



UEPC POSITION ON ARTICLE 12 (4) AND (5) OF RENEWABLES DIRECTIVE

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The UEPC¹ fully supports the objective of reducing carbon emissions associated with the built environment, but is concerned that the Parliament's proposed provisions for Article 12(4) and (5) of the draft Renewables Directive would complicate delivery of this objective and produce sub-optimal outcomes. This note summarises our reasons for reaching this view and proposes an alternative approach.

The primary policy objective for the future energy performance of the built environment should be to reduce carbon emissions from both existing and new buildings.

This objective can best be achieved by focusing on appropriate overall carbon performance standards for buildings rather than specifying how these standards should be reached in any given case. Such overall performance standards have a number of benefits. They:

- Focus attention clearly on the most important overall outcome
- Maximise scope for practical and affordable innovation by not specifying particular means of achieving the overall objective
- Ensure coherence in supporting and associated policy and regulation
- At the EU level, suitably allow for the very wide diversity of contexts in both market and physical conditions which will determine the approaches that can best be taken in different regions and Member States.

This approach is one that is also consistent with the principle of Better Regulation.

Article 12(4)

The proposal to require minimum levels of use of renewable energy in building regulations proposed in the Commission's draft and added to in the Parliament's proposed amendment of Article 12(4) is inconsistent with this approach and raises the following practical issues:

¹ UEPC represents more than 30,000 developing and house building companies, affiliated with its 14 member federations. Directly or indirectly the activities of these developers and house builders represent 10% of gross national product and employment in Europe. Together, they annually build and develop several millions m² of offices and shopping centres as well as more than 1.000,000 new homes.

- It entails a prescriptive policy for the use of renewable energy which is likely to lead to unintended and adverse results in terms of effective action to reduce the overall level of carbon emissions from the built environment
- In particular, it is likely to have adverse implications for the promotion of energy efficiency in new and existing buildings. Most commentators agree that as part of the overall objective of carbon reduction the possibilities for building fabric efficiency should be maximised first. Specifying minimum levels of renewable energy use would, however, cut across the effective realisation of this objective.
- How would such a requirement interact with relevant energy policy objectives? What are the implications for consumer choice in energy supply and the realisation of a single competitive EU energy market? It is vital that such interactions are thought through to avoid counter-productive outcomes for developers and consumers.
- How could such a regulatory requirement be enforced? It is impossible for the source of energy used by those living in or using a building over time to be determined in this way – that is, through building codes.

Due to these real practical difficulties we believe the proposed provisions of Article 12(4) of the Directive would be likely to hinder rather than facilitate the building industry's efforts to improve future carbon efficiency.

Proposed Article 12(4a)

The Parliament's proposal that Member States should move quickly to promote "surplus-energy designs" and make them a requirement from 2015 is also unduly prescriptive and should not be supported:

- *Work undertaken to date indicates that such an objective could not be achieved in the case of many forms of building or development – whether new or existing*
- *Where it could be achieved it would be disproportionately expensive to provide and so would become a barrier to the provision of new homes and buildings and the refurbishment of existing homes and buildings.*

Article 12(5)

The Parliament's proposed amendments to Article 12(5) are also prescriptive in suggesting differentiated support and building regulations for particular types of technology. Again the emphasis of EU policy and regulation should be to promote carbon emissions reductions by the best and most appropriate means possible.

The range of possible financing initiatives proposed by the Parliament in its amendments to Article 12(5a and b), is of interest but does not address the most important obstacle to the adoption of energy efficiency and renewable investments which is the initial capital cost.

For development, the initial capital cost of such investments can be very considerable – especially to achieve higher levels of carbon emission reductions. It is therefore necessary to consider means of providing financial incentives or support to ensure that efforts to improve the carbon efficiency of new development do not reduce its viability significantly and so result in lower levels of housing supply and commercial development in Member States than is needed to ensure future economic and social welfare.

Taking into account the considerations above, the UEPC proposes the further amendments to the text of Articles 12(4) and (5) of the draft Directive.

Article 12(4)

Replace the whole of the existing proposal for Article 12(4) and (4a) by:

“In their building regulations and codes Member States shall allow for the appropriate adoption of renewable energy as part of a strategy for increasing the number of buildings whose carbon dioxide emissions are low or zero in net terms.”

Article 12(5)

Adopt the Commission’s original proposal for Article 12(5) rather than the Parliament’s amendment.

Add a new Article 12(5d) to read:

“Member States shall by 31 December 2009 draw up national plans for providing any necessary financial or other support to developers, business, other organisations and individuals for whom the initial cost of adopting renewable energy in constructing new buildings or refurbishing existing buildings is a barrier to such adoption.”

