ICLEI Europe recognises that energy efficiency is a key area for urgent action in the EU in order to reach 2030 greenhouse gas emission reduction targets and to achieve a climate-neutral Europe by 2050. Whilst supporting the proposed revisions to the EED overall, it is our position that amendments to the text should be made to more strongly highlight the central role subnational governments play in delivering on-the-ground energy efficiency gains.

The EED will have the desired impact only if Member States engage subnational governments in policy design, and if these new or expanded responsibilities are linked to the provision of sufficient technical assistance and resources directed to subnational governments.

The sections that follow provide specific suggested amendments to the EED. They call for greater acknowledgment and support of subnational governments to drive energy efficiency measures. Means of support needed include technical capacity and support in areas such as stakeholder engagement processes; energy efficiency obligation schemes; financing and making projects bankable; as well as setting up and securing the long-term operation of One-Stop-Shops. Local and regional governments must also be equipped with sufficient financial resources to deliver measures and to take on additional monitoring and reporting responsibilities.

ICLEI Europe welcomes that the Covenant of Mayors initiative is included in the Directive’s recitals. Indeed, thousands of local governments across Europe have already designed, developed and kicked-off ambitious energy efficiency measures, for example as part of Sustainable Energy and Climate Action Plans designed in the context of the Covenant of Mayors. These planning documents, as well as comparable local climate action plans, capture the priorities of the local communities and include actions designed to provide socio-economic and environmental benefits to citizens. Measures respond holistically to climate change, connecting energy efficiency and resilience measures from the outset, while responding to the needs of vulnerable communities, including tackling energy poverty. Such plans include an abundance of measures ready for implementation, which collectively generate a massive pipeline of bankable projects that are almost investment-ready.

Local policies and actions are key to accelerate implementation of the EED, and are a source of great potential ready to be tapped into by Member States as part of their efforts to scale up their ambitions, and work towards higher energy efficiency targets.

The following sections provide feedback on the EED Articles, as well as more detailed comments on EED Recitals in relation to the energy efficiency of buildings.
1. Feedback on specific EED Articles

**Article 3:**
The energy efficiency first principle is seen as a welcome addition to the Directive. It is stated that “national and regional planning, policy major investment decisions” are to be reported. As concrete energy efficiency investments ultimately take place at the local level, Member States should ensure that subnational governments are engaged in national and regional planning processes, that impact monitoring extends beyond energy savings to also include socio-economic and environmental aspects, and that additional monitoring and reporting burdens are avoided, or sufficient resources are provided to local governments to take on these tasks.

**Article 5:**
It is stated that “Member States shall ensure that regional and local authorities establish specific energy efficiency measures in their decarbonisation plans”. ICLEI Europe highlights the necessity for Member States to take into account the thousands of Sustainable Energy and Climate Action Plans (SECAPs) that local and regional governments in Europe are developing and implementing, e.g. as part of their commitments to the Covenant of Mayors initiative. These plans, which take into account local needs and priorities, should be considered and, as far as possible, connected with national policies. National efforts should also focus on supporting subnational plan compilation or amending via programmes that facilitate the exchange of good practices, encourage peer learning and facilitate direct access to finance for local governments to implement their SECAPs, to support stakeholder engagement, and to plan compilation activities.

**Article 6:**
Expanding the renovation requirement to buildings owned by all public bodies is seen as necessary, both in terms of climate mitigation and adaptation. However, it is cautioned that subnational governments will require significantly increased technical assistance and resources to future-proof public building stock and deliver substantial, real-life operational performance gains. Moreover, one may wish to amend the obligation to update inventories of public buildings on an annual basis in favour of a longer interval, to reduce the subnational reporting burden.

**Article 7:**
The updates to the EED stipulations on public procurement are welcomed (e.g. the emphasis on whole life-cycle performance and removal of the cost-effectiveness conditionality). However, the issuance of guidelines and methodologies by Member States alone may not suffice to enable public bodies to adapt procurement processes. An increase in technical assistance offerings to support (particularly smaller) local and regional authorities is recommended.

