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# Directive on the Energy Performance of Buildings

# Executive summary

Within the Fit for 55 package, the European Commission shows awareness for the climate crisis and energy transition being not a purely technical challenge, but a social or distributional one that needs adequate answers. This is also the case for the [Energy Performance of Buildings proposal](#). Vulnerable or energy-poor households are explicitly defined as an important group to be addressed in order to take everyone on board on the path to climate neutrality. From AK's point of view, this emphasis is important and should be seen as positive. AK supports the goal of climate neutrality by 2050. It is clear that a future climate and energy policy can only be successful if social issues are placed at its centre. In particular, a fair sharing of the associated financing burdens is required.

## AK demands

- AK calls for **energy and climate aid funds** at Member States level. Such a fund is crucial in enabling financially disadvantaged households to move towards climate neutrality in the housing and building sector.
- AK rejects the “zero-emission buildings from 2030” standard as proposed in the Directive. From AK's perspective, building envelope standards based on **cost-optimized calculations must remain the norm in renovation and new construction**. This established, adaptive process is superior and preferable to the one-time prescription of a zero-emission standard, which in part seems unrealistic and impractical. In AK's view, this is key in enabling a socially acceptable energy transition.
- AK welcomes the focus on those 15% of the building stock that have the worst energy efficiency. However, ambitious intentions should not lead to a volume of orders in the construction industry and its connected industries that exceeds existing capacities. This would end up triggering higher renovation prices instead of higher renovation activity. It should therefore be left to Member States to **stretch out the renovation path for the worst buildings by a few years**, if necessary, **in accordance with a national capacity assessment**.
- The switch to climate-neutral heating systems has to be financed as well. **AK rejects financing models in which households pay off investment costs through their ongoing energy bills**. The contractual relationships in such models are mostly non-transparent and incomprehensible for consumers. This often results in excessive prices not in line with the market, which are contractually fixed for a very long time. AK has been confronted with such complaints for a long time and therefore demands **more transparency and more possibilities for consumers to enforce their rights**.
- The new classifications to be developed in the **energy certificates** should have **more information value for people looking for housing**. Therefore, these energy efficiency classes should be based on the expected annual energy demand for heating and hot water per square metre of useable living space in the specific property.

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# AK's position

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By the end of 2021, the European Commission presented the last document within the Fit for 55 package, namely the [Energy Performance of Buildings Directive](#). It outlines a path to reduce CO<sub>2</sub>-emissions in the building sector and presents various measures to achieve this target.

## **Zero-emission buildings as planned standard from 2030 onwards**

According to the proposal, only so-called zero-emission buildings are to be permitted from 2030 onwards, both in new construction and in renovation. With this standard, differentiated according to four climatic zones,

- a low primary energy demand per square metre per year is to be set and
- heat from sustainable sources is to be prescribed.

From AK's point of view, this is unacceptable. First, it is unrealistic and impractical to demand the same standards in renovation as in new construction. Second, the planned specifications in Annex III do not consider structural-physical conditions. Providing the same specifications for both a single-family home and a multi-story apartment building is unrealistic and impractical as well. Finally, both the calculations on cost optimization of the Austrian Institute for Building Technology and a [study](#) of the Austrian Association of Non-Profit Building Associations show that saving the last kilowatt-hours per square metre and year causes disproportionately high costs.

In order to enable a socially acceptable energy transition, AK believes that building envelope standards based on cost-optimal calculations must remain the norm in new construction and renovation in Austria. The periodic updating of cost-optimal calculations ensures that innovations in construction technology and construction economics are successively incorporated into the building code. This established, adaptive process is superior and preferable to the one-time prescription of a zero-

emission standard, which in part seems unrealistic and impractical. Furthermore, the gradual phase-out of oil and gas in heat supply can, should, and must significantly reduce CO<sub>2</sub>-emissions in already existing buildings.

Statistics underline the adequacy of the Austrian approach: In Austria, around 37% of greenhouse gas emissions were saved in the building sector between 1990 and 2019, despite the growth in population and living space per capita (see [Climate Protection Report 2021 of the Federal Environment Agency](#)). This means that the building sector is now only responsible for around 10% of emissions throughout Austria. In Europe as a whole, however, the building sector accounts for 36% of emissions (see the explanations within the proposed Directive).

## **Mandatory renovation of those 15% of the building stock with the lowest energy efficiency between 2025 and 2033**

According to the proposed Directive, there should be an obligation to renovate those 15% of the building stock with the worst energy efficiency, at national level. Non-residential buildings must be retrofitted to energy efficiency class F by 2027 and to energy efficiency class E by 2030, at the latest. For residential buildings, these deadlines are extended by three years (class F by 2030, class E by 2033).

