revised EPBD and other relevant legislation highlighted in the Commission's 2021 Work Programme.

Energy efficiency also provides huge employment opportunities in green sectors and industries, which is a high priority for a green recovery and the Next-Generation EU package. Here, Denmark has important competences and expertise on green technological solutions and products in the building sector.

The Danish Government fully supports efforts focused on exploring effective ways to target public buildings. Denmark's Climate Action Plan for energy and industry introduces ambitious initiatives on energy efficiency in buildings both owned and used by government institutions.

In addition, the Danish Government finds that a potential proposal on increasing the rate of renovation should focus on developing a framework that provides a more consistent and equal saving obligations across Member States. The Commission is encouraged to consider specific national circumstances and enable flexibility for Member States in the revision of the EPBD. In addition, the emission reduction and energy efficiency potential should be main drivers of energy renovations.

### **Remarks on key elements**

In accordance with the above, the Danish Government supports the Commission's overall approach regarding the Renovation Wave with the following detailed remarks for the revision of the EPBD:

#### *Phasing out fossil fuels in individual heating and cooling*

The Danish Government seeks to phase out the use of fossil fuels for heating and cooling purposes. Here, it is necessary to consider all available options to phase out the fossil fuels for individual heating and cooling of buildings, as mentioned in the Council conclusions on a renovation wave that repairs the economy now, and creates green buildings for the future. This could be achieved through for example common European rules or by introducing flexibility measures for Member States to



obtain more ambitious policies nationally. The general Fit for 55 package is going to be crucial for the 2030 target of 55 pct. CO<sub>2</sub>e reductions to 2030. The revisions must, as a result, enable member states to meet those targets. The Commission is encouraged to work with the Member States to find solutions and available options, which at a national level should provide Members States with the opportunity to phase out fossil fuels in individual heating in compliance with EU regulation.

#### *Sustainable buildings*

The Danish Government welcomes the focus on sustainable buildings in a life cycle performance perspective with an internal market for recycled materials. Here, demands for management of non-recyclable waste from buildings should be introduced to avoid harmful substances being recirculated back into the material flow. It should be considered whether the EPBD is the right place to implement sustainable buildings or whether this is better implemented under other relevant EU regulation.

#### *Deep renovations*

The Danish Government supports the introduction of a legal definition of deep renovations to support the use of investment mechanisms. This definition could be coupled with the EU taxonomy for sustainable activities and should be based on the prerequisite of cost-effective renovations, which should also deliver on the quality demands set by the building code. This will help achieve the highest potential for energy savings. For example, this would entail that it would always be cost-effective to renovate while conducting the running maintenance of a building while also gaining the highest potential, when energy renovations are of a high quality.

#### *Financial incentives and market barriers*

The Danish Government suggests that financial schemes for renovations with the purpose of supporting CO<sub>2</sub> reductions are included under the requirements for public financial schemes to be coupled with the achieved level of energy savings. Currently, only energy efficient renovations are subject to these requirements. This is deemed inappropriate, since some projects, such as the conversion of gas supply to district heating, do not achieve energy savings but do achieve CO<sub>2</sub> reductions and are therefore not covered by the quality requirements under this scheme.

#### *Recharging points for electric vehicles*

The Danish Government suggest that the current requirements for recharging points for electric vehicles may be adjusted based on the experiences from implementation. As an example, it could be considered if a lesser number of fast recharging points could replace a larger number of preparations of recharging point, and thereby targeting the specific needs of the specific building, providing more flexibility in the requirement. This could be for buildings such as grocery stores, malls or hospitals.

#### *Increased use of data and digitalization*



There is a huge potential for increasing the use of digital tools in order to ensure optimal operation of buildings and maintenance of building systems as well as integration of renewables in buildings. The Danish Government welcomes an increase in the use of data and digitalization.

#### *Smart Readiness Indicator*

The Smart Readiness Indicator (SRI) is a useful scheme to describe the ability of buildings to adapt the operation to the needs of users, describe the energy efficiency of buildings, as well as the ability of buildings to provide flexibility for the grid. The Danish Government welcomes the use of the SRI to promote the energy efficiency of buildings but encourages the Commission to continue the current framework of the SRI as a voluntary instrument or to, at least, await results and experiences from the 2021 test run.

#### *Update and extended use of Energy Performance Certificates*

The Danish Government supports the update of the framework for Energy Performance Certificates (EPCs) (energy labelling) to improve the quality of the instrument. In this regard, focus should be on the use of data as a prerequisite for the digitalization of the instrument.

The Danish Government sees a great potential for increased use of data in the EPCs both to increase the quality of the labels and to contribute to more energy renovations. This is why the updated framework should focus on the use of databases, initially adapted to national implementation.

Furthermore, the Commission is encouraged to ensure a coherence between the updated and the current framework to ensure that the potential of the EPCs are not limited by the strengthening of the instrument across the EU. In addition, the Danish Government supports the use of a building renovation passport as a supplement to the EPC, where Member States should be able to choose which measures should be part of it as well as be able to adjust the layout to the national context.

In addition, specific measures of adjustment to the framework are presented below:

- 1) The requirement of compulsory EPCs should, in some instances, be able to be removed when implementing certified energy management systems
- 2) Increase the number of buildings with EPCs by setting requirements for EPCs in all advertising. Additionally, compulsory EPCs for public buildings should not be limited to buildings “frequently visited by the public”.
- 3) In some instances, there should be a possibility to grant exemptions from the compulsory EPCs to be able to conduct innovative experiments of EPCs to improve benefits, widening possibilities and use of the instrument, including data and digitalization efforts.

*A strengthened EU Emissions Trading System - include the building sector*



Finally, it is clear that CO<sub>2</sub> reductions need to come from the building sector where there is still a large untapped potential across sectors and Member States. The Commission is therefore encouraged to strengthen and extend the use of the EU Emission Trading System (ETS) to include emissions from buildings. Extending the scope of the ETS will support a cost-efficient approach by setting a price on carbon emissions that will incentivize investments in renovation of both public and private buildings in combination with strong sectoral legislation. Here, the inclusion of buildings under the ETS should be seen as complementary to the EPBD. The EPBD is still a driver for reaching energy saving potentials in buildings.