

EU TAXONOMY REGULATION – ANNEXES 1 & 2

Draft Delegated Regulation Ref. Ares(2020)6979284 - 20/11/2020

The European Association for External Thermal Composite Systems (EAE) strongly supports the European Commission's Green Deal to make Europe the first net-carbon neutral continent. The construction sector must play a significant role as the Commission underlined in its Renovation Wave Communication. EAE members stand ready to play their role making Europe's buildings highly energy-efficient by contributing to the thermal insulation of buildings' envelopes.

We noticed the Commission's latest draft Delegated Regulation on Sustainable Finance supplementing Regulation (EU) 2020/852 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.

Assessing the draft Annexes 1 and 2 we recommend to consider our proposed amendments as follows.

1. Annex 1, Chapter 3.4: Manufacture of energy efficiency equipment for buildings; Annex 2, Chapter 3.4: Manufacture of energy efficiency equipment for buildings

a. The first sentence should be changed to:

"The economic activity manufactures one or more of the following products or their key components:"

Justification:

The current list of activities does not reflect all typical building activities for new buildings or energy efficiency renovations, especially construction products that according to Article 2 of the Construction Products Regulation (CPR; Regulation (EU) No. 305/2011) are delivered as a kit by one single manufacturer and assembled on site according to the instructions of the kit manufacturer. For ETICS this typically applies to adhesives, thermal insulation products, reinforcement meshes, mechanical fixing devices, rendering systems, profiles and finishes.

This definition would go in line with both Annex 1, Chapter 3.5, Technical screening criteria for Substantial contribution to climate change mitigation

„The economic activity manufactures low carbon technologies (and their key components) ..."

and Annex 2, Chapter 7.3 (a):

“addition of insulation to existing envelope components, such as external walls (including green walls), [...] measures to reduce the effects of thermal bridges and scaffolding) and products for the application of the insulation to the building envelope (including mechanical fixings and adhesive);”

b. Complement the list of NACE codes accordingly:

Please, add the following NACE codes:

- C22.21 (Manufacture of plastic plates, sheets, tubes and profiles)
- C23.14 (Manufacture of glass fibres)
- C23.52 (Manufacture of lime and plaster)
- C23.62 (Manufacture of plaster products for construction purposes)
- C23.99 (Manufacture of other non-metallic mineral products n.e.c.)

Justification:

As explained under a. the construction product ETICS is a kit in the sense of the CPR. Consequently, the abovementioned components are required to manufacture and assemble the construction product ETICS.

c. Change bullet point (c) to:

„(c) external cladding or thermal insulation kits with R-value higher or equal to $x \text{ m}^2\text{K/W}$ “

Justification:

- We strongly recommend to explicitly add “thermal insulation kits” to the bullet point to avoid any misleading interpretations. External Thermal Insulation Composite Systems (ETICS) must be included as they are the predominant solution across Europe to improve the thermal resistance of building envelopes.
- External claddings and thermal insulation kits are parts of construction works, namely external walls. Only R-values (thermal resistance) can be determined for components. The U value applies to the entire wall construction and depends on the thermal resistance of the (existing) wall structure.
- The originally proposed thermal performance equals an R-value of only 2. This seems too low for any modern energy-efficient building. We recommend to reconsider the value (here indicated as “x”). One should take into account that the value should not be too ambitious as especially some existing buildings might fail to achieve the target simply for technical reasons. However, they also need to be improved in a cost-efficient manner.

d. Add new bullet point (o):

„(o) insulation products with low thermal conductivity (lambda lower or equal to 0.045 W/mK “

Justification:

Modern insulation products are an essential component of ETICS to achieve the thermal resistance and thus to contribute to the energy efficiency of buildings. ETICS placed on the market today comply with the proposed threshold. The Final Report of the Technical Expert Group (TEG) on Sustainable Finance identified thermal insulation products to be added to the list of manufacturing activities of energy efficiency equipment for buildings (see technical annex of Final Report, page 163).

Therefore, we strongly recommend to follow the TEG's advice. Failing to do so would undermine the aims of the Renovation Wave and other climate policies.

2. Annex I, Chapter 7.1: Construction of new buildings

Add to Bullet Point (1):

"The Primary Energy Demand (PED) ... from the construction, as well as the energy consumption for space heating and cooling, are at least 20% lower ..."

Justification:

We recommend to add a similar threshold regarding energy consumption for space heating and cooling. This would result in focusing on efficiency measures, instead of relying on a fuel-switch only. Due to the fact that renewable energies are only available on a very limited basis (and will be for the foreseeable future), this requirement could make an important difference for smart choices.

Generally speaking, the paragraph strongly relies on an appropriate nZEB definition of the individual Member States. It can range from very ambitious to de facto ineffective. Consequently, the EU needs a universal standard in the future which should serve as an adequate foundation within the taxonomy.

3. Annex I, Chapter 7.2: Renovation of existing buildings

Referring to the sentence:

"Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30%."

We recommend the following amendment:

"Alternatively, it leads to a reduction of energy demand for space heating and cooling by at least 30%."

Justification:

Generally speaking, a simple 30% reduction of PED is too vague in order to be effective. Since PED is usually defined as primary energy, not renewable energy, this reduction could simply be achieved by a fuel switch, without any improvements of the energy efficiency of a building.

For example, Worst Performance Buildings (WPB), which are addressed in the Renovation Wave, need to be renovated more intensely. On the contrary, the renovation of a more modern house might lead to less than a reduction of 30%.

We strongly recommend to review chapter 7.2 and to establish much more ambitious thresholds for older buildings, for example by focusing on WPB (as recommended in the Renovation Wave), lifting them to EPC rating B or above.

This becomes even more important in the light of the assessment of the national Recovery and Resilience Plans, where the Commission just recently announced that for the assessment of all national drafts they will refer to the Annexes 1 and 2 of the EU Sustainable Finance Regulation (see Commission Staff Working Document “Guidance to Member States – Recovery and resilience plans as of 22nd January 2021).

Even more: in the Commission Notice “Technical guidance on the application of “do no significant harm” under the Recovery and Resilience Facility Regulation”, dated 12th February 2021, the Commission clearly highlighted several times that through measures included in the national RRP lock-in effects shall be avoided.

About EAE

- EAE is the voice of the ETICS industry in Europe.
- EAE members represent more than 80 per cent of Europe’s revenue from ETICS.
- EAE has been constantly working towards a “culture of sustainability” in the construction sector since its foundation 2008.

EAE members



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