

A European framework for minimum energy performance standards

Review of negotiations on Article 9 of the Energy Performance of Buildings Directive

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Minimum energy performance standards (MEPS) are regulated standards that require selected buildings to meet a minimum level of energy performance by a future date or trigger point, for example sale or rent.² As part of a comprehensive framework for building renovation, MEPS can significantly accelerate the decarbonisation of the building sector and ensure that people can benefit from the energy transition. Policymakers can introduce MEPS alongside support tools to accompany building owners and occupants in the transition and enable supply chains to scale up.

In Europe, a few countries have introduced MEPS. Most of the examples focus on the worst-performing buildings and require them to reach a certain performance level by a given date.³ In 2021, the European Commission proposed to introduce a comprehensive set of MEPS in the Energy Performance of Buildings Directive (EPBD).⁴ Under this provision, all Member States would have to set MEPS in their national legislation. The Commission's proposals differentiate between building types but ensure that there are no Energy Performance Certificate (EPC) label F and G buildings after 2033.

The EU co-legislators need to agree on a common text for the revised Directive to become law. Both the European Parliament⁵ and the Council of the European Union⁶ have adopted their positions and are entering inter-institutional negotiations. This briefing provides information on the positions of the three institutions, as shown below, and actions decision-makers can take to maximise the impact and ease of implementation of the MEPS provision.

¹ The author would like to acknowledge and express appreciation to the following people who provided helpful information and insights into drafts of this paper: Caroline Milne and H el ene Sibilleau, Buildings Performance Institute Europe (BPIE); Brook Riley, Rockwool; Roland Gladushenko, Eurima; Eva Brardinelli, CAN Europe; Serena Pontoglio and Pau Garcia Audi, European Commission; Samuel Thomas and Marion Santini, Regulatory Assistance Project.

² The definition proposed by the Commission in Article 2 of the recast EPBD is: "minimum energy performance standards' means rules that require existing buildings to meet an energy performance requirement as part of a wide renovation plan for a building stock or at a trigger point on the market (sale or rent), in a period of time or by a specific date, thereby triggering renovation of existing buildings."
















³ Sunderland, L., & Santini, M. (2020). *Filling the policy gap: Minimum energy performance standards for European buildings*. Regulatory Assistance Project. <https://www.raonline.org/knowledge-center/filling-the-policy-gap-minimum-energy-performance-standards-for-european-buildings>

⁴ European Commission. (2021). Proposal for a Directive of the European Parliament and of the Council on the energy performance of buildings (recast). COM/2021/802 final. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0802&qid=1641802763889>

⁵ European Parliament. Amendments adopted by the European Parliament on 14 March 2023 on the proposal for a directive of the European Parliament and of the Council on the energy performance of buildings (recast). https://www.europarl.europa.eu/doceo/document/TA-9-2023-0068_EN.pdf

⁶ Council of the European Union. Proposal on energy performance of buildings <https://data.consilium.europa.eu/doc/document/ST-13280-2022-INIT/en/pdf> and final amendments <https://data.consilium.europa.eu/doc/document/ST-13280-2022-COR-1/en/pdf>

Summary of approaches

 European Commission		
 Public and non-residential buildings must be EPC F by 2027 and E by 2030.	 Residential buildings must be EPC F by 2030 and E by 2033.	 Member States may exempt the building types listed in the box on the next page.
 Based on EPC scales that have been revised according to common criteria, where all Member States use an A-G range in which G is the worst 15% of the stock and A are zero-emission buildings. The F to B bands have an even bandwidth distribution of energy performance (see Figure 3).		
 Council of the European Union		
 Non-residential buildings: The least-efficient 15% must be renovated to no longer be in this worst-performing group by 2030, the 10% next worst-performing must follow by 2034.	 Residential stock must reach an EPC D average by 2033. By 2040 the stock must reach a nationally defined standard at the ambition level between the 2033 D average and zero-emission buildings in 2050.	 Member States may exempt: <ul style="list-style-type: none"> • The building types listed in the box on the next page. • Non-residential buildings on the basis of future use change or unfavourable cost-benefit assessment. • Single-family homes. Instead, from 2028, when homes are sold, rented, donated or change use, they must meet EPC D within five years of trigger.
 Based on EPC scales that have been revised to use an A ⁰ -G range, where A ⁰ is for zero-emission buildings. Member States may also define an A+ building, which makes a positive contribution to the grid from onsite renewables. Class G is for the worst-performing buildings, but 'worst-performing' is not defined. No common criteria for performance bands are introduced. Member States that have revised their EPC since 2019 may postpone re-banding until 2030.		
 European Parliament		
 Public and non-residential buildings must be EPC E by 2027 and D by 2030.	 Residential buildings must be EPC E by 2030 and D by 2033.	 Member States may exempt: <ul style="list-style-type: none"> • The building types listed in the box on the next page. • Up to 22% of obligated homes, including publicly owned social housing, until 2037.
 Based on EPC scales that have been revised according to common criteria, where all Member States use an A-G range in which G is the worst 15% of the stock and A is for zero-emission buildings. The F to B bands have an even bandwidth distribution of energy performance (see Figure 3). Member States that have revised their EPC scale since 2019 can use their existing EPC scale to enforce MEPS of an equivalent ambition and delay re-scaling until 2030.		

