

Why we should embrace this EU directive

Brussels has a new scheme for making buildings greener. Alas, it is not at all dirigiste, writes **Andrew Warren**

The world of the speculative builder of commercial premises - offices, shops, hotels or hospitals - is about to change dramatically. Before planning permission is granted anywhere in Europe for any building larger than 1,000 square metres, the builder will be required to investigate installing an energy supply system based on renewable energy.

This is one of the main requirements included in a new draft, European directive, "Energy Performance of Buildings", details of which were published by the European Commission last month. It is the first initiative in a long time that directly addresses the single biggest sector of energy usage: buildings. Running 160 million buildings accounts for more than 40 per cent of Europe's energy consumption.

And it won't be a case of a perfunctory, token investigation before returning to business as usual. The onus will be very much on the builder to demonstrate why he or she isn't taking up the renewable option. Before he tries to head off down any conventional fuel route, he will have to place on the public record his entire technical, environmental and economic feasibility study. It will then be open, once planning permission has been given, for any "stakeholder" to challenge if it is not sufficiently environmentally friendly.

There are lots of opportunities to switch the electricity supply system in a new building so that it is based on more decentralised energy, often incorporating co-generation, district heating or heat pumps, all replacing conventional fossil-fuel-generated electricity.

But the directive also promises changes that will improve Europe's existing buildings. If you are moving into a different building, whether for work or to live in, you will now automatically receive information on how energy efficient it is - and guidance on how it can be improved. If, as an occupant, you are substantially upgrading a commercial building bigger than 1,000 square metres, you will need to ensure that you are following contemporary energy-saving criteria.

Regular inspections will be required to check the efficiency of boilers or air-conditioning units. Public buildings will prominently display details of relative energy performance.

And buildings are literally getting bigger. Between 1985 and 1997, the average size of a European home increased from 83 to 87 square metres. While the residential sector is responsible for two-thirds of energy consumption in buildings, the commercial sector is expanding rapidly, as service industries grow in importance across Europe. In Britain, energy demand in this sector is leaping by 3.7 per cent each year - proportionately much faster than the growth of energy consumption in transport. There is a net increase in the building stock of 1.5 per cent every year.

How is all this fuel used? In both sectors, heating fuel is the most important (57 per cent in homes, 52 per cent in commercial buildings). Water-heating is the next most important (25 per cent in homes, 9 per cent in commerce).

How much of this fuel can be saved? According to the European energy commissioner, Loyola de Palacio: "A savings potential of around 22 per cent of present consumption can be realised by 2010." Savings potential is defined in terms of investments in energy-efficient technologies that offer a payback period of eight years or less, thus "allowing a high rate of return compared to alternative investments, including in energy production". Given that the lifetime of a building can be a century or more, it can be argued that such "payback" criteria are rather conservative.

Bearing in mind this substantial potential to save energy in existing buildings, how far does the new directive go in ensuring that it is realised? Some would say that the directive is overly modest. Nowhere is there any requirement that the recommendations from

the energy survey - the "certification", in Europeak - be implemented.

But then, nor was there any such requirement in the UK government's similar scheme, which tells English and Welsh homebuyers about the energy characteristics of their new property. This was one of the central features within the "sellers' pack" concept, which starred in the Homes Bill, a product of the Department of the Environment, Transport and the Regions. (The bill itself was a casualty of the election. Although it passed through all the stages in the Commons by February, it got seriously bogged down in the Lords, and was one of several bills that the government business managers eventually abandoned. It is likely to be resurrected early in the next parliament.)

So the energy-saving advice is there. But will anyone act on it? Getting advice implemented tends to work best when it has a grant scheme attached. Most homes in Britain now have some insulation in the loft (although few have more than a quarter of the recommended thickness installed). In most cases, this insulation was paid for via a grant that met 67 per cent of the total cost. Since the grant was abandoned in 1987, the number of people paying to install loft insulation has dropped.

Small grants have more recently been on offer for brief periods from the Energy Saving Trust, to assist with items such as high-efficiency gas boilers or cavity wall insulation. Whenever the grants have been around, installation levels have increased dramatically, only to decline when the grant scheme is terminated. Certainly, there are strong hints in the directive about the need for judicious tax incentives or grant schemes to encourage improvements. But no more than that.

Nor will every country have to carry out the "certification" in an identical way. Recognising that several have existing measurement schemes - the Standard Assessment Procedure (SAP) that marks between 1 and 100, familiar to all new homebuyers in the UK, is not unique - the requirement is only that certain factors are included in the procedure. That is sensible.

Only the most perverse Europhobe could portray this initiative as being the slightest bit dirigiste (if only!). Commissioner de Palacio has had to tread a very delicate line regarding subsidiarity. On the face of it, (by definition) buildings do not cross national frontiers, and what precise energy standards they meet is nothing to do with Brussels. On the other hand, buildings are the biggest users of energy - 40 per cent of Europe's carbon dioxide emissions come from buildings, just 31 per cent from transport. And the EU certainly has responsibilities to reduce greenhouse gases to meet international commitments. Thus the directive must be a priority, while at the same time the amount of detailed change it can mandate is limited.

Now up for consideration by the Council of Ministers from the 15 member states, and by the European Parliament, is essentially an "enabling" directive - one that enables the two bodies to respond positively. After all, both have recently repeated their calls to the European Commission to initiate something positive to cut energy usage in buildings and make the switch from fossil-fuel electricity to renewables.

The directive put before us should be welcomed, even while recognising its limitations. If national governments implement its proposals on a minimalist basis, nothing like the identified savings potential will be achieved. But if it becomes a catalyst for other measures designed to suit local mores and conditions, then this could be just the start of something very big.

Andrew Warren is director of the Association for the Conservation of Energy