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From:	Ms Christine LAGARDE, President of the European Central Bank
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Subject:	Opinion of the European Central Bank of 16 January 2023 on a proposal for a directive on the energy performance of buildings (recast) (CON/2023/2)

Delegations will find attached the document mentioned above, and its technical annex.

Encl.

OPINION OF THE EUROPEAN CENTRAL BANK

of 16 January 2023

on a proposal for a directive on the energy performance of buildings (recast)

(CON/2023/2)

Introduction and legal basis

On 15 December 2021 the European Commission published a proposal for a directive on the energy performance of buildings (recast)¹ (hereinafter the 'proposed directive').

The European Central Bank (ECB) has decided to deliver an own initiative opinion on the proposed directive. The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union and Article 25.1 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), in particular since the proposed directive relates to (a) the basic task to be carried out through the European System of Central Banks (ESCB) to define and implement monetary policy pursuant to Article 127(2) TFEU; (b) the ECB's tasks concerning the prudential supervision of credit institutions pursuant to Article 127(6) TFEU; and (c) the ECB's contribution to the harmonisation, where necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its fields of competence pursuant to Article 5.3 of the Statute of the ESCB. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. General observations

- 1.1 The ECB broadly supports the proposed directive, which aims to increase the rate and depth of building renovations in the Union, to improve information on the energy performance of buildings and to ensure that all buildings are in line with the Union's climate goals. The proposed directive will not only contribute to the Union's climate goals, but will also support the Union's efforts to ensure energy security. By addressing barriers to renovation and setting targets towards improving the energy efficiency of buildings, the proposed directive will contribute to reducing the Union's reliance on fossil fuels and lowering demand for natural gas. Furthermore, it will make households and companies more resilient to energy price surges by lowering energy consumption of buildings and will, in the medium to long-term, help reduce price sensitivity to volatility in fossil fuel prices. In addition, the proposed directive brings more certainty to the pace and timeline of the Union's sustainable transition, in a manner that can be taken into account by credit institutions and financial institutions in their decisions on portfolio allocations and medium-term financing.

¹ COM(2021) 802 final.

- 1.2 The ECB welcomes the proposed directive's aim to improve access to energy performance certificates (EPCs) across the Union. The proposed measures would ensure full access to EPCs for financial institutions, addressing the significant challenges regarding access to this information that credit institutions, in particular, and financial institutions, more generally, are currently facing. These measures would allow credit institutions and financial institutions to improve the climate-related transition risk assessments of their real estate assets. Such improvement is relevant to the ECB, the Eurosystem and the ESCB for several reasons. *First*, as real estate lending represents a significant share of supervised credit institutions' banking book, this information is highly relevant for the ECB and its banking supervisory functions. *Second*, as a significant share of the collateral used by counterparties in monetary policy operations consists of financial assets backed by real estate mortgages, ensuring full access to EPC information for credit institutions and financial institutions would enhance the Eurosystem's capability – in pursuing its price stability mandate – to identify, monitor and mitigate the risks that are associated with its counterparties, the collateral it accepts in its refinancing operations and its holdings of assets arising from outright transactions. *Third*, greater access to EPC granular information is required to support ESCB statistical tasks, including the development of statistical indicators for climate change risk analysis. This, in turn, would help the ECB in its contribution to the harmonisation of rules and practices governing the collection, compilation, and distribution of statistics in the areas within its fields of competence.
- 1.3 However, the ECB has concerns regarding the proposed methodology for the definition of the new EPC classes, and calls for an increased degree of harmonisation across the Union. The proposed directive only defines common criteria for the best and worst EPCs for each Member State, without fully harmonising the underlying definitions and methodologies which are determined at national level. From a risk perspective, this will reduce the comparability across Member States and reduce the usefulness of EPCs as proxies for the riskiness of a specific real estate asset. A more harmonised methodology would help the ECB, in its prudential supervisory functions, to assess the impact of energy efficiency on credit institutions' real estate exposures, on the basis of reliable and comparable data as well as common and standardised definitions at Union level. It would also enhance the Eurosystem's capability to properly monitor and assess the impact of the climate-related financial risks on the assets it holds on its balance sheet, and to ensure adequate risk protection of the Eurosystem's balance sheet.
- 1.4 The proposed directive rightfully recognises the interest of the financial industry in having access to information concerning the energy performance of buildings. The proposed directive should make clear that credit institutions, which are the main source of mortgage lending, are included in its scope.
- 1.5 As further detailed below, the ECB favours, in particular, (a) a more harmonised methodology for EPC labelling across the Union; (b) full and timely access to EPC databases for credit institutions and financial institutions to manage their climate-related transition risks; and (c) transposition of the proposed directive before 2025.