The European Commission's proposal requires public and non-residential buildings to be improved to a **minimum** EPC F by 2027 and to E by 2030. Residential buildings have the same obligation but compliance dates are three years later, in 2030 and 2033. The European Parliament takes a similar approach but with a higher renovation ambition of EPC E at the first compliance dates and EPC D at the later dates. Both proposals include reform of EPC scales to introduce common criteria to be used for setting scales or performance bands at national level (see [Figure 3](#)), which goes some way to distributing the impact of MEPS evenly between Member States.

The Council takes a different approach, defining a minimum percentage of non-residential buildings to be renovated by 2030 and 2034, and requiring the domestic stock to meet an **average** performance target of EPC D by 2033. The Council position calls for Member States to use an A⁰ to G EPC scale, with an option to add A+, but not introducing common criteria for energy performance bands across the EU.

Exemptions allowed by all negotiators

Article 9 (5) outlines that Member States may decide not to apply minimum energy performance standards to the following categories of buildings:

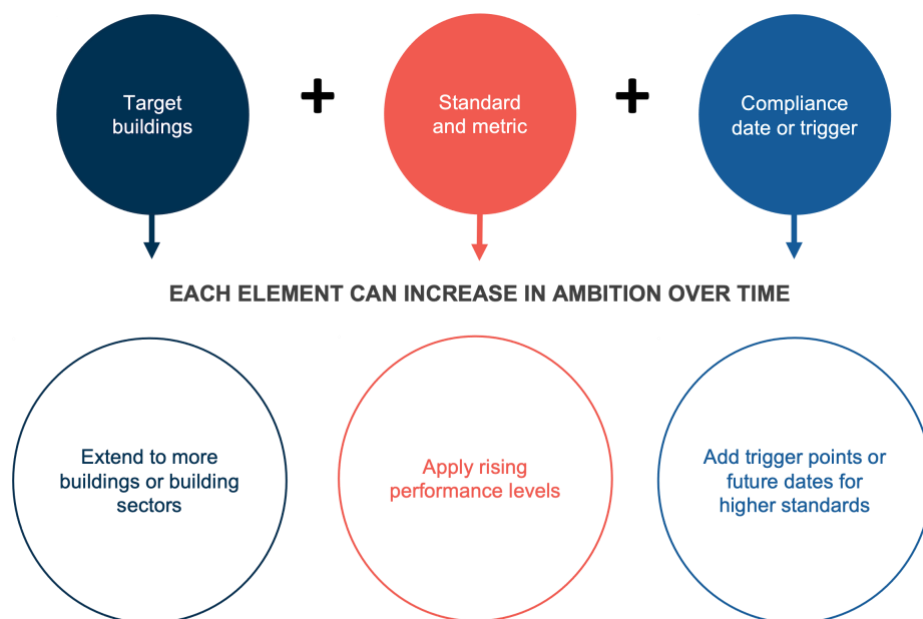
- Protected buildings of architectural or historical merit.
- Places of worship.
- Temporary buildings with a time use of two years or less.
- Holiday homes used less than four months a year.
- Very small standalone buildings of less than 50m².

In addition, the Council text proposes to exempt armed forces and defence buildings, except for living quarters and offices.

Design features

The design for all examples of MEPS around the world is broadly based on the three elements shown in Figure 1: the target stock; the standard to be met and the metric used to define it; and the date or trigger point at which the standard must be met.

Figure 1. Elements of MEPS policy design



Target buildings and scope

All negotiating parties agree on extending the scope of MEPS to both non-residential and residential buildings.

The Commission and the Parliament specifically note that MEPS must be applied to buildings and building units owned by public bodies, with the Parliament also naming buildings rented by public bodies, including EU institutions, offices and agencies.

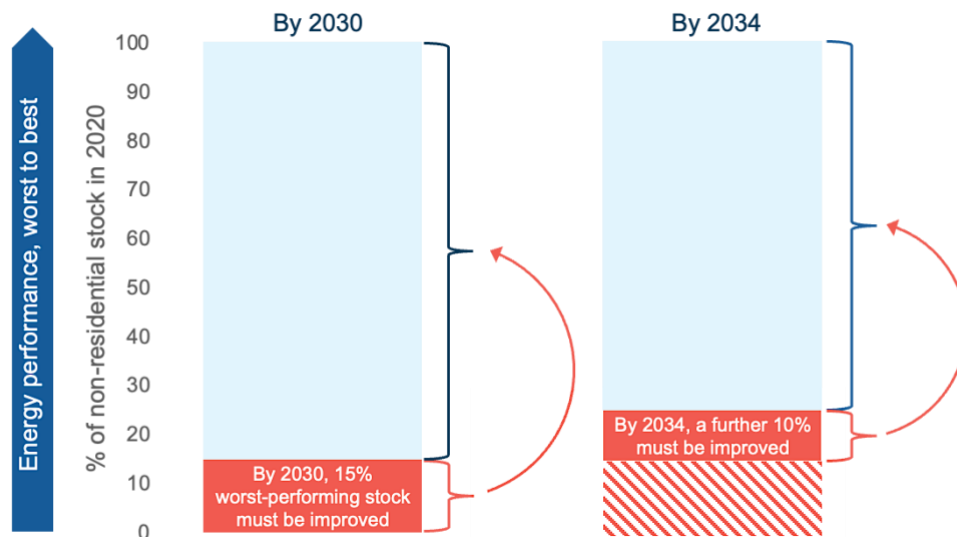
Standard and metric

The EPC is the main, but not only, tool used to define the standard.

