

OPEN LETTER

A smart, energy efficient and fair Renovation Wave to accelerate the pace of European economic recovery

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To:

Executive Vice-President Frans Timmermans
Commissioner Kadri Simson

In December 2019, the Renovation Wave was announced as a key European initiative to deliver the European Green Deal. From an environmental perspective, **evidence shows that the Renovation Wave is a *conditio sine qua non* to reach the increased GHG emissions target for 2030 and climate-neutrality by 2050.** Smarter and energy efficient buildings not only contribute directly to the reduction of energy demand and GHG emissions, but they are a prerequisite for a faster and deeper integration of renewables. **The synergy between energy efficiency first in the building stock and the acceleration of renewable energy penetration is the real game changer and essential driver of the inevitable transformation of our energy system.**

In the short term and from an economic recovery perspective, **the Renovation Wave is a clear win-win for European businesses and citizens.** As businesses and investors having energy efficiency and energy demand reduction at the heart of our activities, we know that investing in the ambitious renovation of the European building stock **will help maintain and strengthen the competitive advantage of a broad range of innovative companies while supporting the local construction value chain.** For citizens, investing in energy efficiency in buildings means unparalleled support for green and better jobs. According to data from a BPIE study and IEA^{1,2}, no other investment in the energy sector creates more jobs than investing in energy efficient buildings.

We are very supportive of the upcoming Renovation Wave initiative and, ahead of its publication, we would like to reiterate the importance of including the following points:

- **Apply the Energy Efficiency First principle:** in the broader energy system integration context, the Energy Efficiency First principle must guide all building renovations' decision-making processes. This implies the recognition of buildings as strategic and priority infrastructure for Europe.
- **Ensure sufficient and dedicated funds for renovation:** it is crucial to secure dedicated financial envelopes for building renovations within the National Recovery and Resilience Plans, InvestEU and the post 2020 Cohesion funds. Funds should be clearly earmarked and conditioned to increase the rate, depth and quality of integrated building renovations. The granting of financial support should follow the ratio "unit of energy saved (or CO₂ saved) per invested Euro", to ensure cost-effectiveness measurements of investments supported by EU funds³.

¹ Building Renovation: A kick-starter for the EU recovery (2020), see: https://www.renovate-europe.eu/wp-content/uploads/2020/06/BPIE-Research-Layout_FINALPDF_08.06.pdf

² World Energy Outlook Special Report: Recovery, IEA, (2020), see: <https://politi.co/363Rs4I>

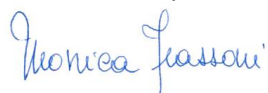
³ Report of the European Court of Auditors (2020): <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=53483>

- **Send a clear signal to owners and investors by introducing in the EU legislative framework Minimum Energy Performance Standards (MEPS) for existing buildings:** two recent studies show that MEPS are cost-effective instruments to increase the rate, quality and depth of renovation and are a key driver towards the decarbonisation of the EU building stock.^{4,5}
- **Improve the visibility and delivery of Renovation Wave by accelerating district renovations:** integrated district or neighbourhood approach should be promoted because it is an effective tool to guide cities in the process of the energy transition and can help to engage citizens. This will require, prior to renovations, a broader evaluation of energy needs on both the supply and demand side to ensure that energy sources and infrastructures are used in the most efficient way possible and stranded assets are avoided.
- **Embed digitalisation in the race to the top:** digitalisation is a key driver in increasing system efficiency, both in the buildings sector and in the energy system as a whole. The adoption of smart technologies and digital tools, such as building automation and controls, smart lighting and smart functionalities are a prerequisite for better system efficiency, deeper renewables integration and multiple benefits provided to occupants, grid, operators and maintenance. This process should be facilitated through the implementation of the Smart Readiness Indicator as defined in the EPBD and delegated acts.
- **Focus on immediate, efficient heat decarbonisation:** the Renovation Wave is a great opportunity to accelerate the decarbonisation of heat in Europe's buildings by combining energy efficiency, digitalisation and direct electrification with the deployment of smart, efficient, responsive electric heating and district level heating solutions. These can secure immediate carbon savings in buildings through existing and cost-effective solutions, enabling the use of waste heat and by the same token allow to prioritise limited green hydrogen capacity for deployment in harder-to-abate sectors, such as industry and freight.
- **Integrate and accelerate resilience:** integrated renovation programmes can play a key role in making the urban environment more resilient. By leveraging energy efficiency measures, the Renovation Wave can support critical infrastructures resiliency (such as hospitals and schools), and adaptation strategies that can protect occupants from climate impacts, such as water stress, floods, heat waves and urban heat island effect.

We also invite you to take in due consideration the proposal and concrete suggestions for a successful Renovation Wave made by the European Parliament's Committee on Industry, Research and Energy.⁶

We look forward to working with you to realise the positive impact of a smart, energy efficient and fair Renovation Wave on our economy, environment, and future generations.

Yours sincerely,



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President of the European Alliance to Save Energy (EU-ASE)

⁴ RAP (2020), Filling the policy gap: Minimum energy performance standards for European buildings

⁵ CE Delft (2020), Bringing Buildings on Track to Reach Zero-Carbon by 2050

⁶ European Parliament, Report on maximising the energy efficiency potential of the EU building stock (2020), see: https://www.europarl.europa.eu/doceo/document/A-9-2020-0134_EN.html



EUROPEAN ALLIANCE TO
SAVE ENERGY
Creating an Energy-Efficient Europe

About Us

The **European Alliance to Save Energy** (EU-ASE) was established in December 2010 by some of Europe's leading multinational companies. The Alliance creates a platform from which our companies (Danfoss, Kingspan, Knauf Insulation, Saint-Gobain, Schneider Electric, Siemens, Signify, and Veolia) can join with politicians and thought leaders to ensure the voice of energy efficiency is heard from across the business and political community.

EU-ASE members have operations across the 27 Member States of the European Union, employ over 340.000 people in Europe and have an aggregated annual turnover of €115 billion.



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