Specific observations

2. Methodology for the definition of new EPC classes

- 2.1 As some Member States apply EPC standards at the regional level, the ECB would favour that the EPC labelling process and the underlying thresholds are harmonised within Member States. Moreover, the proposed directive should limit exemptions falling within national discretion (i.e., in some Member States, stand-alone buildings with a total useful floor area of less than 50 m² are not subject to EPC requirements) to ensure the highest level of EPC availability in the market and a common approach at Union level.
- 2.2 Regarding the EPC definition, while the ECB appreciates that the proposed directive aims to increase the comparability of EPC classes across the Union compared to the status quo, it is concerned that the proposed methodology falls short of the necessary degree of harmonisation.

First, as shown by the climate stress test exercise conducted by the ECB in 2022, the heterogeneous national EPC regulations currently in place, in particular the different methodologies applied by Member States to calculate the energy efficiency of buildings, do not allow for the accurate aggregation of data at Union level.²

Second, the proposed directive only sets common criteria for the definition of the best and worst buildings. In particular, G buildings will be defined as the bottom 15 % of buildings in each Member State in terms of energy performance by the time the new EPCs are introduced. This implies that the bottom 15 % of the buildings would have very different real energy performances across Member States, which significantly reduces true comparability across the Union.

Third, the proposed directive does not implement homogeneous thresholds across the Union to harmonise the labelling scheme, but rather leaves the definition of EPCs to the discretion of the Member States. While this approach might enhance the transparency on the relative energy performance of buildings within a Member State and lead to an comparable renovation effort across the Union, it could potentially lead to an inefficient allocation of capital within the Union.³ Furthermore, Member State-specific EPCs and the associated renovation targets could impact the valuation of real estate assets, where such valuation is not directly linked to the energy performance and the associated impact of energy-related costs. This is undesirable from a supervisory and risk management perspective as it would make it more difficult to link the valuation of real estate assets to credit risk parameters and lending standards.

Fourth, given the current limited coverage of EPCs and the lack of data on the energy performance of the building stock, country-specific thresholds based on the existing EPC information could also lead to ill-calibrated thresholds, especially in Member States where EPC coverage is scarce. If thresholds are ill-calibrated, EPC data may not reflect the overall distribution of energy performance across buildings and introduce unwarranted heterogeneity across Member States.

² See the 2022 climate risk stress test, July 2022, available on the ECB's Banking Supervision website at www.bankingsupervision.europa.eu.

³ Owners in Member States with a relatively high level of energy efficiency (taking into account the local climate) would be required to renovate their building even though the building is relatively energy efficient from a Union-wide perspective. It is acknowledged that the availability of a (mostly local) labour force could be a limiting factor in some Member States.

- 2.3 For the reasons set out above, the ECB is of the view that a more homogeneous Union-wide methodology is preferable, especially in the long run. The ECB acknowledges that the choice between Member State-level and Union-level thresholds is ultimately a political decision that also needs to account for a range of other considerations, such as a comparable renovation effort in each Member State, regardless of the state of the initial building stock, or usability for tenants and buyers. Nevertheless, the proposed directive should aim for convergence of EPC scaling across Member States over time. Such an approach would ensure a more homogenous definition across the Union, strengthening the information content of EPCs as a basis for risk differentiation of real estate assets based on the energy performance of buildings.⁴
- 2.4 If modifying the methodology for EPC harmonisation is ultimately not possible, statistical sampling based on other building attributes and data from all Member States could enhance the calibration of the energy performance thresholds. The calibration should ideally be done at Union level in order to avoid a fragmentation of estimation methodologies. More details on the size of the random samples to be used⁵ in terms of share of national real estate assets would, in particular, enhance the consistency of methodologies across Member States.
- 2.5 If such changes are not achievable, at the very least it is essential that the data used to calculate EPCs are publicly available, as highlighted below.