All negotiating parties use the EPC label to define MEPS for residential buildings. The one significant difference in approaches is that the Commission and Parliament use the EPC label to define a **minimum** standard whereas the Council uses it to define a target for the **average** across the residential stock.

The Commission and the Parliament also use the EPC label to define a minimum for non-residential buildings but, again, the Council opts for a different approach, as seen in Figure 2. The Council's text asks Member States to identify the worst-performing percentage of the stock and make improvements. To do this, Member States will need to use national stock data to define which non-residential buildings make up the worst-performing 15% and a further 10%. Policymakers must then design a MEPS to trigger improvements to bring buildings above the performance thresholds (as defined by these worst-performing groups) by 2030 and 2034, respectively.

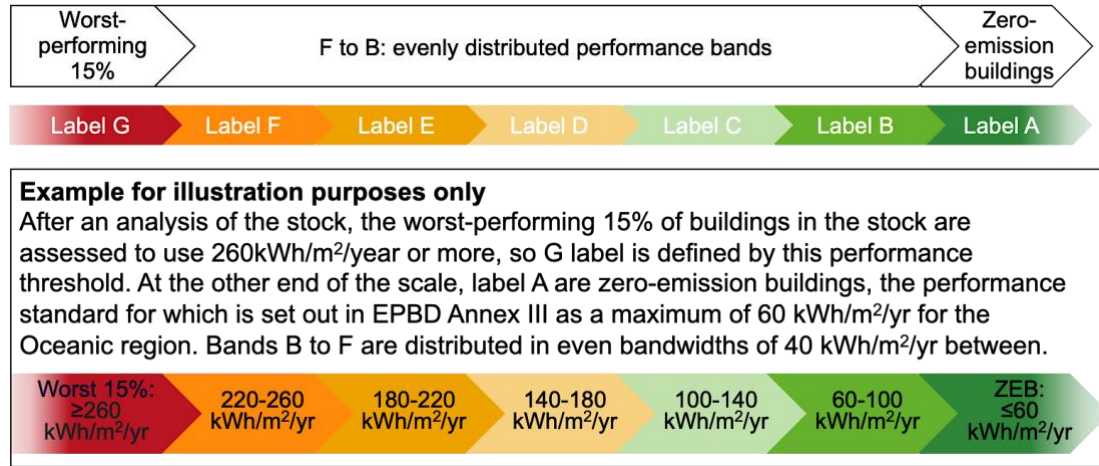
Figure 2. Illustration of the Council approach to defining MEPS for non-residential buildings



The Commission and Parliament both propose common criteria for national EPC frameworks, which would apply by December 2025, before the application of the MEPS. The Council text proposes more light-touch reform of EPCs. Figure 3 illustrates the proposed approach to creating common criteria for EPCs in the Commission and Parliament texts. This approach would place 15% of buildings in each Member State into the G label. Label A is a zero-emission building as defined in the EPBD, with the performance thresholds set out in Annex III. Buildings are distributed amongst other EPC bands not by percentage but by their performance; bands F to B have equal

performance bandwidths. EPC re-scaling in the Commission and Parliament proposals therefore goes some way to create equivalence of impact of MEPS between Member States but does not establish equal impact.

Figure 3. Illustration of proposed common criteria for national Energy Performance Certificate scales from the Commission and Parliament proposals

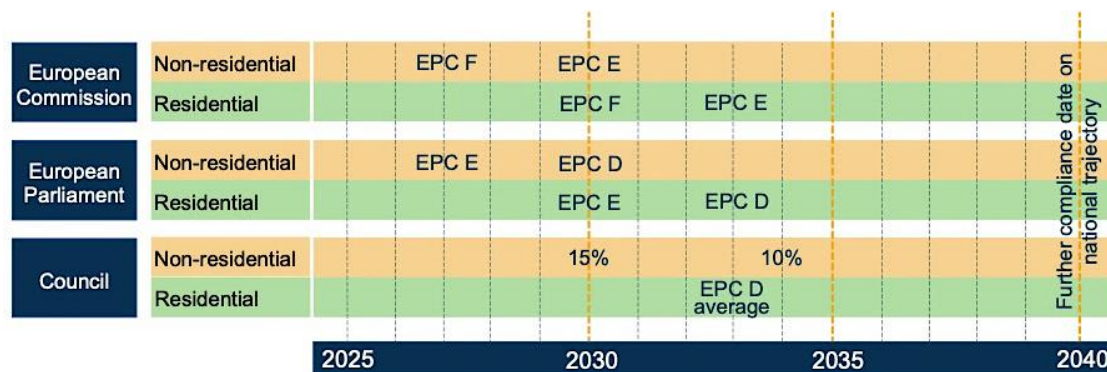


Trigger point or timeline

All negotiators define firm compliance dates for most parts of the stock, rather than relying on trigger points alone. Trigger points are moments in the building lifecycle at which renovation or compliance may be more practical – for example, time of sale or change of rental contract. The one exception is the Council proposal, which permits Member States to require compliance with MEPS for single-family homes only at trigger points. It allows a period of five years from the trigger point for the renovation to be completed, enabling sellers to pass on the obligation to renovate to a buyer.

All negotiators propose that non-residential buildings should be subject to earlier compliance dates than residential buildings, as illustrated in Figure 4. Compliance dates in the different proposals fall into the period 2027 to 2034 but, importantly, compliance deadlines in the Commission and Parliament proposals are largely in or before 2030; adhering to this timeline would help the EU meet its 2030 climate target.

