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### **Finnish Energy on the Recast of the Energy Performance of Buildings Directive (EPBD)**

Finnish Energy represents the Finnish electricity, gas, and heating sectors, and we have 270 members. We strongly support the Commission's proposal for the EU's climate targets for 2030 and 2050. We are also committed to Finland's carbon neutrality target for 2035.

We generally welcome the revision of the EPBD and see the crucial role the building sector has in mitigating climate change. However, we have concerns about some of the detailed provisions, which we would like to share with you. **Our 3 key points are:**

#### **Technological neutrality**

We consider that the definition of zero-emission building stock is a good goal as such. However, the way a zero-emission building is introduced and defined, imposes unnecessarily narrow limits ignoring the possibility of achieving carbon-neutral building stock by using zero-emission district energy and electricity. Equal treatment of on-site and supplied energy (electricity, heat and cold) should be ensured.

#### **Cost efficiency**

In order to achieve zero-emission building stock cost efficiently and take national differences into account, there is need for more flexibility at Member State level.

The directive should allow the existing building stock to be made carbon-free including through changes at the energy system level. This would allow the fastest and most cost-effective transition to a carbon-neutral energy system and thus to the building stock in Member States where the energy purchased for buildings is based on district heating, district cooling and electricity.

Categorical building-level requirements can lead to sub-optimal solutions and jeopardize the development of sector integration. Zero-energy buildings are seen as an unrealistic and suboptimal solution from the perspective of the energy system. This is because zero-energy buildings are defined in an imperfect way i.e., energy consumption is netted over the year and surplus energy produced during summer is fed into the grid and then energy is purchased during the winter from the grid which means the building is not in fact zero-energy. This is not optimal from the energy system perspective and hence we view that cost efficiency is the most relevant parameter to look at.

We view that considering the whole energy system instead of optimising single buildings leads into the lowest costs over estimated economic lifetime which supports regulators at setting the minimum energy performance requirements with higher ambition.

Wider level approach in decarbonising the heating and cooling sector will create system efficiencies on a larger scale and make more significant impact at a lower price.

Finnish Energy believes that the revision of the Energy Performance of Buildings Directive should be coherently implemented within the “Fit for 55 Package”. A cost-efficient and technology neutral climate framework based on the EU ETS will prioritise climate action and bring transitions costs down. EU ETS is certain and efficient way to ensure emission reductions and would also minimise the costs for citizens. Therefore, the introduction of emission cap and CO2 price for whole heating sector should be the priority.

### Locality

The countries in the EU differ from each other geographically and energy systems and societies are drastically different. Hence too detailed legislation of methods trying to achieve common targets may lead to significant inefficiencies and additional costs if specific features of member countries are failed to be recognized. We view that this is visible in EPBD i.e., from the perspective of district heating and solar energy.

The value of district heating and already existing infrastructure needs to be recognized in the legislation. Additionally, obligations on the Member State to promote the deployment of solar installations on buildings is viewed positively by us and our members are also active in the development of solar energy.

However, we are reserved to the imposing nature of the Commission’s proposal, as we do not consider it being the right approach to impose solar energy on buildings, but rather that this should be the customer’s choice to choose the most cost-effective option. In the Nordic countries, the solar energy is not always the most cost-effective choice, and hence we are sceptical of this aspect of the proposal. It is important to consider the differences between Member States, but also to leave flexibility to find the right balance for the best solutions to thrive.

**Please feel free to reach out to us to discuss in further details:**

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