

EU Energy Union Package – Reforms to Energy Efficiency of Buildings Legislation

The European Commission has launched a major package of legislative proposals aimed at progressing plans for its Energy Union¹. The package contains a proposal to increase the EU-wide energy efficiency savings target to 30% by 2030. In addition, reforms are to be made to EU energy efficiency legislation relevant to buildings. The proposals aim to encourage the use of smart technology and other information technology in buildings, and also to streamline some of the legislation's less effective requirements. Some of the requirements relating to building heating and cooling will also be strengthened.

The Commission feels that the Energy Performance of Buildings Directive (2010/31) is working well although transformation of the existing building stock is proceeding only slowly. As a result, the main elements of the EPBD will remain substantially untouched, such as:

- Requirements to provide Energy Performance Certificates and their display for public buildings;
- Energy efficiency standards for new buildings and for renovation of existing buildings; and
- Nearly zero-energy building deadlines.

However, a number of key changes are proposed to the EPBD and we discuss them below.

Strengthening technical building system requirements for buildings

The Directive already contains obligations on Member States to establish system requirements for *technical building systems* (which currently includes heating, cooling, ventilation, hot water, and lighting). These obligations will be extended to building automation and control systems, on-site electricity generation and electrical charging facilities (e.g. for cars).

Key issues

- Smart power and other technology is incorporated into technical building system requirements, with new requirement for electrical charging points in parking areas from 2025
- Framework powers included requiring "Building Smartness" indicator rating to be given to tenants and buyers
- Heating and air-conditioning inspection requirements are relaxed
- Metering and billing requirements for heating and cooling are strengthened
- Building Energy Performance Certificates, energy efficiency Standards and nearly-zero buildings provisions remain in place

¹ See Commission web page published on 30 November 2016: [Commission proposes new rules for consumer centred clean energy transition](#)

From 1 January 2025, an additional requirement is proposed for new non-residential buildings and for buildings subject to major renovation, to provide electric car charging points for at least 1 in 10 spaces (where such buildings have more than 10 spaces). SMEs can be exempted from this requirement.

When technical building systems are installed, replaced or upgraded, a new assessment of compliance with relevant system requirements will need to be carried out.

Building "smartness indicator"

The Commission is keen to ensure that buildings embrace the evolution of smart power. The revised draft Directive empowers the Commission to adopt a definition of the "smartness" of buildings and require a "smartness indicator" to be provided to new tenants or buyers of buildings. This indicator would give a rating of "*the readiness of the building to adapt its operation to the needs of the occupant and of the grid, and to improve its performance*". Further requirements will be set out in subsequent decisions of the Commission.

It seems likely that this could work similarly to the current process for provision of Energy Performance Certificates for buildings upon sale or letting, although it does not appear to be suggested currently that the smartness indicator would simply be built into the EPC itself.

Heating and air-conditioning system inspections

Due to experience gained from operation of inspection requirements in the EPBD across the EU, the Commission proposes to streamline the provisions relating to heating and air-conditioning inspections.

Inspections of both systems will now only be required for:

- Non-residential buildings systems with total primary energy use of over 250MWh per year; and
- Residential buildings with centralised heating / air-conditioning systems over 100kW.

Inspections would have to be carried out "regularly"; the specific frequency of periods for inspection will be removed.

Alternatives to inspections are now expressly permitted where a smart control system is in place to monitor and adjust the system and allow the building's energy efficiency to be determined. For non-residential systems, these must also be able to interact with other smart devices and systems within the building.

Heating and cooling in buildings

The Commission proposes amendments to the Energy Efficiency Directive (2012/27/EU) including the provision of heating / cooling metering and billing.

Some clarification is proposed to the requirements to provide sub-metering and cost allocators for heating, cooling and domestic hot water in individual units in multi-purpose buildings when technically feasible and cost-effective:

- For new buildings or existing buildings subject to major renovation, individual metering will need to be provided in all cases. This requirement will come into force a year after the Directive is amended.
- Meters and cost allocators installed after 1 January 2020 must be remotely readable. Any previously installed meters / cost allocators which are not remotely readable, must be replaced by remotely readable versions by 1 January 2027, where cost-efficient.
- A new requirement is imposed upon Member States to set out the conditions for when such works are not to be regarded as technically feasible and cost-effective.

A separate and clearer obligation will be inserted requiring billing for heating and cooling to be based on actual consumption of energy (in circumstances where meters / cost allocators are in place); and for such bills to be free to the final customer.

Final Comments

The elements of the package relating to buildings are not so much a revolution as a technical evolution of the energy efficiency requirements. Smart power is a significant feature of the Energy Union package as a whole (e.g. in relation to electricity markets and grid requirements, electricity storage and renewable energy incentives). Gone are the days when buildings are simply consumers on the fringe of the energy network. Buildings will increasingly take an active role in generation of power, balancing of energy networks (e.g. through *demand-side response*), and potentially even storage of energy for the electricity grid. It is, therefore, a natural and necessary step to integrate smart power into the legislative framework for energy efficiency of buildings. Many of the provisions are set to come into force within 12 months of adoption of the revised Directives. From the UK perspective, there will be a question over the extent to which the revised Directives and delegated legislation will be adopted before the UK leaves the EU and whether the revised provisions will make it into UK law through the UK's proposed Great Repeal Bill.

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