Figure 4. Timeline of basic design (not including exemptions)



All negotiators ask Member States to establish further timelines for buildings to achieve higher energy performance classes by 2040 and 2050, in line with the pathway for transforming the national building stock into zero-emission buildings.

Impact

The impact of the MEPS proposals is a product of:

- The number of buildings in the target group.
- Exemptions, which reduce the number of target buildings, or delay action.
- The renovation standard, which dictates the depth of renovation.

The three different proposals have differing levels of impact in aggregate across Europe, between Member States and before and after 2030.

Important caveat to quantifications: The quantifications included below are estimated and based on a number of assumptions and are therefore indicative only. They are intended to illustrate the possible impacts of the three proposals in aggregate across the EU **for comparison purposes only**. The figures should not be used to derive precise numbers of renovations. Impacts are assessed based on meeting compliance dates, not incorporating the impact of early action or supporting policies.

Number of buildings renovated and exemptions

The number of buildings covered by the proposals — in aggregate at EU level — is higher in the Parliament proposal than the Commission and Council proposals.

In the below indicative quantification, assumptions and generalisations have been made about the effect of the introduction of common criteria for EPC scales to provide comparable estimates of impact. In the proposals, EPC label G covers 15% of buildings but the number of buildings in other EPC bands will depend on national building stocks and the distribution between the performance bands (see [Figure 3](#)). For illustration purposes, a further 15% is assumed to fall into each of the F and E labels.⁷

The estimations are at aggregate EU level, but the exemptions allowed will impact renovation activity differently in each Member State. Countries that have a higher proportion of buildings for which exemptions are allowed – for example historic buildings or holiday homes – may have lower renovation levels. The exemptions also impact building user and owner groups in different ways, for example the exemption for small, standalone buildings will likely affect very small homes which may be within low-income communities.

- The Commission proposal covering F and G label buildings — for comparison purposes only — could cover around 30% of EU buildings. The standard set of exemptions allowed for protected, temporary, religious and small buildings could reduce the buildings covered to around 17%, almost halving the potential impact.
- The Parliament proposal covering E, F and G label buildings — for comparison purposes only — could cover around 45% of EU buildings. The standard set of exemptions allowed for protected, temporary, religious and small buildings could reduce the buildings covered to around 30%, reducing the potential impact by around a third. Of those buildings, implementation of MEPS for a further 22% can be delayed until 2037, reducing impact temporarily to around 24%.

⁷ Label A is for zero-emissions buildings, of which there are very few; it is effectively empty. It can be assumed that label B buildings are those built to the nearly Zero-Energy Buildings standard (in place since 2018-2020). Assuming a construction rate of 1-1.5%, around 5% can be estimated to be in B. Label G comprises 15%. This leaves 80% of buildings between C and F, inclusive. Labels D and E tend to account for more buildings than other bands, as they represent stock that was built under energy regulations or has been renovated.

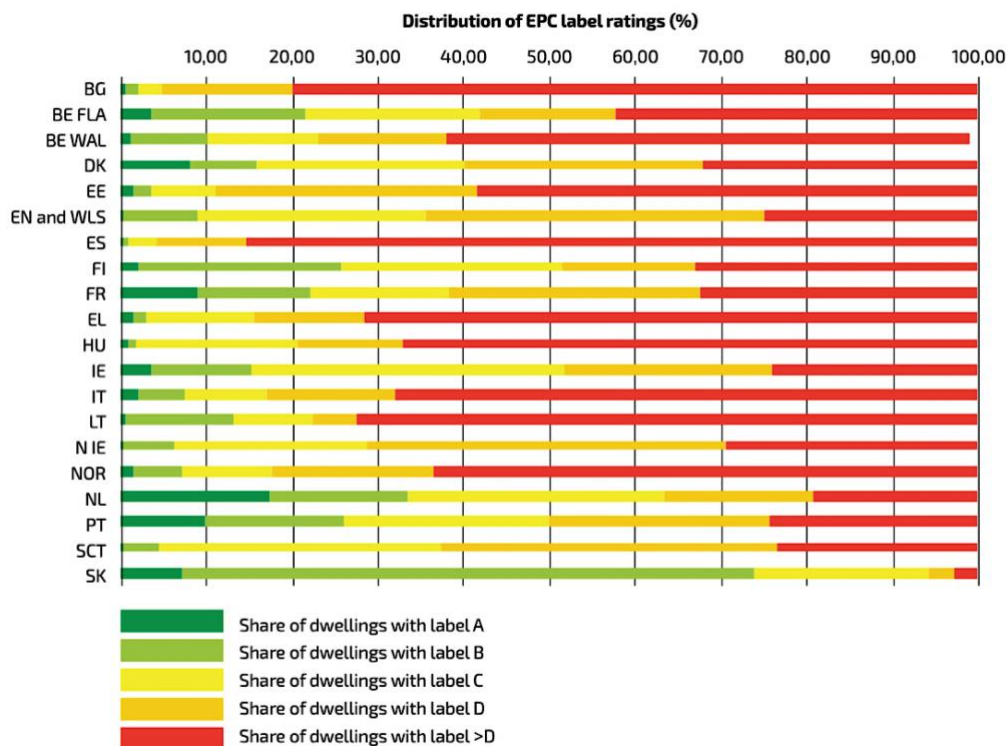
- Quantification of aggregate impact (across the EU) for the Council proposal is uncertain. The number of residential buildings renovated depends on national MEPS policies not yet designed. The Council proposal covers 25% of non-residential buildings but assessing the impact of the standard set of exemptions — for protected, temporary, religious and small buildings — is difficult, as disaggregated data on these building types in just the non-residential stock is imperfect.⁸ In addition, the Council position allows exemptions based on future use or cost-benefit assessment, the impact of which are not possible to estimate.

