PRELIMINARY CONTRIBUTION OF EURIMA TO THE EUROPEAN COMMISSION’S GREEN PAPER ON ENERGY EFFICIENCY

INTRODUCTION

Eurima (the European Insulation Manufacturers Association) represents manufacturers of glass and stone wool. In addition to thermal insulation, glass and stone wool products provide sound insulation and passive fire protection. Eurima members are present in all 25 EU Member States and directly employ over 20,000 people, with the installation of insulation accounting for an additional 300,000 jobs.

This paper represents the initial view of Eurima on the Commission’s Green Paper on energy efficiency.

A MAJOR CHALLENGE

The decision by Commissioner Piebalgs to launch a Green Paper on energy efficiency is a timely and welcome development. It comes at a moment when Europe is facing three major challenges related to energy, which are:

- **Security of energy supply**: Recent increases in the price of oil have highlighted Europe’s dependence on foreign energy supplies. A dependence that is growing and which is expected to reach 70% by 2030.
- **Climate change**: With the entry into force of the Kyoto Protocol in 2005 the EU is obligated to reduce its emissions of carbon dioxide by 8% by 2010. To effectively tackle climate change, certain European Heads of State have suggested that cuts of over 50% will be needed.
- **Competitiveness**: It is key that Europe takes its responsibilities with regard to climate change and security of energy supply. However, these objectives must also be achieved against the political backdrop of the Lisbon Process and the need to improve Europe’s competitiveness and to create employment.

If these are the current energy challenges for Europe, then the challenge of the Green Paper on energy efficiency is to find measures that can deliver on all three points. This is where buildings play a vital role, as a focus on buildings can deliver on all three of these major challenges. To explain:

- Buildings account for 40% of all energy use in Europe.
- Cutting energy use in half throughout the existing building stock would lead to an annual decrease in carbon dioxide emissions of 460 million tons (EU-25); significantly more than the current Kyoto targets; and this is possible by using simple and existing techniques.
- Reducing this energy use would save Europe over 8 billion EURO per year by 2010 and create close to 350,000 new jobs.

Eurima’s message is clear. Action to reduce energy use in buildings can support the EU and its Member States towards solving today’s energy challenges. However, political will, as well as understanding the right combination of measures are needed. The basis should however be the principles of the trias energetica which are: first save energy, second provide energy from renewable sources, third use other energy sources efficiently.
FINDING THE RIGHT COMBINATION OF MEASURES

A clear framework

Buildings are an issue where many actors have a responsibility; not only different levels of government but also business and even individuals. Eurima believes that in terms of buildings, the EU needs to put in place a clear framework for capturing the potential that exists. This framework will need to identify specific responsibilities for the EU, as well as finding a way to better coordinate and ensure implementation of those measures that are the responsibility of national governments.

In terms of this overall approach, Eurima would like the EU to consider whether some of the governing principles of the Growth and Stability Pact could also be used for energy efficiency. Such a pact would have as its objective, to prevent growth in energy use, whilst supporting economic growth.

Similar to the Stability Pact, the European Commission would be responsible for setting the annual target and providing guidelines as well as reviewing progress made by individual Member States. The purpose of the guidelines is to provide assistance on prioritisation of actions and a forum for sharing best practice.

Such a system implies that the major responsibility remains with the Member States, but they are accountable to one another for its implementation and to the European Commission. Eurima would also suggest that within such a system, the Commission should have the possibility to fine a Member State for breaching the Pact. However, with the caveat that all fines are used to support energy efficiency measures in the Member State that has been fined.

Targeted actions

The European Commission, Member States and European Parliamentarians are certainly best placed to consider how to share out responsibilities among the different levels of government. However, on the question of how to best capture the potential from buildings, there are several learning points that we, as an industry, can share.

Learning 1 – Prioritisation: Given current legislation, the priority going forward must be on finding ways to improve the existing residential building stock. It is here where the greatest and most cost-effective potential exists for reducing energy use. In addition, the poor state of buildings in the new Member States poses a problem and an opportunity to make large savings and improving the standard of living and quality of life of many of the citizens of these countries. Finally, dealing with the growth in the demand for cooling, particularly in southern Member States, needs to be addressed.