**Article 8:**
In relation to the Directive’s obligation that Member States are to achieve end-use energy savings, the text rightly recommends that renewable energy communities and citizen energy communities should be promoted (point 3). The text should further counsel that the development of policy measures should strongly engage subnational policy makers, to ensure that on-the-ground challenges and opportunities are reflected in overarching goals and targets, to increase subnational ownership in the process and to encourage policy alignment at the various governance levels.

**Article 9:**
The utility of energy efficiency obligation schemes is recognised. However, it must be noted that subnational governments may not always have experience or the necessary technical capacities to work with obligated parties to develop such projects. It is therefore recommended that the Directive encourage Member States to introduce or continue offering capacity building activities and technical assistance for local and regional authorities in this domain.

**Article 11:**
Energy auditing is seen as a crucial enabler and catalyst for the planning and implementation of energy efficiency measures in buildings. ICLEI Europe sees value in mandating such audits in future. However, considering the present shortage of auditors, it may be prudent to explicitly encourage Member States to introduce or ramp-up training and certification schemes first (as is proposed in Article 26). To create a stronger market for auditing, grant and subsidy schemes could be introduced at the Member State level that make audits a precondition for the receipt of support.
Article 21:
As the level of government closest to its citizens, local authorities will play a key role in consumer awareness-raising and the setting up of One-Stop-Shops. Member States should be encouraged more explicitly (possibly in point 3 of the article), to set up programmes that support the roll-out of communication campaigns and provide long-term financing for citizen advisory and support hubs.

Article 22:
Their proximity to citizens also means that local governments play a key role in identifying, supporting and protecting vulnerable groups and those affected by energy poverty. This fact could be highlighted in the text and Member States should be encouraged to provide resources to set up or scale-up subnational programmes for outreach and support.

Articles (23-25) on heating and cooling assessment and planning:
Heating and cooling (HC) accounts for half of the energy demand in Europe. About 66% is still fossil fuel based and the EU average share of renewables for HC amounts to only 22.1% (2019). Thus, ICLEI Europe calls for:

→ Establishing an internal market for HC and energy storage that privileges energy efficiency and renewable energy services instead of gas or other fossil fuels;

→ An annual binding target of 2.1% renewable energy and excess heat and cold in district heating and cooling;

→ Enabling Heat Purchase Agreements to be made (e.g. by local authorities) that foster the increase of renewables and use of excess heat in the local energy system;

→ Empowering and easing the possibility for community energy and collective actions to be part of the heating and cooling market;

→ Making HC planning obligatory for a defined size of municipalities (as is done, for example, in Baden-Württemberg, Germany) and assigning resources for them to do so adequately.

Article 26:
The need for qualification, accreditation and certification schemes to professionalise the sector is supported. In conjunction, it should be recommended that Member States devise complementary subsidy and grant schemes for energy efficiency measures that can only be accessed if qualified actors are engaged in projects. This would help drive demand for their services.

Article 28:
With regard to project development assistance mechanisms, it should be noted that Member State offerings should also focus on supporting subnational governments in project aggregation and bundling to enhance their “bankability”. This should utilise a territorial approach based on existing action plans and policies already developed at regional/local level, which represent a substantial and pre-existing pipeline of projects in Europe that could be relatively easily brought to an investment-ready stage.

2. More detailed comments on recitals in relation to buildings

2012/27/EU recital 15 | (26):
The text rightly identifies public bodies as key players enacting energy efficiency measures. It is stated that these bodies fulfil an exemplary role and this statement is applied across all levels of governance. As local governments are closest to citizens and directly engaged in on-the-ground programmes and projects, it is essential to acknowledge their particular importance and highlight the need for them to be enabled via sufficient technical assistance and resources.

