



Nordic Green Building Councils' Conference Speech: Green REbuilding

I want to tell you a story – about how a small provision in a new European Directive, can act as the catalyst to a sustainable renovation revolution. The reason I want to tell you this story, is because you make the difference now. How you, the leaders of the sustainable buildings movement, collaborate with your governments and each other, will define whether that small provision in the Directive helps put our economies back on track, and helps our sector look towards a more sustainable future.

My work with the Europe Regional Network of the World Green Building Council focuses on European policy and legislation – which is why I am a fan of stories about provisions in Directives – and I can only apologise for that.

The Network is a coalition of over 30 national Green Building Councils, who work together to share knowledge and inspire one another to transform their markets towards sustainability. When I consider perhaps the greatest challenge ahead of us as Green Building Councils, I wonder whether we actually got our name wrong...

Green **REbuilding**, the greening of our existing buildings, is one of the greatest economic and environmental opportunities the world has yet to grasp. I have to say how excited I am to be invited here by the Nordic Green Building Councils to speak at a conference that is focused on opportunities in existing buildings. We need more and more of this.

Now, many of you will be extremely familiar with the EU Energy Performance of Buildings Directive. Whilst it has been responsible for significant improvements regarding new developments throughout Europe, it has failed to spark significant performance improvements across our existing buildings. This is an area where there are numerous complex market barriers that have yet to be overcome.

However, excitingly, in 2012, the Member States of the EU got around the table, and after long, hard negotiations, they agreed a Directive that is aimed in part at helping overcome these market barriers. The requirements in the new EU Energy Efficiency Directive are aimed at helping countries grasp the full benefits of an energy efficient economy, or at least get us part of the way there. How successful this is now depends on implementation at national level.

By way of background, you may remember that in 2007, European leaders agreed on the 20-20-20 Climate and Energy Package; a series of targets aimed at putting us on the pathway to a low carbon economy by 2020. It looks like we're going to achieve the first two of these targets, the 20% emissions reduction target by 2020, and the 20% renewables target by 2020. This is good news, helped along by the fact that these two targets have a legally binding framework – we're legally required to achieve them.

The third target – the 20% reduction in energy use by 2020, didn't get the same treatment. It wasn't made a strict legal requirement. Unsurprisingly therefore, it was recently predicted we would miss this 20% target by about half that.





So, negotiations on the Energy Efficiency Directive aimed to close this energy savings gap. The European Commission started negotiations by releasing a good draft Directive, but one that still left an energy savings gap. The European Parliament followed this by proposing an ambitious text that aimed to fill the gap – and demanded strong measures if Member States didn't agree to a legally binding 20% target. The European Council's level of ambition was quite low unfortunately, and the final Directive still doesn't fully close the energy gap.

However, in the Parliament's text for the first time, they included a vision for the renovation of our existing buildings – a requirement that Member States create a roadmap for building renovations, with the aim of reducing energy use by 80% by 2050, across the whole building stock.

When I spoke to various national government officials about the Parliament's proposal during the negotiations, the response was generally – “We're not going to sign up to that.” Firstly, because today the market can't deliver this deep a retrofit at 'cost-effective' levels across most existing buildings. But there was also another more important reason they gave, and it was a very understandable one. It was because whilst having an ambitious and fixed political target is a good way of sending a strong signal to the market, the ability to deliver this does not lie with our politicians, but with the building industry, consumers, and investors.

Many countries wanted the requirement for a renovation roadmap completely removed from the Directive. However, the European Parliament bravely fought for it in the final period of the negotiations.

Now, EU countries are, for the first time, required to establish a long-term strategy for mobilising investment in the renovation of their buildings – residential and commercial, both public and private. By long-term, we mean that these national renovations strategies must look beyond 2020, and ideally they should look towards the EU's 2050 goals. The first strategies will have to be published by April 2014.