For non-residential buildings, the Commission and Council proposals are broadly consistent in terms of number of buildings covered. They both include 15% of buildings in the first compliance date and a further percentage (10% in the Council proposal) in the second, but the Council proposal delivers these renovations 3-4 years later than the Commission. The Parliament text is more ambitious for non-residential buildings.

The Parliament text is also more ambitious than that of the Commission for residential buildings, despite the greater provision for time-limited exemptions. It is difficult to estimate the number of homes renovated in the Council text for the following reasons:

First, an EPC label D – the target for the stock average — is different in each Member State.

Figure 5. Share of registered EPC ratings across the EU



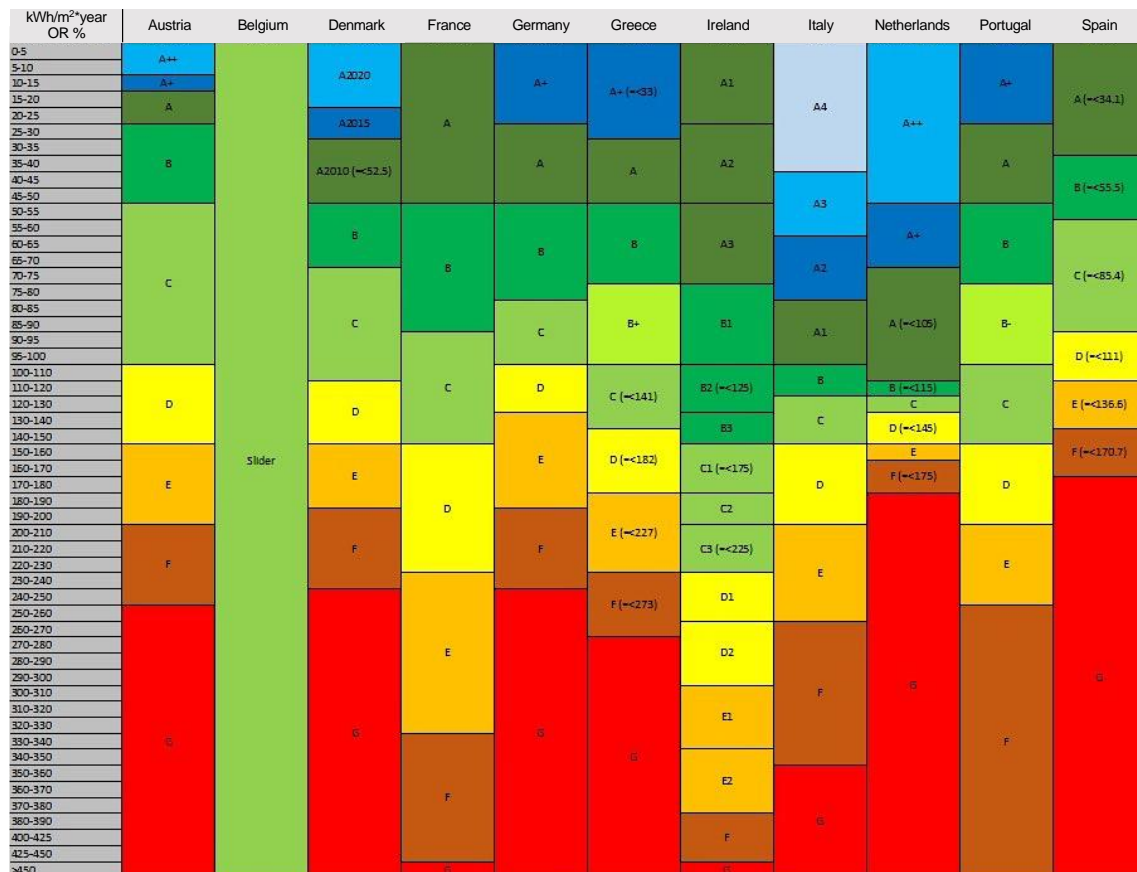
Source: BPIE 2020

Due to the diversity of EPCs across the EU, comparison between countries is problematic. Some are based on calculated energy performance, some (partly) on measured performance, while the methods do not include the same aspects (e.g., cooling or not). The distribution of ratings also depends on the share of certain building typologies (where a higher share of non-residential and public buildings correlates with better ratings) and the ratio of new to old buildings that have been rated. Belgium and the UK have regional regimes and statistics.

⁸ Exempted buildings are assumed to be less prevalent in the non-residential stock than the whole stock, due mainly to the exemption for holiday homes. The exemptions would therefore reduce coverage to anywhere between 21% and 14% of the non-residential stock.

There are no common criteria used for setting the existing EPC D label, so the target is based on EPC scales and the distribution of the stock across them, which is vastly different in each country, as shown in Figure 5.⁹ Of the countries and regions shown, the stock average in eight is already either close to or better than the target EPC D label. For these countries, little activity would be needed in the residential stock. For other countries, notably Bulgaria and Spain, a huge effort would be required. This is due to differences in the national EPC scales as shown in Figure 6,¹⁰ and not just a result of building stock condition.