3. Access to energy performance data for interested parties

- 3.1 The ECB strongly supports the proposed directive's aim to ensure access to EPCs by credit institutions and financial institutions. Having access to data on the energy performance of buildings is an essential prerequisite for assessing climate-related transition risks as well as the carbon footprint of real estate assets as they affect credit institutions and financial institutions, in particular their mortgage portfolios. Access would therefore help to prevent potential spillovers to the Union financial system. Authorities responsible for the supervision of credit and financial institutions, including the ECB, should have full access to EPCs to assess the underlying climate risks.
- 3.2 Aside from credit institutions, financial institutions and central banks, other financial market participants that invest in real estate-backed products such as mortgage portfolios, asset-backed securities or covered bonds need access to energy performance data of the underlying real estate for their own climate risk assessments and disclosures, in particular under Regulation (EU) 2019/2088 of the European Parliament and of the Council⁶ (hereinafter the 'Sustainable Finance Disclosure Regulation', SFDR) as well as for the assessment of the alignment of real estate economic activities with the climate mitigation criteria of Regulation (EU) 2020/852 of the European

⁴ A more accurate, but simple methodology to harmonise EPCs could be to find a common indicator at Union level as main driver, such as primary energy use in kWh/(m²·y) or CO₂ emissions or preferably the combination of both, then calculate it for all buildings and divide the results into seven classes. To complement the information from EPCs on the energy efficiency, based on primary energy use in kWh/(m²·y), an upper limit on acceptable greenhouse gas emissions (kgCO₂eq/(m²·y) for each EPC class could be considered to ensure a speedier decarbonisation of real estate.

⁵ See paragraph 2 of Annex VI to the proposed directive.

⁶ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

Parliament and of the Council⁷ (hereinafter, the 'Taxonomy Regulation'). The proposed directive should therefore ensure that third party investors directly investing in assets that are ultimately backed by real estate or accepting such assets as collateral have access to the EPC information for that real estate.

- 3.3 EPC data, including primary energy demand information, should not only be available to credit institutions and financial institutions in the context of direct investments or mortgage lending for building or purchasing a house, but also for deep renovation loans. This would allow credit institutions and financial institutions to assess the impact of such renovations on the value of the collateral and to perform an appropriate risk analysis. Absent such provisions, the proposed directive risks falling short of addressing one of the main data gaps identified for credit institutions and financial institutions for the collection of the information required by the Taxonomy Regulation.⁸
- 3.4 In light of the limitations of the current methodology for calculating EPC standards (see paragraph 2.2 above), especially in the absence of a more harmonised methodology for the new EPC classes, the proposed directive should, as a minimum, ensure that all key attributes and fields of EPCs (e.g., primary energy use in kWh/(m².y)) are available to all interested parties, including credit institutions and financial institutions. Access to sufficiently granular information (e.g., primary energy use in kWh/(m².y)), and not only to aggregate information, is key to overcoming the limitations resulting from differences in EPC classes across Member States and to ensuring their comparability.
- 3.5 Unique identification is crucial for linking information across data sources, allowing for interoperability and avoiding duplications between reporting requirements. Therefore, the proposed directive should also ensure that EPC data can be linked to a building's exact location, its physical attributes or relevant financial information using a unique building identification and following guidelines developed within the Infrastructure for spatial information in Europe⁹ (INSPIRE), so as to provide investors, central banks and regulators with the possibility to best assess transition and physical risks linked to buildings.
- 3.6 The proposed directive should clarify that the transfer of information from national databases to the Union's Building Stock Observatory or another dedicated platform should be understood to include granular information, without prejudice to the Regulation (EU) 2016/679 of the European Parliament and of the Council¹⁰ (hereinafter the 'General Data Protection Regulation', GDPR) and other legal safeguards. Moreover, to ensure all stakeholders have up-to-date information, publicly available information from national databases, as well as information transmitted to the Building Stock

⁷ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

⁸ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1) provides the following substantial contribution criterion for the activity 'Renovation of existing buildings': the building renovation complies with the applicable requirements for *major renovations*. Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.

⁹ See the Infrastructure for spatial information in Europe knowledge base, available at www.inspire.ec.europa.eu.

¹⁰ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

Observatory or another dedicated platform, should be updated more frequently than once or twice a year, as currently envisaged in the proposed directive¹¹.

4. Timeline for new EPC methodology

- 4.1 The ECB suggests an earlier transposition of the proposed directive, by the end of 2024, rather than the end of 2025, for the following reasons.

First, the supervisory exercises conducted by the ECB in 2022 demonstrated that the amount of EPC data provided by credit institutions is a key issue. While credit institutions referred to limited access to EPC registers in some Member States¹² as one of the root causes, they also failed to report meaningful proxies. In this respect, granting credit institutions and financial institutions access to granular EPC data as soon as possible would improve their existing risk management practices and strategies with respect to climate-related transition risks, particularly for the stock of their real estate loan book.

Second, the timely availability of energy performance data at Union level is essential to properly commit to the proposed directive's upgrading requirements. The proposed directive provides that buildings and building units owned by public bodies and non-residential buildings and building units should be improved to at least energy performance class F by 2027, based on the new EPC standards. These targets are challenging to achieve without an earlier adoption of the new EPC standards.¹³ Member States are required to transpose the proposed directive by 2025, leaving only two years to complete the necessary renovations.