2012/27/EU recital 16 (adapted) | (30):
Local and regional sustainable energy agencies are highlighted in particular, as being points of contact that can support public authorities. Whilst it is acknowledged that other institutions also provide support, the focus on energy agencies could be further contextualised by also acknowledging the role of climate protection agencies, as well as provincial and national governments (and European institutions/initiatives) in supporting public authorities via capacity building, technical assistance and funding. Sustainable energy agencies are specifically identified as being able to serve as One-Stop-Shops, pursuant to Article 21, but these are not the only suitable players that can fulfil such a role and, further, the direct connection to renovating building stock could be underlined here.
2012/27/EU recital 16 (adapted) | (31):
Member State activities to support local and regional public bodies via guidelines and the promotion of trainings is emphasised. However, the need to enable subnational actors via technical assistance, resources and overall policy alignment is not mentioned. Energy agencies are once again highlighted, yet other actors also play important roles in tackling complex issues.

2012/27/EU recital 18 | (34):
It would be preferable if both European and global urbanisation trends and infrastructure figures were quoted, as the Directive addresses the EU context. The recently published aggregation and impact report by the Joint Research Centre and the Global Covenant of Mayors provides excellent input to assess the impact and the potential of local action in this sector.

2012/27/EU recital 43 | (93):
It should also be acknowledged that One-Stop-Shops can play an important role in awareness-raising and mediation (e.g. in the case of buildings with complex ownership structures), as well as training and coordination of renovation value-chain actors, to address local energy renovation market fragmentation.

2012/27/EU recital 43 | (98):
In relation to complementary funding schemes, it may be worthwhile to highlight the role of One-Stop-Shops and to mention staged and blended financing solutions.

2012/27/EU recital 43 | (99):
In addition to emphasising the need for inclusivity of social groups and ensuring that energy efficiency measures do not exacerbate inequalities, the EDD may also draw attention to housing affordability and gentrification.

2012/27/EU recital 45 | (101):
In addition to schemes to certify, train and attract new talent to the building sector, Member States could also ramp-up demands for building energy auditing services, by making their engagement a precondition for certain grants and subsidies.

2012/27/EU recital 47 (adapted) | (102):
If provided with additional capacity-building and resources, local and regional governments could also play an important role in aggregating building energy efficiency projects, to increase their attractiveness for energy efficiency funds with respect to energy performance, as well as contracting/bankability.

(103):
It is worth noting that there are further actors, in addition to local energy agencies, that can support the conception, set-up and operation of One-Stop-Shops.

2012/27/EU recital 48 (adapted) | (107):
Considering that the owner-tenant split incentives issue is a key barrier to raising energy renovation rates, the text may also wish to encourage the exploration of creative financing solutions, such as on-bill financing schemes or the arguably more controversial PACE approach. Regional and local governments could further act as guarantors to de-risk private investment, if sufficiently supported at national levels.

2018/2002 recital 36 (adapted) | (115):
It will be key that new or expanded EU financing instruments are made accessible to subnational government stakeholders, to drive on-the-ground energy efficiency projects.

2018/2002 recital 38 (adapted) | (118):
Even if not identified specifically, evaluating the Directive’s alignment to international processes in general is recommended.

2018/2002 recital 39 (adapted) | (119):
ICLEI Europe strongly agrees that local and regional authorities should be given a leading role in the development, implementation and assessment of energy efficiency strategies, plans and actions. In order to take on these responsibilities, authorities must be actively engaged in overarching policy processes from the outset, as well as in the development of national goals, targets and monitoring frameworks. Further, a mandate to take leadership must be accompanied by technical support and resources to enable subnational governments to translate their high levels of ambition into action.

2018/2002 recital 42 (adapted) | (122):
Considering the large gap observed between calculated and real-life energy efficiency gains/energy savings in building renovation projects, more pre- and post-renovation monitoring (as well as greater data access, robustness and comparability) will be critical for evidence-based policy making at all levels of governance.
This paper reflects the position of the ICLEI Europe network of Local and Regional governments as a whole, and may not reflect the position of every Member individually.