Figure 6. Comparison of EPC scales for residential buildings in selected Member States



Source: European DataWarehouse. (June 2020). The Babel Tower of Energy Performance Certificate ratings and databases in Europe

Second, Requiring the building stock to meet an average standard allows Member States to take different approaches to achieving the target – for example shallowly renovating a large number of better-performing buildings or more deeply renovating a smaller number of worst-performing buildings. It is not therefore possible to quantify how many buildings would be renovated and to what standard.

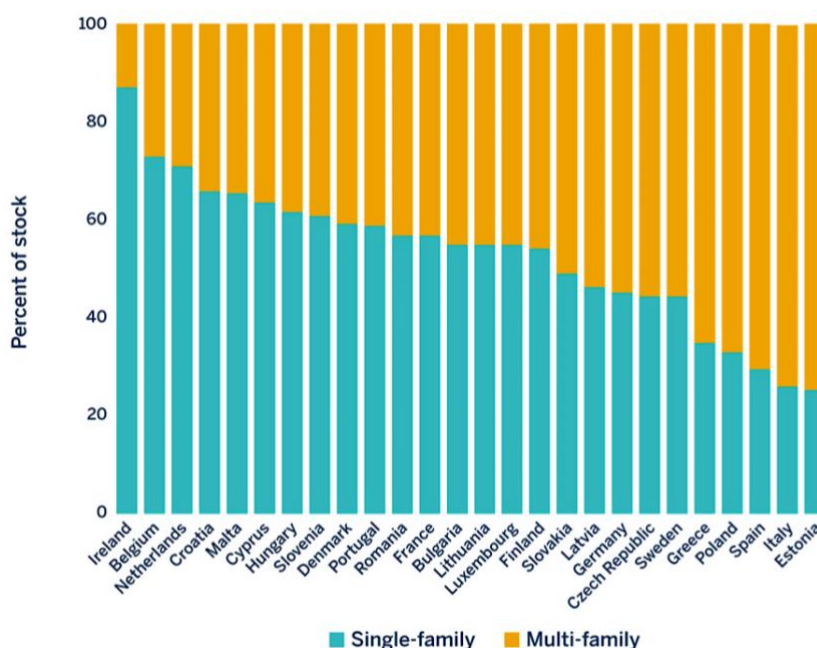
Third, the Council position allows Member States to remove single-family homes from the stock average standard and instead require them to meet a minimum standard of EPC D within five years of being sold, rented out or transferred. This provision would

⁹ BPIE. (2020). *Energy Performance Certificates in Europe – Assessing their status and potential*. X-tendo, a H2020 project. <https://www.bpie.eu/publication/energy-performance-certificates-in-europe-assessing-their-status-and-potential>

¹⁰ European DataWarehouse. (June 2020). *The Babel Tower of Energy Performance Certificate ratings and databases in Europe*. <https://eurodw.eu/the-babel-tower-of-energy-performance-certificate-ratings-and-databases-in-europe>

affect Member States in different ways, depending on the distribution of their stock between single- and multi-family buildings (Figure 7¹¹) and the frequency of the trigger points as defined by the average rate of sale and length of tenancy contract. The impact of MEPS implementation at trigger points alone is, in most cases, lower than using firm backstop dates.¹² Renovation activity will be unequally distributed geographically as homes are sold or rented more frequently in some areas than others, and some homes will be completely missed if they are never transferred. Impact will be higher in earlier years but reduce over time as, initially, each new transaction triggers a renovation; as time goes on, already-renovated homes change hands. Member States with a large proportion of single-family homes in their stock, and specifically in the worst-performing stock, may have lower and later impacts due to the different treatment of single-family homes in the Council proposal.

Figure 7. Distribution of single-family and apartment buildings (residential) in the EU



Source: European Commission. (n.d.). Building Stock Observatory factsheet on building stock characteristics

Looking at the distribution of renovation effort between Member States due to the MEPS proposals, only the Council approach for non-residential buildings – which requires Member States to identify 25% of their stock – impacts Member States relatively evenly. Even in this proposal, however, the potential to use exemptions varies between countries. The Commission and Parliament approaches go some way to creating balanced impacts between Member States thanks to the common criteria for EPC scales, although in these proposals the number of buildings in the F and E bands will vary by country. The Council approach for residential buildings would have very

¹¹ European Commission. (n.d.). *Building Stock Observatory factsheet on building stock characteristics*. Note: Data for Austria is not available. https://ec.europa.eu/energy/eu-buildings-factsheets_en

¹² For example, the impact of implementing an EPC E standard only at sale of homes in Ireland and Portugal might generate a renovation rate of only 0.35% and 0.24% annually. The trigger of changes in rental contract has the potential to generate more renovations but this is highly dependent on the average length of tenancy contract in the country. Sunderland, L., & Santini, M. (2021). *Next steps for MEPS: Designing minimum energy performance standards for European buildings*. Regulatory Assistance Project. <https://www.raponline.org/knowledge-center/next-steps-for-meps-designing-minimum-energy-performance-standards-for-european-buildings>

different impacts in different countries, not necessarily due to better or worse performance of the stock.

Depth of renovation

None of the proposals require deep renovation of the obligated buildings.

In all proposals apart from the Council's proposal for homes, the MEPS designs require the obligated buildings to be renovated to be just better than the current performance of the obligated group. This follows the approach of early European examples in which the aim is to address the worst-performing homes and renovate them to be just better than this category.¹³

In the Commission proposal, all buildings must meet EPC E, based on the new common criteria, by the second compliance dates of 2030 for non-residential and 2033 for homes. The Council approach for non-residential buildings has similarities with the Commission approach in that it identifies the worst-performing 25% of non-residential buildings and requires them to be improved to no longer be in the worst-performing group.