The challenge now is to create a long-term regulatory framework that attracts the billions of euros of capital from institutional investors needed to renovate our existing buildings. To fulfil that central aim, what we establish by April next year, must be no less than visionary, 'investment-grade' policy. We must now look to these strategies, to scale up the renovation market, create jobs, cut CO2 and help Europe lead the global renovation market.

So, what do these strategies have to look like? Well, they have to include a number of basic elements, and it's important to note that these are minimum requirements.

The first requirement relates to data. Each country must provide an overview of their national building stock. Data must be the DNA that runs through all the framework policies and measures we create to scale up this market, through their design to their assessment post-implementation.

At the end of last year, our friends at the Building Performance Institute Europe released the Data Hub – a collection of information on Europe's building stock and its energy performance. It will help us view where the gaps are, and importantly, how we can improve the way that we analyse and compare data across Europe. Iceland is sadly not yet covered by the database, but I wanted to show





you some of the data on different building types that they have collected from the Nordic countries – which the Institute happily tell me is far better than the EU average. This open database is looking to collect more and more data over time, about the energy performance of different building types in different countries, and I would really encourage Nordic policy makers and industry specialists to engage with it.

The ability to aggregate and analyse datasets across borders gives us the ability to engage in more meaningful inter-state dialogue on the usefulness of policies and measures used to unlock carbon reduction potential. In a world where data increasingly means power, we need to create more coherent ways of collecting it. Otherwise we are at risk of large and incomparable datasets slowing down our joint progress, and putting investors off an already complex market.

The second requirement for the strategies, once we know exactly what is in the national property portfolio, will be to identify cost-effective approaches to renovations relevant to building types and climatic zones. This is about creating scalable, replicable solutions. Identifying, to the greatest extent possible and in a strategic manner, what the most suitable packages of measures are for different portions of our building stock.

Here I think that the approach developed by BELOK in Sweden is particularly interesting – going into a property and asking the owner what sort of Return On Investment they need if they are to undertake a renovation – defining a package of measures based around this – balancing the more profitable measures, with the less profitable ones.

The next requirement in the strategies is where most of the work needs to be done. They must include policies and measures to stimulate cost-effective ‘deep’ renovations of buildings, including ‘staged deep’ renovations. These will be the incentives, programmes and regulations that systematically tackle the market barriers to retrofit.

What ‘deep’ means isn’t defined precisely in the Directive. However, if we bear in mind that buildings are going to have to play their part in a minimum 80% reduction of emissions by 2050, deep certainly doesn’t mean 20-30%. It is therefore great to see that the Nordic Built Charter already contains an aim that all retrofitting projects result in reduction of net energy consumption by at least 50%.

When interventions are made, they need to be genuinely significant in terms of energy reductions, and where financial constraints mean that only shallow renovation is possible at first, this is where evolving the concept of ‘staged deep’ renovation becomes incredibly important. Having a strategic and phased plan towards deep retrofit, so opportunities are not locked out at later stages of a building’s lifecycle.

When it comes to designing policies and measures, market segmentation, and figuring out what is needed to drive different types of consumer or property owner, is absolutely key. The policies we need to create will largely focus on financial and technical barriers. Yet success will require people to overcome the many other psychological and social barriers at play.

The Green Alliance in the UK have been talking about the importance of marketing in the UK for years now, and you can see some of their findings about consumer perceptions on this slide. The UK





Government have just launched a national communication campaign on their renovation programme, but only after a survey found that only 5% of consumers had even heard of it. Our national renovation strategies will require a more sophisticated approach to marketing and communication than we have previously taken, and it's great to see the Nordic countries taking a lead here.

The next requirement for the strategies is that they contain 'a forward looking perspective', to guide investment decisions of individuals, industry, and financial institutions. This is wonderfully ambiguous legal language, but it is what Member States do here that will define whether the investment community throw their weight behind these strategies. For me, this requirement has a close relationship with the final requirement for the strategies, that they must contain an evidence-based estimate of the expected energy savings they will achieve.

