

# FIT FOR 55: CLIMATE AND BUILDINGS

**Proposal COM(2021) 551** of 14 July 2021 amending **Directive 2003/87/EC** establishing a system for greenhouse gas emission allowance trading (EU ETS), **Decision (EU) 2015/1814** concerning the establishment and operation of a market stability reserve (MSR) for the EU ETS and Regulation (EU) 2015/757

**Proposal COM(2021) 568** of 14 July 2021 for a **Regulation** establishing a Social Climate Fund

**Proposal COM(2021) 802** of 15 December 2021 for a **recast of the Energy Performance of Buildings Directive**

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**SHORT VERSION** [[Go to Long Version in German](#)]

## Context | Objective | Interested Parties

**Context:** The EU wants to reduce its emissions of greenhouse gases (GHG) to net zero by 2050 (“climate neutrality”) and by 55% by 2030 as compared with 1990 levels (EU 2030 Climate Target). To this end, the Commission has also proposed to tighten EU climate and energy legislation for the building sector (“Fit for 55” climate package).

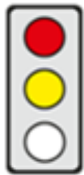
**Aim:** A separate EU emissions trading system for road transport and buildings (EU ETS II) will be created, energy tax rates aligned with carbon emissions, the energy performance of buildings increased and low-carbon fuels promoted.

**Affected parties:** Building owners, tenants, construction companies, tradesmen, producers of fuels and heating systems.

### Brief Assessment

#### Pro

A separate EU emissions trading system for road transport and buildings (EU ETS II) is appropriate. It will provide incentives for lower-carbon construction, energy renovations and the use of alternative fuels, via the carbon price signal. It will also prevent rebound effects.



#### Contra

- ▶ In order to make the EU ETS II more socially fair, the private sector should not be exempt – as demanded by the EU Parliament. Instead, auction revenues and money from the Social Climate Fund should be used mainly for direct income support.
- ▶ The requirement for new buildings to be “nearly-zero-energy buildings” by 2027 and “zero-emission buildings” as of 2030 will override market forces in their quest to construct affordable as well as energy-efficient and low-emission housing.
- ▶ The gradual phasing-in of minimum requirements for permitted energy efficiency classes is not cost-efficient and may amount to serious interference in the rights of building owners.

## EU ETS II: Emissions trading for road transport and buildings [Long Version A.2.1]

**Commission proposal:** A separate EU ETS for the road transport and buildings sectors (EU ETS II) will be created. The obligation to hold allowances applies to distributors of fuels, not to consumers.



**cep-Assessment:** The EU ETS II will effectively and efficiently reduce overall carbon emissions from the road transport and buildings sectors. The carbon price provides incentives for alternative fuels, energy-efficient renovations, more efficient new buildings and lower-carbon heating systems, and will prevent rebound effects. The Council and the EU Parliament should therefore refrain from limiting the scope of the EU ETS II to commercial users; ensure that it is designed to be socially fair and dispense with a price cap so that it effectively reduces carbon emissions.

## EU ETS II: Use of auction revenues [Long Version A.2.6]

**Commission proposal:** Member States determine how revenues from the auctioning of EU ETS II allowances will be used, except for those which go into the EU budget as “own resources”. Member States must use auction revenues to promote climate action, to reduce “distortionary taxes” or to support low and middle-income households.



**cep-Assessment:** Using auction revenues in a socially fair manner is crucial for ensuring public acceptance of the EU ETS II. These revenues should not be channelled into the EU budget. Member States should be obliged to use them largely for direct income support rather than to finance climate action. For reasons of social justice, it is better if measures to reduce carbon and to overcome “market barriers” are funded from national budgets.

## Social Climate Fund (SCF) [Long Version A.3]

**Commission proposal:** A Social Climate Fund amounting to 25% of the expected auction revenues will be established. The funds will be allocated to the Member States according to their per capita gross domestic product as well as the proportion of low-income households and rural population. They must be specifically targeted at the needy. Member States must draw up detailed Social Climate Plans with concrete carbon reduction measures.



**cep-Assessment:** To make the EU ETS II more socially fair, instead of exempting the private sector, the Social Climate Fund should be designed as a straightforward transfer between Member States without bureaucratic Social Climate Plans, and be less restrictive regarding direct income subsidies for small businesses and middle-income households. For this purpose, Member States should set up systems for per capita transfers.

## Energy performance of buildings (EPB): Energy performance requirements

[Long Version A.5.4]

**Commission proposal:** Member States must set minimum requirements for energy performance (“energy performance requirements”) to achieve “at least cost-optimal levels”, which must be met by major renovations. New buildings must be nearly-zero-energy buildings by 2027 and zero-emission buildings from 2030.



**cep-Assessment:** Member States should not be allowed to set energy performance requirements beyond the cost-optimal level. The stipulation that new buildings must be nearly-zero-energy buildings by 2027 and zero-emission buildings as of 2030 will override market forces in a dirigiste manner by imposing a disproportionate requirement for near zero energy consumption, and will hinder the construction of affordable housing.

## EPB: Minimum requirements for buildings [Long Version A.5.5]

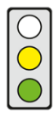
**Commission proposal:** Public buildings and non-residential buildings must achieve the (new) efficiency Class F from 2027 and efficiency Class E from 2030 (minimum requirement). For residential buildings, the corresponding minimum requirements apply from 2030 and 2033. Member States may set minimum renovation requirements for all other buildings.



**cep-Assessment:** The gradual phasing-in of minimum requirements for permitted efficiency classes aimed at raising the entire building stock to at least Class E level, starting with Class G and followed by Class F, is not cost-efficient and may amount to serious interference in the rights of building owners. Instead, the EU’s approach to decarbonising the building stock should be exclusively oriented towards efficient energy modernisation – such as district or neighbourhood approaches.

## EPB: Neighbourhood approaches/One-stop-shops [Long Version A.5.8]

**Commission proposal:** Member States must facilitate the bundling of projects, such as by way of “district or neighbourhood approaches”, and provide “one-stop-shops” for all actors involved in renovation, such as homeowners and administrative, financial and economic actors, including small and medium-sized enterprises.



**cep-Assessment:** Bundled planning and implementation of energy renovations and the provision of low-carbon heating in neighbourhoods, as well as the establishment of one-stop-shops, are all important for efficient decarbonisation of the building stock. One-stop-shops should, if possible, be established at local government level – regardless of whether they are organised by local authorities or cooperatively or privately.

## EPB: Charging points for electric vehicles [Long Version A.5.11]

**Commission proposal:** Residential buildings undergoing major renovation, which have more than three vehicle parking spaces, must be equipped with pre-cabling for the installation of “smart” charging points for every parking space; office buildings must have one charging point for every two parking spaces.



**cep-Assessment:** Subsequent cabling for charging points on individual parking spaces is complex and costly and may have to be approved by the owners' meeting. Appropriate preparatory work for pre-cabling is therefore advisable in the case of larger renovations. In this regard, however, the obligation to lay just empty pipes rather than copper cables is sufficient – in the interest of saving resources.