- 4.2 If it is not possible to bring the transposition forward, the ECB suggests that the implementation of certain provisions of the proposed directive be expedited to the end of 2024 rather than the end of 2025.

5. Modalities for EPC harmonisation

- 5.1 As newly issued EPCs will be valid for up to 10 years, adoption of the proposed directive will imply the coexistence, after 2025, of two generations of EPCs for a considerable period of time. The transposition of the proposed directive should therefore clarify how those old and new generations of EPCs correspond to each other, whether they should be treated identically for regulatory purposes and how owners will receive the updated EPCs based on Union standards, as it would impact the value of buildings. For instance, 'zero-emission buildings' (ZEBs) are linked to energy performance class A under the proposed directive, but it is not clear whether buildings that have obtained an energy performance class A under the existing directive will count as ZEBs. It is particularly relevant to consider this point in conjunction with other Union law, such as the Taxonomy Regulation and the SFDR, that cross-references EPCs and the definitions of ZEB and 'nearly zero-energy buildings'¹⁴.

¹¹ See Article 19(3) and 19(4) of the proposed directive.

¹² See the 2022 climate risk stress test, July 2022, available on the ECB's Banking Supervision website at www.bankingsupervision.europa.eu.

¹³ See Article 9 of the proposed directive.

¹⁴ See Annex I, Section 7.1, to Commission Delegated Regulation (EU) 2021/2139, Annex I to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament

- 5.2 In addition, Member States should identify the most appropriate solutions to incentivise building owners to update their EPCs in a timely manner, as a means of raising awareness of recommended cost-efficient renovations to improve energy performance.

6. Mortgage portfolio standards

- 6.1 The proposed directive mandates Member States to promote enabling funding and financing tools, inter alia via mortgage portfolio standards, which comprise mechanisms that incentivise mortgage lenders to increase the energy performance of their portfolio.¹⁵ However, the proposed definition of 'mortgage portfolio standards' is relatively broad with few guidelines on how these standards should be defined at the national level.¹⁶ Following transposition, this definition could result in a heterogeneous landscape of non-harmonised mortgage portfolio standards across Member States. The proposed directive, or a new Commission delegated act, could specify in more detail minimum requirements which would harmonise the mortgage portfolio standards across the Union. Likewise, it is of the utmost importance that the design of mortgage portfolio standards is readily usable in issuances of financial and debt instruments. Such design could facilitate cross-border investments into energy performance-enhancing mortgages – also in the context of the Capital Markets Union – and maximise the contribution of financial markets, thus reducing reliance on bank lending and government support schemes.
- 6.2 Mortgage portfolio standards should ideally become increasingly stringent over time as the average EPC levels of real estate assets improve. The mortgage portfolio standards should therefore be reviewed regularly to take into account the improvement in energy efficiency of the real estate stock in order to maintain the financial incentive to further enhance the energy performance of mortgage pools.

7. Database standardisation

- 7.1 The proposed directive ensures that links with other buildings' related datasets are introduced in the national databases. It requires interoperability and integration of national databases for the energy performance of buildings with other administrative databases containing information on buildings, such as the national building cadastre and digital building logbooks. To broaden the usability of collected information for decision making purposes, the ECB suggests that the proposed directive also envisages a revision of the technical implementation standards needed for such interoperability and integration beyond the national level.

and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports (OJ L 196, 25.7.2022, p. 1).

¹⁵ See Article 15(4) of the proposed directive.

¹⁶ See Article 2, point (36) of the proposed directive.

Where the ECB recommends that the proposed directive is amended, specific drafting proposals are set out in a separate technical working document accompanied by an explanatory text to this effect. The technical working document is available in English on EUR-Lex.

Done at Frankfurt am Main, 16 January 2023.



The President of the ECB

Christine LAGARDE

Technical working document

produced in connection with ECB Opinion CON/2023/2¹ on a proposal for a directive on the energy performance of buildings (recast)

Drafting proposals

Text proposed by the European Commission	Amendments proposed by the ECB ²
Amendment 1 Article 2, point (37) of the proposed directive	
'37. "digital building logbook" means a common repository for all relevant building data, including data related to energy performance such as energy performance certificates, renovation passports and smart readiness indicators, which facilitates informed decision making and information sharing within the construction sector, among building owners and occupants, financial institutions and public authorities;'	'37. "digital building logbook" means a common repository for all relevant building data, including data related to energy performance such as energy performance certificates, renovation passports and smart readiness indicators, which facilitates informed decision making and information sharing within the construction sector, among building owners and occupants, credit institutions and financial institutions, and public authorities;'
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The European Central Bank (ECB) proposes to amend the definition of 'digital building logbook' so as to clarify that not only financial institutions, but also credit institutions, within the meaning of Regulation (EU) No 575/2013 of the European Parliament and of the Council³ (hereinafter the 'Capital Requirements Regulation'), are included in the proposed directive's scope, as credit institutions are the main mortgage lenders.</i></p> <p><i>See paragraph 1.4 of the ECB Opinion.</i></p>	