Learning 2 – A proper combination of measures: Each building type and ownership model needs a different combination of policy solutions. Looking at the major building types this means:

- **Existing residential and non-residential buildings**: Sensible regulatory requirements, in particular, an obligation to bring components of a building up to current thermal insulation standards, during any renovation of the component, should exist. As importantly however, is that proper incentives are made available to encourage homeowners to upgrade the thermal standards of their buildings ahead of a given renovation cycle. *Eurima believes that this could be achieved through removing the 1000m² threshold for renovation in the*
current EPBD and defining renovation on component level. A mandatory certification scheme for all existing residential buildings should be introduced in order to identify cost-effective measures. Incentives may then be linked to the improvements suggested in the certificate that buildings will receive. See attached leaflet on EPBD for more specific suggestions.

- **New buildings**: Regulation works and as a minimum standards in every Member State should represent what is cost-effective. In addition, full implementation of the certification scheme will be necessary, so that the added improvements made by builders can be recognized by purchasers and be seen as added value. Finally, national property taxes could be used to encourage new buildings to go beyond the current standards.

- **Social and government buildings both residential and non-residential**: Regulation works and there is no excuse for government to not put in place thermal insulation levels that are cost-effective. Public procurement (at all levels of government) has the responsibility to demonstrate, as a minimum, the commitment to energy savings in buildings and its cost-effectiveness.

**Learning 3 - Supporting measures:**

- **Funding**: The challenges faced to improve the building stock in the new Member States will need funding. EURIMA sees an active role for the Structural and Regional Funds and for the European Investment Bank. The local authorities in these countries are keen to upgrade the thermal characteristics of their existing building stock, but they lack up-front financial resources to do this.

- **Information**: Both information for the consumer, as well as, sharing best practices among those implementing these measures is needed. In particular, new Member States need greater support from more experienced EU-15 countries to implement current regulatory demands.

- **Fiscal incentives**: Fiscal incentives can be highly effective in increasing the uptake of energy efficiency measures. Lowered VAT rates on energy efficiency upgrades, as well as, specific incentives to upgrade thermal insulation can play a role. One system does not work for all countries or all building types, however, properly thought out and implemented incentive programmes are needed.

**Learning 4 – Implement already existing commitments**: The Commission should set-up a monitoring and reporting programme, and must pursue non-implementation of current legislation in this field much more vigorously. The place to start is to make sure that the EPBD is properly implemented across the EU as of January 2006.

**CONCLUSION**

Eurima believes that it is the moment to focus on energy efficiency. Within this wider debate, buildings have an essential role to play as there remains much to be done. With a lot that can be done, as well as, with the evidence that acting will bring economic benefits and a significant boosting to employment, this is an opportunity to be seized.

In matters of energy efficiency in buildings, there is no lack of technical knowledge or lack of public support. What is lacking is the political will, to remove institutional
barriers and to overcome the inertia. Eurima therefore, hopes that the Green Paper on energy efficiency is a step towards overcoming these barriers.
THREE STEPS TOWARDS MORE ENERGY EFFICIENT BUILDINGS IN EUROPE

STEP 1 - CREATE A STRONG REGULATORY FRAMEWORK

   • Remove the 1000 m² threshold for retrofitting
   • Ensure that all renovations are captured by the Directive and not solely major renovations
   • Implement control measures for renovation requirements

2. Improve the Energy Services Directive
   • Secure a greater focus on measures related to residential buildings
   • Ensure mandatory annual savings of at least 1% per year
   • Funding schemes for energy efficiency improvements to be made mandatory
   • Remove the loopholes

3. Implement minimum EU requirements on energy performance of buildings – set specific EU limit values
   • In new buildings of maximum 100 kWh/m² year
   • In existing buildings of maximum 200 kWh/m² year

STEP 2 - DEVELOP EFFECTIVE INCENTIVES

1. Provide EU funding for energy efficiency improvements
   • Use Structural funds to support energy efficient renovation of the buildings stock in new Member States
   • Focus Regional Funds for southern Europe firstly on cost-effective energy efficiency improvements before funding less cost-effective supply side measures

2. Remove VAT for energy efficiency improvements
   • Remove VAT on labour and materials used for energy efficiency improvements according to the recommendations made in the Energy Audit.

STEP 3 - PROPER INFORMATION

1. Supply consumers with regular and clear information on cost-effective energy efficiency improvements
   • Information on energy saving measures should be made a mandatory part of the energy bill from energy providers

2. Improve best practice sharing on energy efficiency
   • Ensure that best practice on the implementation of the EPBD is shared