



## PRESS RELEASE

# Agreement on Energy Performance of Buildings Directive (EPBD): Focus now shifts to Member States

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EU legislators reached a **long-awaited agreement** on the recast of the Energy Performance of Buildings Directive (EPBD) on 7 December 2023. FIEC, which recognises the varying starting points of Member States regarding building renovation and the considerable social impact of the EPBD, welcomes the agreement. The new text has the potential to **boost the European renovation market** and to contribute to the **decarbonisation of buildings** in the EU.

However, FIEC regrets that the text does not go far enough in **setting clear benchmarks** for the renovation of buildings and therefore does not provide sufficient planning certainty for construction companies. The new EPBD also raises questions about **financial feasibility**. The focus now shifts to the Member States, which will have to ensure that the available EU funds are **used as efficiently as possible for cost-effective energy-efficient renovations** and that a sufficient and properly trained workforce is available.

Since the publication of the proposal in 2021, FIEC has **successfully lobbied** for a streamlined Directive that **keeps the focus on the energy performance of buildings** (no 'catch-all instrument'). It has also succeeded in enshrining the 'neighbourhood' approach in the Directive and in giving Member States more flexibility, for example in setting emission and energy consumption thresholds for **different building typologies and climatic zones**.

## EPBD has potential to give boost to energy-efficient renovations

EU lawmakers have opted for a two-pronged approach to the renovation of buildings on EU territory: For residential buildings - of which there are around 100 million in the EU - Member States must set their own national trajectories to reduce the average primary energy consumption of these buildings by 16% by 2030 and 20-22% by 2035. Member States are free to choose which buildings to target and what measures to take. The national trajectories must ensure that at least 55% of this reduction is achieved by renovating the worst performing buildings. Almost half of the residential building stock is 'worst performing'.

For the non-residential building stock, the revised EPBD requires a progressive improvement through minimum energy performance standards (MEPS). 16% of the worst performing buildings will have to be renovated by 2030 and 26% by 2033.

Commenting on the agreement, **Stephanos Pierides, Chairman of FIEC's sub-commission on environmental affairs**, states: *"Congratulations to the negotiators on their achievement in reaching an agreement on such a controversial proposal during geopolitical upheaval and after almost two years of intensive talks. The focus now shifts to Member States, who have the responsibility to fulfil the full potential of the Directive."*

Renovations already account for one third of all activities of FIEC's members and their companies, and this number is expected to increase with the new EPBD<sup>1</sup>.

## Less planning certainty and harmonisation than expected

However, while FIEC recognises that Member States have inherently different starting points for building renovation, it regrets the lack of clear benchmarks for building renovation and a standardised energy performance class system.

*"The minimum standards in the original proposal were too high and needed improvement. However, Member States now have too much flexibility to define their own renovation plan. It is now unclear whether the new EPBD will lead to a doubling of the renovation rate in the EU while at the same time ensuring that businesses have planning certainty and that lenders can make investment decisions with sufficient data on the energy performance of buildings. In addition, the new rules may not be enough to meet the EU's ambitious energy savings and climate targets"* adds **Pierides**.

## Will the EPBD discourage new housing construction?

Negotiators also had to make tough choices for new buildings, where 'zero emission buildings' (ZEBs) will be the new standard. Under the agreement, all new residential and non-residential buildings must have zero on-site emissions from fossil fuels from 1 January 2028 for publicly owned buildings and from 1 January 2030 for all other new buildings, with the possibility of specific exemptions.

Member States must also ensure that new buildings are *solar-ready* and that the so-called life-cycle Global Warming Potential (GWP) of new buildings is calculated.

The new rules come at a time of high mortgage rates, high inflation and long waits for building permits. The combination of these elements is having a negative impact on the already difficult situation in the housing market and on overall construction costs.

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<sup>1</sup> See FIEC's Statistical Report, <https://fiec-statistical-report.eu/>



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"Although 2028 and 2030 seem a long way off, the ZEB standard and the calculation of the climate performance of new buildings are likely to increase the cost of new homes and could act as a disincentive to new housing construction at a time when the housing crisis is spreading across Europe. As FIEC made clear in its [Position Paper on the Parliament's position on the EPBD proposal](#), the urgent need for housing makes it more important than ever that energy efficiency policies take into account the impact of specific measures on housing", comments **Pierides**.

## Financing, training and attracting skilled workers crucial for a successful implementation

In addition, Member States will develop National Building Renovation Plans, which will not only set out the national strategy for decarbonising the building stock, but also address the main remaining barriers, namely financing, training and attracting more skilled workers.

Estimates of the investment needed to bring the worst performing buildings up to an adequate level of energy efficiency range from €15,000 to €100,000. Countries with a high proportion of vulnerable households, who often own the worst performing buildings, are likely to face greater difficulties in financing energy renovations.

"The new EPBD still raises questions of financial feasibility and social justice, and we fear that many homeowners, particularly those living in the 'worst-performing' buildings, will face problems in obtaining the necessary financing to renovate their homes as they are often the most vulnerable ones. Although the European Commission has significantly increased the funding available for renovation in recent years, Member States and financial institutions now have a shared responsibility to provide technical and – above all - financial support to households, whether through public funds, tax incentives or other public support schemes or through innovative loan products," adds **Pierides**.

Adequate financial support measures for smaller companies and training for construction workers, who will, for example, need to learn how to work more closely with actors across the construction value chain to calculate the lifecycle GWP of new buildings, as well as attracting more skilled workers to the sector, are also needed to ensure that the potential of the EPBD is not wasted and that new, high-quality jobs are created in the sector.

FIEC now calls on Member States to **quickly define their respective national pathways** for the renovation of their building stock **so that construction companies can have planning certainty as soon as possible**.



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