



*The Secretary General*

Brussels, 21<sup>st</sup> December 2017

**Plenary vote on Energy Efficiency Directive: Position on 3% renovation requirement for municipalities after ITRE vote 2016/0376 (COD)**

Dear Members of Parliament,

In the plenary of the European Parliament on 16<sup>th</sup> January 2018 you will vote on the amendments to the proposed revision of the energy efficiency directive (EED).

The proposed amendments for the first reading by the responsible industry committee (ITRE) include an expansion of the **binding renovation rate** to all public buildings – including buildings owned by national, regional and local government. The proposed yearly 3% renovation requirement for public buildings raises a number of practical difficulties and concerns for local and regional authorities. The CEMR, representing 61 European associations of cities and regions from 41 countries asks you to reject this proposal.

Due to a rather narrow majority for the compromise amendment no 3 in question in the ITRE (35 votes for, 29 votes against and one abstention) the respective amendments will be voted upon in a split vote in the upcoming plenary session on 16<sup>th</sup> January 2017.

**We would like to ask you to reject the proposed expansion of the binding renovation rate as foreseen in amendment no 53 of the ITRE draft legislative resolution and no 24 of the ENVI opinion which would change article 5 of the current directive.**

Our urgent request is based on the following reasons:

- **A 3 % requirement is not a useful and efficient measure.** It disregards both needs and possibilities on local, regional and MS level. Renovation needs vary considerably according to the age structure of building stocks, previous measures, plans for new investment rather than renovation etc. There are also alternative investments and measures that can be more cost effective in reducing climate impact.
- **The proposal is highly ambitious in administrative and financial terms.** Significant amounts of the (already tight) budget of municipalities and regions would be tied to finance energy efficient renovation of buildings. For German municipalities alone this would mean an estimated 6-7 billion annually for the municipal core budgets. The funds which are currently made available for municipalities from the European Regional Development Fund (ERDF) for this purpose can only cover a mere fraction of the cost.

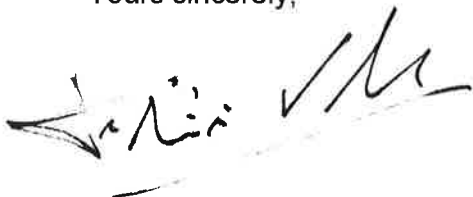
.../...  
Square de Meeûs 1  
B-1000 Bruxelles  
Tel. +32 2 511 74 77

info@ccre-cemr.org  
[www.ccre.org](http://www.ccre.org)

- .../...
- **By imposing such a binding rate the possibilities for municipalities to invest in other important areas of public services would thus be curtailed substantially.** It would compete with scarce resources for construction of new buildings needed for housing and other purposes.
  - **A binding renovation rate on European level is jeopardizing the national public funding for energy efficiency measures.** With a mandatory rate a vast majority of local governments will lose funding from their respective national and subnational governments since only voluntary steps outside legal regulation and standardisation are being funded. This would counteract the current efforts, which are being carried out by municipalities to improve energy-efficient modernisation of their buildings with the help of these public funds. The active implementation of the Paris Climate Accord as well as the energy efficiency targets are endangered, should the funding be impeded.
  - **The impact on successful schemes** supporting local and regional energy efficiency initiatives in some countries has also to be taken into account. Some Member States have their own energy efficiency agreements with local and regional authorities. The latter are participating in various voluntary energy or climate programmes and campaigns which also serve energy efficiency. These arrangements have to be kept and developed as relevant alternative examples.
  - The binding renovation rate would furthermore affect the municipal housing sector if the position to specifically include social housing – as the ITRE is currently proposing – is upheld. This would lead to **negative effects on the creation of affordable housing and the development of social housing in the municipalities.** For some MS it would also create unbalanced terms of competition in the housing market between publicly and privately owned buildings.

Therefore we would ask you to reject the proposed expansion of the binding renovation rate as foreseen in amendment no 24 and take our remarks into account when making your decision.

Yours sincerely,



Frédéric Vallier