Since the proposed Directive targets the residential sector, predominantly single-family homes with the worst energy performance will be affected. It is safe to assume that two population groups in particular have not yet renovated in this segment: households of elderly people with a short, future life horizon, and financially disadvantaged households that cannot afford it. It is evident from the proposed Directive that the Commission is aware of the situation and limitations of financially disadvantaged households. AK emphasises that the subsidies mentioned in the draft are necessary.

As experiences have shown, providing funding alone is insufficient to stimulate retrofits. AK has long called for one-stop-shops as central contact points, offering independent advice to households wishing to replace their old heating systems or carry out renovations. The European Commission recognised the benefit of these bodies and calls on Member States to set them up. Vulnerable or energy-poor households must be given special support in this regard, as well as in the provision of financial resources. To this end, AK calls for the establishment of energy and climate aid funds at Member States level for these groups, taking the lead in coordinating measures and networking relevant stakeholders in the field of energy poverty. AK has already put forward a [ready-made concept](#) for this purpose.

In the case of rented residential buildings covered by the renovation obligation, the structural measures must not lead to rent increases in existing contracts. In AK's view, this is essential in ensuring that the people also accept the ecological transformation.

Finally, the capacity in the construction industry and its connected trades must also be considered before ordering large-scale renovation obligations. In the years leading up to 2033, thermal renovation activity and/or the replacement of heating systems should not be limited to only 15% of the building stock. Regrettably, it cannot be assumed that the construction, heating, and installation industries even have the capacity for additional order volumes of this magnitude – at least not from today's perspective. Ambitious intentions should not result in an order volume that exceeds existing capacity, ultimately triggering higher renovation prices rather than higher renovation activity. This in turn would partially de-value any subsidies for financially disadvantaged households. It should therefore be left to Member States to stretch out the renovation path for the worst buildings by a few years, if necessary, in accordance with a national capacity assessment.

### **Consumer rights when changing the heating system**

Article 15 of the proposed Directive obliges Member States to implement measures with the aim of reducing market barriers. On the one hand, the goal is to reduce housing law barriers. On the other hand, the reduction of legal, financial, and factual barriers for investors enable them to access the market more widely.

The European Commission's proposal to use "on-bill" financing mechanisms for repayments, where parts of the investment costs are repaid via the current energy bill, or contracting models, where third parties install heating systems and tenants pay for the heating system via the operating costs, is seen critically and therefore rejected by AK. This goes for both, vulnerable groups and for consumers as a whole. The contractual relationships of such models are mostly non-transparent and incomprehensible for consumers, effective price controls are almost impossible, and in case of disputes there are hardly any possibilities for consumers to enforce their rights. The Austrian Chambers of Labour are confronted with numerous complaints concerning disadvantageous long-term contractual commitments in which excessive prices are charged.

For years, AK has been confronted with consumer complaints in the area of contracting and therefore urgently demands a more consumer-friendly design.

### **New classifications in the energy certificates**

The new Energy Performance of Buildings Directive entails revised energy performance certificates at Member State level. From AK's point of view, significantly increasing the information value of energy certificates for apartment users is key. In the future, the newly created energy efficiency classes in residential buildings should be based on the expected annual energy demand for heating and hot water per square metre of useable living space. Consumers should be able to derive from an energy certificate, somewhat reliable estimates of expected, appropriate heating costs for the dwelling in question. To do this, they must know the properties estimated total demand of energy per square metre of useable living space.

### **E-mobility and charging infrastructure**

The proposed Directive envisages a more frequent (in new construction and major renovation of buildings with three or more parking spaces) and more comprehensive provision of charging infrastructure (empty conduit and prewiring) for e-vehicles in multi-family buildings in the future.

From AK's point of view, this is an excessive requirement. Throughout Austria, social housing provided by municipalities and non-profit building associations is largely located in apartment buildings. According to current knowledge, a significant proportion of the residents in this cost-covering housing stock cannot afford an electric car. It is unclear why people in social housing should continuously pay for the infrastructure of a high-end consumer product that they themselves will not immediately use. AK is in favour of retaining the existing rules. Empty conduits should exist, but instalment of cabling should follow effective demand.



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## About Us

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The Austrian Federal Chamber of Labour (AK) represents by law the interests of about 3.8 million employees and consumers in Austria. It acts on behalf of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore, the Austrian Federal Chamber of Labour is a part of the Austrian social partnership. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.

The main objectives of the AK EUROPA Office established in 1991 in Brussels are the representation of AK towards the European Institutions and interest groups. Other objectives are the monitoring of EU policies and transferring relevant information from Brussels to Austria, as well as to lobbying the expertise developed in Austria and positions of the Austrian Federal Chamber of Labour in Brussels.