It is not possible to define what performance standard EPC E will denote as this will be nationally defined and guided by the proposed common criteria for EPC scales but for most, if not all, countries this standard will be below the stock average performance. For the very worst buildings at the bottom of the G band, improvements needed to reach an EPC E could be quite significant. For a large proportion of buildings in the F band that are already nearer the performance threshold, meeting the standard will require a much lower level of improvements.¹⁴ For these buildings that will still need further renovation in future, this is a missed opportunity and a potentially inefficient approach to renovation.

Buildings that have met the MEPS in both Commission and Council proposals will need significant future renovations and heating system changes to phase out fossil fuels in heating by 2040¹⁵ and to achieve the goal of a zero-emission buildings stock by 2050. In this MEPS design, further compliance dates before 2040 will be needed to improve the energy performance of the buildings already renovated and to include more buildings that have not been included in the existing target groups.

The Parliament proposal requires renovation to a higher standard, the nationally defined EPC D standard, after EPC scales have been adapted to follow the common criteria. Although the D standard will be different in each country, it can be expected to be closer to the current stock average. In setting the threshold at EPC D rather than E, the Parliament text not only includes more buildings in the obligation but also asks these buildings to be renovated to a higher level, achieving greater energy savings and deeper renovation. This approach is similar to United States Building Performance

¹³ For example, the standards in England and Wales and France address just the worst-performing G, or F and G label buildings, and require renovation to just above this standard. Sunderland, L., & Santini, M. (2020). *Case studies: Minimum energy performance standards for European buildings*. Regulatory Assistance Project. <https://www.raonline.org/knowledge-center/case-studies-minimum-energy-performance-standards-for-european-buildings>

¹⁴ To meet the EPC E standard in England and Wales, it was found that many non-residential buildings could simply change their lighting to low energy lamps. Sayce, S. L., & Hossain, S. M. (2020). *The initial impacts of Minimum Energy Efficiency Standards (MEES) in England*. Journal of Property Investment & Finance. <https://centaur.reading.ac.uk/89549>

¹⁵ The Commission proposal for the EPBD recast asks that Member States develop national plans (as part of their National Building Renovation Plans) to phase out the use of fossil fuels in heating by 2040.

Standards in which stock median performance is often used as the renovation target.¹⁶ Even if targeting stock average performance, however, the MEPS will not future-proof buildings. Future renovations will be needed to cover more buildings and to improve the energy performance of buildings already renovated to comply with the Parliament proposal.

The only element of the various proposals that does not specify a performance standard to be met by all obligated buildings is the Council's approach for homes. A nationally designed MEPS that moves the stock average to the current EPC D does not create a *minimum* standard. Therefore, it is not possible to assess the depth of renovation required for homes in this proposal.

Contribution to 2030 climate target

Compliance dates in the Commission and Parliament proposals can drive significantly more renovation activity before 2030 compared to the Council text, when considering adherence to the compliance dates alone (see [Figure 4](#)).¹⁷

The compliance dates in the Commission and Parliament proposals require non-residential buildings to meet both standards – meaning full potential impact – by 2030 and partial impact (as a result of meeting one compliance date) in the residential stock by 2030. As the more ambitious proposal, the Parliament text creates more renovation activity in both residential and non-residential stocks by 2030. The only pre-2030 compliance date the Council text includes is for non-residential stock (15% of the stock – before exemptions – to be improved). The Council proposal includes no compliance dates for the residential stock by 2030. The Council proposal will therefore drive no home renovations as a result of meeting compliance dates alone. This delays the energy savings, bill reduction and social impact of residential renovations until after 2030. The MEPS in the Council model would therefore contribute the least of the three proposals to 2030 targets.

Residential buildings are key to delivering the energy savings and carbon savings benefits before 2030, as they are by far the largest element of the stock. Residential buildings make up 75% of the EU floor area. Non-domestic buildings make up the remaining 25%, although they constitute a greater proportion of final energy consumption (around one-third)¹⁸ than they do floor area. Many non-residential buildings also sit within larger multi-use buildings. If these buildings are predominantly housing, national legislation may treat them as residential for the purposes of MEPS design and compliance, thereby reducing the total impact potential of the non-residential MEPS and the earlier compliance dates. Therefore, compliance dates and other measures to drive impact in residential buildings before 2030 are key for energy savings, climate and social impacts.

¹⁶ Nadel, S., & Hinge, A. (2023). *Mandatory building performance standards: A key policy for achieving climate goals*. American Council for an Energy-Efficient Economy. (forthcoming) <https://www.aceee.org>

¹⁷ Additional renovation impact before 2030 can be generated by communicating the standard early and providing renovation support to encourage early compliance, and encouraging building owners and occupants to undertake a deeper renovation when meeting compliance deadlines.