Once we know, with today's technologies, precisely what level of savings we can cost-effectively achieve across our nation's buildings, this needs to be set in national legislation as a legally binding target, much like the legislative targets that are helping drive the renewables market.

To give investors a forward looking perspective, we need to give them long-term clarity and certainty that the market will deliver and political will is not going to falter. This means setting targets along the pathway to 2050, and creating legal review obligations that commit to regularly assessing and redesigning policies and measures if they are failing to deliver these targets.

Collaborating with your governments has never been so important if we want this agenda to succeed. We must create a sense of joint responsibility for delivering the targets that our renovation strategies set, and hold both ourselves and our governments responsible if we do not deliver.

Many countries are now in the race to scale up their renovation market, to take advantage of the significant international export opportunities this will open. The UK Government has just released its first national Energy Efficiency Strategy, which opens with words on the potential benefits of exporting renovation services. The UK's 'Green Construction Board', a mixture of ministers and green industry experts, is developing a low carbon roadmap to 2050 for the buildings sector. France has recently committed to renovating half a million properties each year to higher standards of energy efficiency. Its Plan Bâtiment Durable involves around 4,000 actors from the buildings sector who are participating in government led workshops to define a pathway towards low energy and eventually positive energy buildings in France.

But, whilst a bit of friendly competition between our markets is entirely healthy, it's incredibly important for us to cooperate across European borders. For institutional investment to scale up and unlock the billions of euros needed to fund this retrofit revolution, we need to avoid creating a European market that is impossible to navigate. Of course each national renovation strategy can't look exactly the same, but we must make our best efforts to export and import best practice wherever possible, scaling solutions wherever we can, and that will require a large and coordinated inter-state dialogue.

Until the delivery of the first strategies in 2014 our Europe Regional Network will be facilitating dialogue between Green Building Councils, as well as between governments, about the ways people





are meeting the challenge of creating national renovation strategies. In April we are bringing policy makers and building experts together in Brussels to discuss just that.

However, it is a much longer journey than that. The strategies will have to be revised every 3 years, and it's going to take us a while to get it right, but in the process I am certainly convinced that the minds of many countries are better than the minds of one.

So I've talked a little about the need to collaborate to help build ambitious national renovation strategies.

I've also talked about the crucial importance of a wide and open inter-state dialogue.

But there is one last point I want to make regarding the national renovation strategies, which goes to the heart of what this conference is about, and it is that they must look beyond energy.

It is here that across Europe, Green Building Councils and their members have a crucial role to play in helping lead the debate.

If we want the renovation expertise we create today to be desirable to the global cities and towns of tomorrow, we are going to have to look a lot further than just optimising energy performance.

This year is set to see Europe make significant moves forwards towards a more sustainable future, under its flagship policy for a Resource Efficient Europe. Targets for 2020 include that the renovation of buildings and infrastructure will be made to high resource efficient levels – that a life-cycle approach will be widely applied, and that most non-hazardous construction waste is recycled.

Mr Pekar and his colleagues at DG Environment will be consulting with European stakeholders early this year on the best policy and regulatory options for ensuring that we make our sector more resource efficient and more resilient.

It will be crucially important that this conversation is integrated into the conversations about creating our national renovation strategies, to ensure that a scaled-up renovation market is a resource efficient one, with smart, comprehensive, and well designed regulation.

Building rating tools for retrofit have a crucial role to play here in helping lead the market. These can go beyond regulatory frameworks, and give us powerful and flexible tools with which to innovate and deliver new elements of sustainability as we come to understand them better.

We in the Green Building community all have a job to do now in helping our governments produce national renovation strategies which will deliver a more sustainable built environment for our citizens, and in engaging in that important dialogue through their long evolution to strive for ways to improve them.

Us all being here in Helsinki is an important part of this conversation, and I personally, am looking forward to continuing it when we're all back home.

*James Drinkwater
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