¹ This technical working document is produced in English only and communicated to the consulting Union institution(s) after adoption of the opinion. It is also published on EUR-Lex alongside the opinion itself.

² Bold in the body of the text indicates where the ECB proposes inserting new text. Strikethrough in the body of the text indicates where the ECB proposes deleting text.

³ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

Text proposed by the European Commission	Amendments proposed by the ECB ²
<p style="text-align: center;">Amendment 2</p> <p style="text-align: center;">Article 5(3) of the proposed directive</p>	
<p>'3. Member States may decide not to set or apply the requirements referred to in paragraph 1 to the following categories of buildings:</p> <p>(a) buildings used as places of worship and for religious activities;</p> <p>(b) temporary buildings with a time of use of two years or less, industrial sites, workshops and non-residential agricultural buildings with low energy demand and non-residential agricultural buildings which are in use by a sector covered by a national sectoral agreement on energy performance;</p> <p>(c) residential buildings which are used or intended to be used for either less than four months of the year or, alternatively, for a limited annual time of use and with an expected energy consumption of less than 25 % of what would be the result of all-year use;</p> <p>(d) stand-alone buildings with a total useful floor area of less than 50 m².'</p>	<p>'3. Member States may decide not to set or apply the requirements referred to in paragraph 1 to the following categories of buildings:</p> <p>(a) buildings used as places of worship and for religious activities;</p> <p>(b) temporary buildings with a time of use of two years or less, industrial sites, workshops and non-residential agricultural buildings with low energy demand and non-residential agricultural buildings which are in use by a sector covered by a national sectoral agreement on energy performance;</p> <p>(c) residential buildings which are used or intended to be used for either less than four months of the year or, alternatively, for a limited annual time of use and with an expected energy consumption of less than 25 % of what would be the result of all-year use;</p> <p>(d) stand-alone buildings with a total useful floor area of less than 50 m².'</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>To ensure the greatest data availability to enable credit institutions and financial institutions to assess climate-related risks, exemptions decided at national level should be limited as much as possible. Therefore, the ECB suggest deleting Article 5(3) of the proposed directive.</i></p> <p><i>See paragraph 2.1 of the ECB Opinion.</i></p>	
<p style="text-align: center;">Amendment 3</p> <p style="text-align: center;">Article 14(3) of the proposed directive</p>	
<p>'3. No additional costs shall be charged to the building owner, tenant or manager for access</p>	<p>'3. No additional costs shall be charged to the building owner, tenant or manager for access</p>

Text proposed by the European Commission	Amendments proposed by the ECB ²
<p>to their data or for a request to make their data available to a third party. Member States shall be responsible for setting the relevant charges for access to data by other eligible parties such as financial institutions, aggregators, energy suppliers, energy services providers and National Statistical Institutes or other national authorities responsible for the development, production and dissemination of European statistics. Member States or, where applicable, the designated competent authorities, shall ensure that any charges imposed by regulated entities that provide data services are reasonable and duly justified.'</p>	<p>to their data or for a request to make their data available to a third party. Member States shall be responsible for setting the relevant charges for access to data by other eligible parties such as credit institutions and financial institutions, aggregators, energy suppliers, energy services providers, authorities responsible for the supervision of credit institutions and financial institutions, and National Statistical Institutes or other national authorities responsible for the development, production and dissemination of European statistics. Member States or, where applicable, the designated competent authorities, shall ensure that any charges imposed by regulated entities that provide data services are reasonable and duly justified.'</p>
<p style="text-align: center;"><u><i>Explanation</i></u></p> <p><i>The ECB proposes to clarify that not only financial institutions, but also credit institutions, within the meaning of the Capital Requirements Regulation, are included in the proposed directive's scope, as credit institutions are the main mortgage lenders.</i></p> <p><i>Authorities responsible for the supervision of credit and financial institutions should also have access to granular data on real estate assets for assessing credit and financial institutions' exposure to transition and physical risks.</i></p> <p><i>See paragraphs 1.2, 1.4, 3.1 and 3.2 of the ECB Opinion.</i></p>	