¹⁸ Eurostat. (2020). *Final energy consumption by sector, EU, 2020*. Statistics explained. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Energy_statistics_-_an_overview#Final_energy_consumption

Summary and next steps

From April 2023, negotiators will begin deciding the final shape of the EU framework for MEPS. Key considerations include:

- **Clarity and ease of implementation.** An EU MEPS framework that is clear and implementable is essential. It is vital that Member States are able to easily and quickly translate the EU framework into enforceable national legislation and communicate the new requirements early, before the proposed compliance dates. For example, it may be challenging to translate the requirement in the Council position to improve the average performance of the stock into a communicable and implementable MEPS that makes clear to building owners and occupants which buildings they need to renovate to what standard.
- **Certainty for the value chain.** A MEPS framework can provide important clarity and certainty to all stakeholders — building owners, industry, finance providers, local policymakers and compliance enablers — on their role and the timelines. Simple and communicable MEPS that are introduced early and widely advertised enable these stakeholders to prepare and enable renovations. They are particularly important to the supply chain and industry that needs to make forward-looking investments to ensure that skilled labour and products are available. MEPS based on stock average performance and on the use of trigger points alone, as proposed in the Council text, provide less clarity in signalling. As long-term certainty is essential, compliance dates beyond the initial 2027-2034 timeframe should be established early.
- **Impact in all Member States.** An EU MEPS framework that triggers renovation activity in all Member States without overburdening some and not benefiting others is vital. The renovation wave must not miss some Member States, depriving them and their citizens of the energy savings, improved buildings and health, energy poverty reduction, energy security and jobs benefits. Undesirable skills migration may also result from vastly different levels of renovation activity between Member States. Balanced impacts between Member States can be achieved partially through the introduction of common criteria for EPC scales before implementing MEPS, as proposed in the Commission and Parliament texts, or, more fully, by targeting a defined percentage of worst-performing stock as proposed by the Council for non-residential buildings.
- **Contribution to 2030 climate targets.** Significant renovation activity before 2030 is essential for the buildings sector to contribute to 2030 carbon targets and to reduce reliance on fossil gas. The buildings sector must reduce emissions by 60% for the EU to achieve the economy-wide target of 55% reduction.¹⁹ Other measures, like the extension of the EU Emission Trading Scheme, will not contribute significantly to buildings sector emissions reductions this decade,²⁰ so MEPS and other measures in the EPBD must make a significant contribution.

¹⁹ European Commission. (2020). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Stepping up Europe's 2030 climate ambition; Investing in a climate-neutral future for the benefit of our people. Commission staff working document, impact assessment. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020SC0176>

²⁰ The EU Emissions Trading Scheme extension to buildings and transport is expected to be introduced in only 2027, allowing little time for impact before 2030.

- **Reduced reliance on gas and increased energy security.** The residential sector is Europe’s largest gas user. Home renovation that reduces gas use in heating, triggered this decade by MEPS, will contribute to Europe’s energy security and help to protect households from volatile prices in the future. An EU-MEPS framework that focusses on homes as early as possible can reduce reliance on gas.
- **Reduced distortions in the stock.** Covering all building stock sectors is essential to providing clarity for all building owners and occupants on their role in decarbonisation efforts and prevent movement of stock from a regulated sub-sector to an unregulated sub-sector. This is particularly important to avoid housing shortages in the rental sector. All three negotiating parties agree that MEPS should cover all buildings, with non-domestic buildings taking the lead.
- **Deeper, more efficient renovations.** Ambition of MEPS results from both the number of buildings renovated and the depth of renovations. Deeper renovation that achieves greater energy savings and means buildings need to be touched fewer times can result in improved renovation outcomes,²¹ be more manageable for building owners and be more efficiently delivered by limited supply chains. MEPS designs that require buildings to comply with staged renovation standards in quick succession – as included in all three negotiators’ proposals – can lead to inefficient renovations and should be avoided. National implementation and the supporting framework of funding and practical support should also encourage building owners to embrace deeper renovation than strictly required at each compliance date.
- **Support (financial and practical) and safeguards.** MEPS must be introduced alongside technical and financial support and social safeguards, some of which, but not all, are contained in all negotiators’ proposals. The cost of meeting the MEPS standards, and who bears this cost, is a key factor; measures to ensure housing cost neutrality for tenants, and funding and appropriate finance availability for homeowners is essential. Practical support to local implementers and building owners and occupants is also vital,²² as is the monitoring of intended and unintended social impacts, in particular on housing availability and costs.
- **Strengthened EPCs.** EPCs are a vital tool for gathering building data and defining and communicating MEPS. All three negotiating parties utilise the EPC framework. Strengthening EPCs and expanding the coverage of labels to more buildings is vital.
- **Limited exemptions.** Some exemptions from MEPS compliance may be necessary but should not exclude buildings from renovation. Where exemptions are afforded, they should be time-limited wherever possible and those buildings should be supported to renovate through other policies and technical and financial support. Exemptions should be based on a real, objective and clear case. The creation of a complex framework of exemptions can undermine the clarity and effectiveness of the MEPS framework.²³

²¹ Sibileau, H. (2021). *Deep Renovation: Shifting from exception to standard practice in EU Policy*. BPIE. <https://www.bpie.eu/publication/deep-renovation-shifting-from-exception-to-standard-practice-in-eu-policy>

²² Steenbergen, B., Robert, C., Spinnewijn, F., & Edwards, S. (20 Feb. 2023). Green housing must be affordable and inclusive for all. *Euractiv*. <https://www.euractiv.com/section/energy/opinion/green-housing-must-be-affordable-and-inclusive-for-all>

²³ RSM. (2019). *Enforcing the enhancement of energy efficiency regulations in the English private rented sector*. Committee on Fuel Poverty. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/825485/enforcing-enhancement-energy-efficiency-regulations-English-private-rented-sector.pdf



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