



Call for feedback on the EPBD cost optimality methodology

Climate Alliance's position

The methodology used to determine what constitutes cost-optimality is central to far more than just costs, it stands at the core of many of the most pressing issues of our times. Social welfare and energy poverty, environmental impacts and emissions, energy independence and grid stability – building performance is central to them all. Relaxing building performance and energy efficiency standards in the name of cost optimality is thus in no way the “cheaper” path forward. Indeed, sidelining so-called health and environmental externalities such as reduced healthcare costs, improved productivity, and enhanced quality of life due to better indoor environmental conditions would, at best, lock in missed opportunities.

Broadening the focus

It is imperative that the methodology account for the broader societal value that energy efficiency gains deliver. Including the multiple benefits building energy efficiency has to offer by taking a wider set of key socio-economic indicators such as energy security, productivity, energy poverty reduction, and grid benefits into consideration should not only be possible as referred to in preamble 8; the integration of these benefits into national cost-optimal calculations should be required as should the adoption of the macroeconomic perspective as the default approach in article 4.

The long view

In terms of time horizons employed for costs calculations, it is essential to consider the actual service life of buildings and their main components – typically substantially longer than the proposed 20 and 30-year timeframes proposed. Such short calculation periods risk underrepresenting long-term benefits, distorting assessments and penalising both investments in sustainable efficiency measures as well as the very sustainable construction methods that we should, instead, be promoting.

Energy sufficiency vs. sharing

While promoting decentralised renewable energy production is valuable, the currently foreseen primary energy credit risks creating false incentives, potentially promoting expensive single-building storage schemes that are neither ecologically

nor economically efficient at the expense of true building energy performance. Systems that feed excess electricity into the grid are typically far more cost-effective. Shifting investment into efficient building fabric and technical systems will additionally reduce peak loads and losses, making our electricity grids more resilient. If we are looking at cost-optimality, we would do well to produce as much renewable energy as possible when and where it makes sense to do so while ensuring that it can be used where and when it is needed most.

Multilevel Governance

As the level of government closest to implementation, municipalities and regions are central to delivering the cost-optimal building performance standards envisioned in this act. However, the draft currently lacks any reference to multilevel governance or subnational actors. Language encouraging Member States to involve local and regional authorities in implementing renovation strategies should be included along with provisions to promote capacity-building, knowledge-sharing, and funding access for municipalities and regions in line with the governance principles of the Energy Union and the EU's Climate Pact. Their inclusion is essential to ensure the methodology delivers both climate and societal benefits on the ground.

No time to lose

When it comes to our building stock, long lifecycles and lock-in effects mean that time is of the essence. Effective and timely uptake of the revised methodology through clear and proactive communication as well as capacity-building opportunities and knowledge sharing will prove crucial.

Contact

Noelani Dubeta

EU Policy Coordinator, Climate Alliance

n.dubeta@climatealliance.org

THE CLIMATE ALLIANCE

For over 30 years, Climate Alliance member municipalities have been acting in partnership with indigenous rainforest peoples for the benefit of the global climate. With over 2,000 members spread across more than 25 countries, Climate Alliance is Europe's largest city network dedicated to comprehensive and equitable climate action. Recognising the impact our lifestyles can have on the world's most vulnerable people and places, Climate Alliance pairs local action with global responsibility.

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