Text proposed by the European Commission	Amendments proposed by the ECB ²
<p style="text-align: center;">Amendment 4</p> <p style="text-align: center;">Article 15(5) of the proposed directive</p>	
<p>‘5. Member States shall facilitate the aggregation of projects to enable investor access as well as packaged solutions for potential clients.</p> <p>Member States shall adopt measures to ensure that energy efficiency lending products for building renovations are offered widely and in a non-discriminatory manner by financial institutions and are visible and accessible to consumers. Member States shall ensure that banks and other financial institutions and investors receive information on opportunities to participate in the financing of the improvement of energy performance of buildings.’</p>	<p>‘5. Member States shall facilitate the aggregation of projects to enable investor access as well as packaged solutions for potential clients.</p> <p>Member States shall adopt measures to ensure that energy efficiency lending products for building renovations are offered widely and in a non-discriminatory manner by credit institutions and financial institutions and are visible and accessible to consumers. Member States shall ensure that banks and other credit institutions and financial institutions and investors receive information on opportunities to participate in the financing of the improvement of energy performance of buildings.’</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The ECB proposes to clarify that not only financial institutions, but also credit institutions, within the meaning of the Capital Requirements Regulation, are included in the proposed directive’s scope, as credit institutions are the main mortgage lenders.</i></p> <p><i>See paragraph 1.4 of the ECB Opinion.</i></p>	
<p style="text-align: center;">Amendment 5</p> <p style="text-align: center;">Article 16(1) and (2) of the proposed directive</p>	
<p style="text-align: center;"><i>‘Energy performance certificates</i></p> <p>1. Member States shall lay down the necessary measures to establish a system of certification of the energy performance of buildings.</p> <p>The energy performance certificate shall include the energy performance of a building ⇒ expressed by a numeric indicator of primary energy use in kWh/(m².y), ⇔ and reference values such as minimum energy performance requirements ⇒ ,</p>	<p style="text-align: center;"><i>‘Energy performance certificates</i></p> <p>1. Member States shall lay down the necessary measures to establish a system of certification of the energy performance of buildings.</p> <p>The energy performance certificate shall include the energy performance of a building ⇒ expressed by a numeric indicator of primary energy use in kWh/(m².y), and the greenhouse gas emissions in kg CO₂eq/(m².y) ⇔ and reference values such</p>

Text proposed by the European Commission	Amendments proposed by the ECB ²
<p>minimum energy performance standards, nearly zero-energy building requirements and zero-emission building requirements, ⇔ in order to make it possible for owners or tenants of the building or building unit to compare and assess its energy performance.</p> <p>2. By 31 December 2025 at the latest, the energy performance certificate shall comply with the template in Annex V. It shall specify the energy performance class of the building, on a closed scale using only letters from A to G. The letter A shall correspond to zero-emission buildings as defined in Article 2, point (2) and the letter G shall correspond to the 15% worst-performing buildings in the national building stock at the time of the introduction of the scale. Member States shall ensure that the remaining classes (B to F) have an even bandwidth distribution of energy performance indicators among the energy performance classes. Member States shall ensure a common visual identity for energy performance certificates on their territory.'</p>	<p>as minimum energy performance requirements ⇔ , minimum energy performance standards, nearly zero-energy building requirements and zero-emission building requirements, ⇔ in order to make it possible for owners or tenants of the building or building unit to compare and assess its energy performance.</p> <p>2. By 31 December 20252024 at the latest, the energy performance certificate shall comply with the template in Annex V. It shall specify the energy performance class of the building, on a closed scale using only letters from A to G. The letter A shall correspond to zero-emission buildings as defined in Article 2, point (2) and the letter G shall correspond to the 15% worst-performing buildings in the national building stock at the time of the introduction of the scale, taking into account both energy use and greenhouse gas emissions. Member States shall ensure that the remaining classes (B to F) have an even bandwidth distribution of energy performance indicators among the energy performance classes. Member States shall ensure a common visual identity for energy performance certificates on their territory.'</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>To facilitate credit institutions' and financial institutions' compliance with reporting requirements on climate-related risks (e.g., under the Pillar 3 environmental, social and governance risk disclosures) and to comply with the proposed renovation targets, a speedy and earlier adoption of the new energy performance certificates (EPCs) is important. Therefore, the ECB suggests to bring forward the harmonisation of EPCs to the end of 2024.</i></p> <p><i>The proposed directive also aims at reducing both energy consumption and greenhouse gas emissions. The different energy performance classes should accurately and effectively reflect this and take both dimensions into consideration.</i></p> <p><i>See paragraphs 4.1 and 4.2 of the ECB Opinion.</i></p>	

