

Eyes on the Horizon
What not to forget during an energy crisis
Adrian Joyce, Secretary General

Introduction

As one of the most recently joined members of EUFORES, I am delighted to address you here in the Bundestag and to put the spotlight on the power of energy efficiency to bring permanent benefits to European society.

We are at a crossroads in the energy transition, required to make a clear choice about where to turn next, because we have seen what happens when we keep going along familiar roads – we end up in a major crisis. The options all look difficult and complex and there is an atmosphere of fear and apprehension about the impact that political choices will have on citizens and businesses across the EU.

It is precisely at this moment that we should raise our eyes and look to the horizon. Where do we want to arrive on that horizon? How do we best get from here to there?

These are the questions that I wish to explore with you today and I wish to emphasise that looking to the horizon does not mean that we don't pay attention to what is around us, here and now.

Here and Now

Russia's illegal invasion of Ukraine has had a devastating impact on energy security and on energy prices in the EU. The energy crisis has revealed the EU's long-standing weakness: the continent is too dependent on fossil fuels imports. This has forced our governments to act and to design costly emergency programmes to bring much-needed support to businesses, households, and vulnerable groups.

According to ongoing research by [Bruegel](#), EU governments have already allocated more than €350 billion (not including the €200 billion "shield" announced here in Germany) to schemes designed to cushion the financial impact of the energy crisis and keep consumers and businesses out of bankruptcy. These welcome, short-term measures, representing about 4% of EU GDP, are necessary, given the need to protect households and businesses from costs that threaten to spiral completely out of control.

However, at times of crisis, the sole policy response cannot be about enduring short-term pain, governments must look ahead to avoid recurrences of the same crises and invest in measures which pay off in the long-term.

Tomorrow

I do not know of anyone that firmly believes that the energy crisis we are in will ease within the next 5 years. This would mean that EU Governments, without corrective action, will have to continue, each and every year, to alleviate pressure on businesses and households via huge expenditure, thus increasing public debt and potentially undermining the credit worthiness of our region as a whole.



It is necessary to avoid this scenario as it could unravel the entire European Project, and the way to do this is to put medium- and long-term structural measures in place in parallel with the short-term relief measures.

Thankfully, we are not faced with a standing start as directions on how to get to our long-term energy and climate goals were already put in place by the European Union all the way back in October 2020, when the [‘Renovation Wave’](#) initiative was first unveiled as part of the European Green Deal.

Under that initiative, the EU aims to double the rate of annual energy renovation and upgrade 35 million building units by 2030. Better performing homes and places of work are absolutely essential in eliminating the systemic flaws that have allowed the current energy crisis to take hold so forcefully.

It is worth recalling that operating and maintaining our buildings accounts for 40% of the EU’s energy demand, not to mention that this use generates more than a third of greenhouse gas emissions. Investing in making our buildings more energy efficient, thus with a much lower energy demand, will kill two birds with one stone.

The action that we recommend is to ambitiously and rapidly roll out massive, high quality renovation programmes that will address the worst performing and non-residential buildings first, thus bringing a tangible benefit to a wide number of citizens and businesses in a short timeframe. This will cost money, but unlike the money being used today for relief measures, the money used for energy renovation will bring benefits over 20 or 30 years, permanently reducing the number of energy units that a consumer or building owner must buy.

There is no better way to increase energy security than to ensure that we don’t need to buy energy in the first place!

In short, reducing energy demand and deploying renewable energy is the way forward – this will reduce our energy dependence and our emissions, permanently.

The EU has gone a long way to put resources behind its ambitions, especially through the Recovery and Resilience Facility from which member states have pledged to spend more than €70 billion on energy renovation. Our Renovate Europe Campaign has analysed the national plans across [18 EU countries](#) and has found that they have earmarked nearly €40 billion for renovations. Even now in the middle of the energy crisis, it is important that these plans translate into real progress.

Beyond the accrued energy savings that we can achieve, we can also improve peoples’ lives. Investments in energy renovations result in improved living conditions, such as better comfort and wellbeing for occupants. It is critical to reap these benefits, as more and more Europeans will suffer from energy poverty this winter, impacting on productivity and health. In addition, the multiple benefits of energy efficiency represent a key incentive to motivate building owners to undertake energy renovations.

A helping hand

More reasons to invest will soon be provided by an even more ambitious regulatory framework, which the EU will deploy under the recast of the Energy Performance of Buildings Directive (EPBD). This Directive is critical, to spur energy renovations. Market mechanisms such as the ETS2 cannot be relied on to stimulate



the needed level of action and it will come too late (after 2030) to have any impact this decade. The right mechanisms are mandatory energy renovation requirements and incentives to end our reliance on fossil fuels. Higher energy efficiency and renewables targets alone are not enough – they must be supported by a strong EPBD revision to oblige action in this highly energy-intensive sector.

The key innovation of the proposal is the introduction of Minimum Energy Performance Standards (MEPS) that will require countries to renovate buildings to a certain higher performance level by a fixed deadline. The recast also foresees the introduction of one-stop-shops, which will be critical to provide holistic advice in the planning phase – to ensure deep renovations. It significantly reinforces the financial means that will be available to building and homeowners with the proposal to introduce, among other measures, Mortgage Portfolio Standards, and a European Renovation Loan.

It is worth ending this short intervention by highlighting that the innovative measures being proposed for improving the energy performance of buildings in the EU are already in use in several member states. For example, the ING Bank in Germany already uses mortgage portfolio standards, and you have minimum energy performance standards that must be applied at key moments in the life of a building such as at the point of replacing a boiler.

So, let's lift our eyes to the horizon, and whilst giving support for the current crisis put the structural measures in place that will mean we secure our future through dramatically reduced energy use in buildings, a use that is fully matched by the renewable sources we put in place in parallel.

ENDS

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About EuroACE - Energy Efficient Buildings

EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving products, equipment, and services for buildings. EuroACE members employ more than 220,000 people in these activities in the EU and have over 1,100 production facilities and office locations. The mission of EuroACE is to work with the EU institutions to help the EU move towards a more efficient use of energy in buildings, thereby contributing to the EU's commitments on climate change, energy security, and economic growth.

:EuroACE Members (2022)

