



Position Paper of the German Business Initiative for Energy Efficiency (DENEFF e. V.)
on the Technical Screening Criteria in the EU Taxonomy Delegated Act

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The German Business Initiative for Energy Efficiency (DENEFF e. V.) is the voice of the German energy efficiency industry, which accounts for about 600,000 jobs. DENEFF welcomes the EU Taxonomy Regulation and has actively engaged in the past activities and consultations related to the Taxonomy. The draft delegated act, in particular concerning technical screening criteria, represents a major step towards a first unified assessment framework for sustainable activities. However, some issues in the present draft act still need to be clarified and possibly reviewed. We would like to highlight the following, in relation to the draft technical screening criteria for climate change mitigation activities (Annex 1):

1. Building sector thresholds must be amended to be more coherent and Paris-compatible. Basing the screening criteria on existing European and national standards is a pragmatic approach. However, the Taxonomy should enable investors to more easily identify Paris-aligned investments. Accordingly, individual thresholds should be reviewed and amended accordingly, in particular:

a. **The criteria for acquisition and ownership of pre-2021 buildings (7.7) are to be welcomed.**

EPC class A is, at this point, a suitable indicator for building that has the potential for Paris-alignment. Adhering to the calculation methods set out by the Energy Performance of Buildings Directive (EPBD) should prevent some of the worst greenwashing attempts (e. g. decarbonisation solely based on “green electricity” contracts). The included reference to the EPBD requirement for efficient operation for large non-residential buildings is essential as well.

b. **The criteria for the construction of new buildings from 2021 (7.1) need to go beyond, not fall behind, the level of ambition set by the acquisition and ownership activity for buildings pre-2020.**

The current draft’s main criterion for construction of sustainable buildings is a primary energy demand of at least 20 % below the national nZEB standard. Unfortunately, many EU member states, including Germany, have decided to define nZEB very unambitiously, which means that in practice, the “20 % below nZEB” criterion for newbuilts may result in an EPC class B (or worse) building being rated as a sustainable construction activity. Even worse, these new buildings would automatically be counted as sustainable under the acquisition and ownership criteria (7.7) from 2021 onwards as well. This would mean substantially weaker criteria would be applied to newer buildings than to older ones. ***To avoid this, the construction category 7.1 should be urgently amended to include the additional criterion “The building has the highest Energy Performance Certificate (EPC) class achievable in the country (or class A)” as a stopgap measure.***

c. **Renovation of existing buildings (7.2) criteria need to be more ambitious to avoid lock-in and stimulate deeper renovations in accordance with Renovation Wave goals.**

The current draft only refers to a relative primary energy demand reduction of 30 % or adherence to national requirements for whole-building renovations, which are usually quite basic. Renovation activities focused on individual measures are covered by sections 7.3 to 7.6 of the screening criteria, so there is no need to set the bar for whole building renovations so low. ***The criteria should therefore be amended to call for a minimum 50 % primary energy demand reduction and to require activities to go beyond the minimum already mandated by national law. It should be considered***

including the additional criterion “After renovation, the building has the Energy Performance Certificate (EPC) class A (or B).”

2. Energy efficiency activities in manufacturing and ICT sectors should be included.

The inclusion of the new category “Professional services related to energy performance of buildings”, covering key solutions such as energy management services, energy performance contracts and other energy services provided by ESCOs as enabling activities in the building sector is strongly welcomed. However, it is regrettable that the same activities are not included in the manufacturing or ICT sectors (especially data centers). The same applies for individual measures consisting of the installation, maintenance or repair of energy efficiency equipment or of instruments and devices for measuring, regulation and controlling energy performance.

Those activities are all included and defined for the building sector, but not for the manufacturing or ICT sectors, where such activities are among the dominant green investments, and on their way to becoming a new asset class. Capital flows into activities that increase the energy productivity of Europe’s manufacturing sector need to be encouraged, and not limited to industries covered by the ETS. ***Therefore, the manufacturing, ICT and professional activities sections of the technical screening criteria should be amended to include enabling professional and energy services, energy efficiency equipment and energy measurement and control technologies.***