Text proposed by the European Commission	Amendments proposed by the ECB ²
<p style="text-align: center;">Amendment 6</p> <p style="text-align: center;">Article 19 of the proposed directive</p>	
<p><i>'Databases for energy performance of buildings</i></p> <p>1. Each Member State shall set up a national database for energy performance of buildings which allows data to be gathered on the energy performance of the buildings and on the overall energy performance of the national building stock.</p> <p>The database shall allow data to be gathered related to energy performance certificates, inspections, the building renovation passport, the smart readiness indicator and the calculated or metered energy consumption of the buildings covered.</p> <p>2. The database shall be publicly accessible, in compliance with Union and national data protection rules. Member States shall ensure access to the full energy performance certificate for building owners, tenants and managers, and to financial institutions as regards the buildings in their investment portfolio. For buildings offered for rent or sale, Member States shall ensure access to the full energy performance certificate for prospective tenants or buyers.</p> <p>3. Member States shall make publicly available information on the share of buildings in the national building stock covered by energy performance certificates and aggregated or anonymised data on the energy performance of the buildings covered. The public information shall be updated at least twice per year. Member States shall make anonymised or aggregated information available to public and research institutions such as National Statistics Institutes, upon request.</p>	<p><i>'Databases for energy performance of buildings</i></p> <p>1. Each Member State shall set up a national database for energy performance of buildings which allows data to be gathered on the energy performance of the buildings and on the overall energy performance of the national building stock.</p> <p>The database shall allow data to be gathered related to energy performance certificates, inspections, the building renovation passport, the smart readiness indicator and the calculated or metered energy consumption of the buildings covered.</p> <p>2. By 30 December 2024, the database shall be publicly accessible at a granular level (including elements listed in Annex V), in compliance with Union and national data protection rules. Member States shall ensure access to the full energy performance certificate for building owners, tenants and managers, and to credit institutions and financial institutions, and supervisors thereof, as regards the buildings in the investment portfolio of such credit institutions and financial institutions, the buildings that serve as collateral for mortgage lending or the buildings for which a loan for a deep renovation has been granted. Member States shall also ensure that data can be transferred by credit institutions and financial institutions to interested third parties that are directly investing in a portfolio of assets backed by real estate and real estate mortgages or that are accepting such assets as collateral. For buildings offered for rent or sale, Member States shall ensure</p>

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<p>4. At least once per year, Member States shall ensure the transfer of the information in the national database to the Building Stock Observatory.</p> <p>5. The Commission shall, by 30 June 2024, adopt an implementing act with a common template for the transfer of the information to the Building Stock Observatory.</p> <p>That implementing act shall be adopted in accordance with the examination procedure referred to in Article 30(3).</p> <p>6. For the purpose of ensuring coherence and consistency of information, Member States shall ensure that the national database for energy performance of buildings is interoperable and integrated with other administrative databases containing information on buildings, such as the national building cadastre and digital building logbooks.’</p>	<p>access to the full energy performance certificate for prospective tenants or buyers with no additional costs.</p> <p>3. Member States shall make publicly available granular, including the elements listed in Annex V, and aggregated information on the share of buildings in the national building stock covered by energy performance certificates and aggregated or anonymised data on the energy performance of the buildings covered. The public information shall be updated at least quarterly twice per year.</p> <p>Member States shall make anonymised or aggregated information available to public and research institutions such as National Statistics Institutes, upon request.</p> <p>4. At least every quarter once per year, Member States shall ensure the transfer of the granular (including the elements listed in Annex V) and aggregated information in the national database to the Building Stock Observatory.</p> <p>5. The Commission shall, by 30 June December 2023 2024, adopt an implementing act with a common template for the transfer of the granular (including the elements listed in Annex V) and aggregated information to the Building Stock Observatory or the dedicated platform.</p> <p>That implementing act shall be adopted in accordance with the examination procedure referred to in Article 30(3).</p> <p>6. For the purpose of ensuring coherence and consistency of information, Member States shall ensure that the national database for energy performance of buildings is interoperable and integrated with other administrative databases containing information on buildings, such as the</p>

