

Energy saving, gas saving, lifesaving:

Energy performance standards for the worst performing homes is vital

Brussels, 19 October 2022

Dear European Council,

We are a group of social and environmental NGOs, and unions that call on you to ensure that households are not sacrificed winter after winter, being left to **pay unaffordable bills and locked into continued reliance on volatile fossil fuels prices.**

Implementation of ambitious **Minimum Energy Performance Standards (MEPS) with social safeguards is key** to protecting households. These standards will mobilise the power of home energy efficiency, reducing the cost of a comfortable and healthy living environment. **Energy efficiency is a cost-effective, long-term solution to the main structural cause of energy poverty: inefficient housing. Implementation of MEPS will reduce energy demand, alleviate pressure on government spending, which is currently subsidising billions of euros on energy bills, and will contribute to EU's energy independence¹ delivering a greener and more socially fair Europe.**

CONTEXT

We are in a crisis. The wholesale price of fossil gas, the most common household heating fuel in Europe, has risen tenfold in two years². Skyrocketing fossil gas prices have impacted the wholesale price of electricity in turn. Since Russia's unprovoked **invasion of Ukraine, the prices of oil, wood and coal have also risen.** The circumstances leave no option, clean or otherwise, for European households to access affordable energy services.

Over **50 million Europeans** were already living in energy poverty before the current crisis. As the energy price crisis approaches its second winter, skyrocketing prices have widened and deepened Europe's energy poverty crisis. This winter, thousands of families will be denied access to essential energy services at an affordable price. They will have to choose **between heating their homes or having food on their table.** To **avoid unaffordable bills, families will be rationing energy,** self-disconnecting from the grid and burning low quality fuels or waste to warm up. This critical situation has severe direct impacts on health, both mental and physical, it presents **safety risks in homes,** and is also preventing **their full participation in society.** Social services for the homeless have also expressed urgent concern about their ability to continue their work due to the rising energy prices.

Back in 2019 Europe was promised a **Green Deal** that leaves no one behind. Since then, events have run ahead of us. Every unaffordable bill received, leaves low-income households further and further behind in the energy transition, less and less able to pay for basic energy services let alone adequate, clean and affordable ones. **The situation is overwhelming low-income households plunging them even further into energy poverty. But the rising cost of energy is also threatening middle class households, putting them also at risk of energy poverty³.**

¹ <https://guidehouse.com/-/media/www/site/insights/energy/2022/energy-dependency-f-and-g-class-buldings-20220505.pdf>

² <https://tradingeconomics.com/commodity/eu-natural-gas> (Natural gas EU Dutch TTF)

³ <https://www.cleanenergywire.org/news/energy-poverty-increasingly-affecting-germanys-middle-class-analysis>

THE OPPORTUNITY

The **Energy Performance of Buildings Directive (EPBD)** offers us a huge opportunity to pave a path out of the crisis towards lower bills, decent homes **and reduced reliance on fossil fuels for the lowest income households**. And to reduce the risk of energy poverty across Europe.

In the past the EPBD has been **reluctant to enter people's homes** but this is exactly where we can find the most tangible benefits in response to the current **climate and price crises**. Homes are 75% of the floor area of EU buildings and 75% of homes are inefficient so they offer huge and largely untapped energy savings potential⁴. Europe's homes are the largest single user of gas, accounting for around 40% of gas use, and therefore the largest opportunity to **reduce gas reliance**⁵. Most importantly, improving homes delivers the most tangible benefits to people's everyday lives, showing them **the benefits of the energy transition**.

A strong EPBD can also deliver on **other policy targets**. Earmarking of energy savings for energy poor (Article 8 EED) and support for a rapid fossil-fuel phase out in the building sector (Article 15a RED) could be achieved thanks to an ambitious design of these tools.

Previous approaches have failed to trigger deep renovations: **buildings are lagging behind Europe's decarbonisations trajectory and low-income families are paying the highest price of this delayed action**. Traditional schemes tend to only support those already engaged and who have private funds to invest, failing to focus energy saving measures on the homes and families that need them most. Measures such as targets and trajectories for improvement of the whole stock leave too much scope for high performing new buildings or renovating of the better performing to increase the median of the overall stock but leaving the poorest people behind. **MEPS that prioritise residential buildings and focus on renovating the worst homes first this decade are one of the few structural measures that can reverse this trend**.

Strong MEPS, that will have **formal impact only after the EPBD** is implemented in member states three winters from now, sets the priorities for investment and prioritisation now. Clearly **identifying which homes** must be renovated by which dates and to what standard, shows the supply chain where to invest and scale up. It also directs and streamlines the use of public funds. If Europe fails to secure **strong minimum standards for homes**, these finite resources will be diverted to buildings in other sectors. Focussing on other areas of the stock leaves **low-income households out in the cold in winter and sweltering in summer**.

RECOMMENDATIONS

A diverse range of stakeholders has come together to call for an EPBD that provides a long-term solution to energy poverty. We must ensure that worst performing buildings and energy poor households are prioritised, hence we call on you to introduce mandatory Minimum Energy Performance Standards across the residential sector with strong social safeguards. **Our recommendations are:**

1. Tackle unsafe and inefficient housing of low-income households as a priority in the EPBD.
2. Introduce mandatory and ambitious Minimum Energy Performance Standards that:
 - prioritise homes
 - focus on the worst performing homes of low-income households first
 - target deep renovations that put homes on a pathway of a small number of steps to full decarbonisation

⁴ BPIE Buildings under the microscope, <https://www.bpie.eu/publication/europes-buildings-under-the-microscope/>

⁵ Acer factsheet, <https://www.acer.europa.eu/gas-factsheet>

3. MEPS must be introduced with strong social safeguards and Member States must be required to monitor their multifaceted impacts at national level.
4. Ensure an ambitious deep renovation standard to support low-income households in the transition to Zero Energy Buildings.
5. A sustainable roadmap towards decarbonisation of the heating and cooling systems, comprising:
 - phasing out fossil fuels
 - incentives to improve access to clean & safe renewables
6. Ensure the allocation of substantial EU funds to deliver renovations, prioritising low-income households, those facing energy poverty and those living in unfit housing. Member States must be provided with guidance on how to effectively integrate EU funds, such as the Social Climate Fund, to target subsidised renovations for those most in need as priority investments.
7. Provide technical assistance to Member States to develop and design effective low-income renovation programmes and local renovation strategies informed by the input of all affected stakeholders, including local governments, social partners, civil society, and residents
8. Support the establishment of local one-stop-shops networks, which:
 - streamline assistance for both renovations and small-scale, non-emitting renewable energy installations
 - provide social facilitation, with appropriate service levels for vulnerable households, throughout the whole renovation process
 - have specific schemes to reach out to low income and vulnerable households, through homeowner's associations or other community networks
9. Outline stronger obligations for landlords and protections for tenants to ensure housing affordability, overcome landlord-tenant split-incentive and prevent renovictions. Measures like providing rent support or by imposing caps on rent increases, which were included in the Commission's proposal, must be maintained and reinforced.
10. Establish measures to support workers who need to shift towards green jobs: social protection, quality of jobs, fair working conditions, adequate wages and resources to undertake reskilling and upskilling programs.

As we **approach the worst winter on record for households struggling to pay their energy bills, now is not the time to falter**, to renege on the promise of decent homes and that the energy transition will leave no one behind.

These recommendations come from allies and coalition members of the **Right to Energy coalition**. This group unites environmental NGOs, trade unions, anti-poverty groups, social housing providers, health organisations and energy cooperatives across Europe to tackle energy poverty. We work together to provide the most socially and environmentally resilient solutions in the EU Green Deal.