

Overview of REPowerEU Actions impacting HVAC & Buildings

In light of the Russian invasion to Ukraine the European Commission released an outline of the REPowerEU plan on 8 March 2022 to make Europe independent from Russian fossil fuels *well before* 2030. Two months later, on 18 May, they published more concrete proposals, guidelines and actions on how to implement this objective, which include a range of measures impacting the building sector. In this article you can find overview of the different proposed measures that impact the building sector within the REPowerEU publications.

JASPER VERMAUT, EU Policy & Project Officer at REHVA

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Proposal to amend key Directives: EPBD, EED & REDII [1]

The Commission has proposed new amendments to these three key legislative acts as part of REPowerEU. This new (and smaller) set of amendments are in addition to what was proposed last year and are currently being negotiated under Fit for 55. The main rationale behind them is to greatly accelerate the deployment of renewable energy and in particular solar installations in buildings. The Commission bases itself on a technical study (“RES Simplify”) that was coordinated by DG ENER which identified the most common barriers in the administrative process of renewable energy projects.[2]

Energy Performance of Buildings Directive (EPBD)

Only one addition was made to the EPBD which was inserting a new article 9a on ‘Solar energy in buildings’. According to this new article Member States *shall* ensure to deploy solar energy installations on all **new public & commercial buildings** with useful floor area larger than 250 square meters 31 December 2026 and the same on **existing buildings of the same type & size** by 31 December 2027. From 2030 **all new residential buildings** should have such installations as well. The process for the installation of solar energy equipment, including solar installations in buildings, shall not exceed three months provided that their primary aim is not solar energy production.

To implement this the Member States shall define criteria at national level for the practical implementation of these obligations and establish possible exemptions for specific types of buildings. Meaning that this article will force Member States to accelerate solar installations but there is still a lot of leeway on how to implement this.

Energy Efficiency Directive (EED)

Within the EED the energy efficiency target for 2030 is increased from 9% to 13% compared to the projections of the 2020 Reference Scenario.[3] For more context on



this target, a technical study coordinated the Commission on energy savings potentials, published in August 2021, states that the EU’s technical potential is up to 19% in comparison to the REF 2020.[4] On the other side, at the end of 2021 some Member States stated that they were already “extremely worried” about the 9% target proposed under Fit for 55 on July 2021.[5]

In the “Staff Working Document: Implementing REPowerEU”[6] it is stated that this increase of the energy efficiency target also impacts the scenario of the annual renovation rate, which would increase from 2% under the Fit for 55 scenario, to 2.25% in the REPowerEU scenario.

Renewable Energy Directive 2018 (RED II)

There are multiple amendments proposed to RED II. First, the **2030 target of share energy from renewable sources** in the gross final consumption has been **raised to 45%**, compared to the 40% that was proposed under Fit for 55 in July 2021. This target is put into more perspective in the abovementioned “Staff Working Document” where it’s stated that the increase from 40% to 45% would also increase the following targets (that are related to HVAC & buildings, see full document for all targets):*

- **Heating & Cooling:** Average yearly increase of renewables for 2020 – 2030: from 1.5 percentage points to 2.3 percentage points;
- **District Heating & Cooling:** Average yearly increase of renewables for 2020 – 2030: from 2.1 percentage points to 2.3 percentage points;
- **Buildings:** Increase of RES share by 2030 from 49% to 60%.

* These targets show the needed increase between what was proposed under Fit for 55 in 2021 and now under the new RES target under REPowerEU.

To realise this target an acceleration of the uptake of renewable energy generation will be needed, which is why the other amendments focus on trying to remove **administrative barriers and simplifying the permit-granting process** for renewable energy projects. It is proposed that these types of projects receive the status of *‘overriding public interest’* when balancing the different interest during legal cases over the permit-granting, meaning that they are seen as projects that contribute to “serving public health and safety”.

To implement this, Member States shall establish dedicated **‘go-to’ areas for renewables** where the permit-granting process is simplified and shortened (the process cannot exceed 1 year). Also permit-granting processes outside these areas should not exceed 2 years. These amendments are complemented by a Recommendation for Member States on “speeding up permit-granting procedures for renewable energy projects”.[7]

EU Save Energy Communication [8]

As a ‘Communication’ this document provides on one hand suggestions to Member States on how they could potentially cut up to 5% of gas and oil demand through short-term behavioural changes. On the other hand, and potentially much more impactful, it also provides an outline of **policy intentions regarding the phase-out of fossil fuel-boilers**.

It is mentioned that the ecodesign limits for heating systems will be made stricter which would result in the **phase-out of ‘stand-alone’ fossil-fuel boilers on the market by 2029**. In parallel the energy labels would be re-scaled by 2025/2026 which will put **boilers and other fossil-fuel based appliances in the bottom energy classes**.



This can be strengthened by the **introduction of national bans for fossil-fuel boilers in existing and new buildings** by setting **requirements for heat generators based on GHG emissions**.

To tackle the financing of such systems the document mentions to **phase-out subsidies for fossil-fuel boilers in buildings as of 2025** as a minimum, while encouraging support schemes for heat pump systems instead. This would also impact the ongoing EPBD revision, where it's currently proposed by the Commission (in Art. 15) to phase-out financial incentives for fossil-fuel boilers from 2027 onwards.[9]

EU Solar Energy Strategy [10]

For the building industry it's important to note the "European Solar Rooftops Initiative" in this document, which sums amendments to the EPBD and RED II impacting solar rooftop installations. In addition, it encourages Member States to setup support frameworks for rooftop systems based on predictable payback times that are shorter than 10 years and that priority should be given to the most suitable buildings (EPC A to D) for quick interventions on the short term. This can be funded through the proposed new funding opportunities within the Recovery & Resilience Plans.[11]



Next Steps

These new proposals will need to be discussed between the European Parliament and the Member States in the Council in the coming months. Most of the REPowerEU proposals impact the ongoing negotiations for the Fit for 55 package and they will be integrated into this. This might extend the timeline of the current negotiations slightly but agreements are expected by the end of this year, especially on the package that was released in July 2021.[12] ■

References

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- [2] Technical Study "RES Simplify": <https://op.europa.eu/en/publication-detail/-/publication/0e9db9fa-d653-11ec-a95f-01aa75ed71a1/language-en>
- [3] 2020 Reference Scenario: https://energy.ec.europa.eu/data-and-analysis/energy-modelling/eu-reference-scenario-2020_en
- [4] Technical Study on Energy Savings Potential: <https://op.europa.eu/en/publication-detail/-/publication/511bb328-f8b9-11eb-b520-01aa75ed71a1/language-en>
- [5] EURACTIV press release about EED and worries of Member States: <https://www.euractiv.com/section/energy/news/energy-efficiency-law-too-ambitious-for-some-eu-member-states/>
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- [7] Recommendations for Member States on "speeding-up permit granting process for renewable energy projects": https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM%3AC%282022%293219&qid=1653033569832
- [8] EU Save Energy Communication: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A240%3AFIN&qid=1653033053936>
- [9] EPBD recast proposal by the Commission under Fit for 55: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0802&qid=1641802763889>
- [10] EU Energy Solar Strategy: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A221%3AFIN&qid=1653034500503>
- [11] Proposed new chapters for the Recovery & Resilience Plans under REPowerEU: https://ec.europa.eu/info/system/files/com-2022-231_en.pdf
- [12] Fit for 55 press conference in July 2021: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3541