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	national building cadastre and digital building logbooks. Members States shall also ensure the revision of the technical implementation standards needed for the interoperability and integration with other administrative databases containing information on buildings beyond the national level.'
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The ECB considers it necessary that the public can also access granular information (including the elements listed in Annex V to the proposed directive) as soon as possible, as some Member States already make this information public.</i></p> <p><i>Aside from credit institutions and financial institutions with investment portfolios, authorities responsible for the supervision of credit and financial institutions, and other financial market participants that invest in real estate-backed products, such as mortgage portfolios, asset-backed securities or covered bonds, or accept such assets as collateral, need access to energy performance data of the underlying real estate for their own climate risk assessments and disclosures.</i></p> <p><i>To ensure the best use of EPC data, public information should be updated more frequently. EPC data will be integrated in the strategy and risk management of credit institutions and financial institutions and are also used by policymakers and supervisors. Therefore, it is essential that these data are up-to-date.</i></p> <p><i>To broaden the usability of collected information for decision making purposes, the ECB suggests that the proposed directive also provides for a revision of the technical implementation standards needed for the interoperability and integration with other building related databases beyond the national level.</i></p> <p><i>See paragraphs 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 4.1, 4.2 and 7.1 of the ECB Opinion.</i></p>	
<p style="text-align: center;">Amendment 7</p> <p style="text-align: center;">Annex I to the proposed directive</p> <p style="text-align: center;">Common general framework for the calculation of energy performance of buildings</p> <p style="text-align: center;">(referred to in Article 4)</p>	
<p>'1. The energy performance of a building shall be determined on the basis of calculated or metered energy use and shall reflect typical energy use for space heating, space cooling, domestic hot water, ventilation, built-in lighting and other technical</p>	<p>'1. The energy performance of a building shall be determined on the basis of calculated or metered primary energy use expressed in kWh/(m².y) and shall reflect typical energy use for space heating, space cooling, domestic hot water, ventilation, built-</p>

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<p>building systems. ⇒ Member States shall ensure that the typical energy use is representative of actual operating conditions for each relevant typology and reflects the typical user behaviour. Where possible, typical energy use and typical user behaviour shall be based on available national statistics, building codes and metered data. ⇐</p> <p>[...]</p>	<p>in lighting and other technical building systems. Member States shall ensure that the typical energy use is representative of actual operating conditions for each relevant typology and reflects the typical user behaviour. Where possible, typical energy use and typical user behaviour shall be based on available national statistics, building codes and metered data.</p> <p>[...]</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The ECB suggests aligning the wording used in Annex I with Article 16(1) of the proposed directive.</i></p>	
<p style="text-align: center;">Amendment 8</p> <p style="text-align: center;">Annex V to the proposed directive</p> <p style="text-align: center;">Template for Energy Performance Certificates</p> <p style="text-align: center;">(referred to in Article 16)</p>	
<p>‘1. On its front page, the energy performance certificate shall display at least the following elements:</p> <p>[...]</p> <p>i) the greenhouse gas emissions class (if applicable).</p> <p>[...]</p>	<p>‘1. On its front page, the energy performance certificate shall display at least the following elements:</p> <p>[...]</p> <p>i) the greenhouse gas emissions class (if applicable);-</p> <p>j) useful floor area;</p> <p>k) reference floor area;</p> <p>l) number of floors;</p> <p>m) year of construction;</p> <p>n) unique building identification.</p> <p>[...]</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The proposed directive should include ‘useful floor area’ and ‘reference floor area’ in the list of elements</i></p>	

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<p><i>referred to in Annex V to the proposed directive. These elements must be displayed on the EPC and, together with other variables, such as the number of floors and the year of construction, allow for comparison across building stock. In addition, the ECB suggests to include the unique building identification. This is crucial for linking information with other data sources allowing interoperability and avoiding duplication of reporting requirements.</i></p> <p><i>See paragraphs 3.4 and 3.5 of the ECB Opinion.</i></p>	
<p style="text-align: center;">Amendment 9</p> <p style="text-align: center;">Annex VII to the proposed directive</p> <p style="text-align: center;"><u>Comparative Methodology Framework to Identify Cost-Optimal Levels of Energy Performance Requirements for Buildings and Building Elements</u></p>	
<p>‘The comparative methodology framework shall enable Member States to determine the energy ⇨ and emission ⇩ performance of buildings and building elements and the economic aspects of measures relating to the energy ⇨ and emission ⇩ performance, and to link them with a view to identifying the cost-optimal level.</p> <p>[...]</p>	<p>‘The comparative methodology framework shall enable Member States to determine the energy ⇨ and emission ⇩ performance of buildings and building elements and the economic aspects of measures relating to the energy ⇨ and emission ⇩ performance, and to link them with a view to identifying the cost-optimal level of energy performance requirements.</p> <p>[...]</p>
<p style="text-align: center;"><u>Explanation</u></p> <p><i>The ECB suggests clarifying the scope of this provision to make clear against what variable the cost balance should be achieved.</i></p>	