

WorldGBC Sustainable Finance factsheet series

Energy Performance Certificates (EPC)

Implementation of the EU Taxonomy in the built environment

October 2023

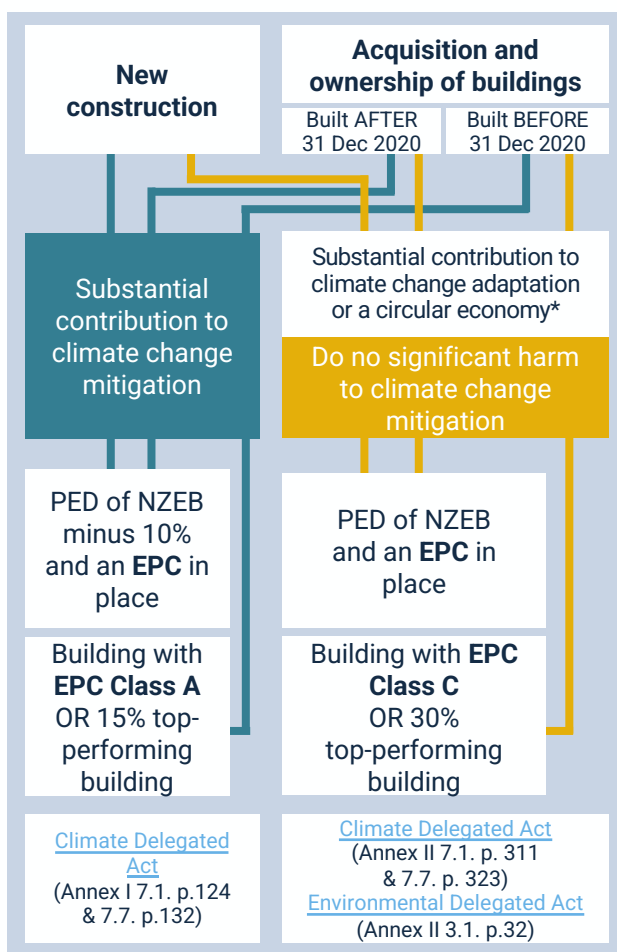
EPCs under the EU Taxonomy

The EU Taxonomy for the construction, acquisition and ownership of buildings refers to energy performance certificates (EPCs) as per the Energy Performance of Buildings Directive (EPBD).

The EPBD sets out a framework for EPCs. EPC schemes are developed and run by national governments.

Companies and financial institutions that wish to, or are required to, report their EU Taxonomy-alignment for the buildings they construct, acquire or own, need to refer to the nearly zero energy building (NZEB) standards and EPC schemes – based on divergent primary energy demand (PED) thresholds – of each of the Member States where those buildings are located.

This can pose significant challenges, especially to organisations with economic and financial activities across several EU countries or beyond.



* No substantial contribution criteria for a circular economy for the acquisition and ownership of buildings

Implementation challenges

EPCs aren't available for all buildings

EPC schemes do not cover all building types across the European continent, e.g. industrial buildings. Moreover, the majority of buildings do not have an EPC readily-available.

Divergent EPC schemes

The implementation and content of EPCs varies quite considerably across the Member States. As a result EPC class A refers to significantly different ambition levels in terms of energy performance.

In several countries EPC class A represent a similar level of ambition as NZEB, passive house or energy positive standards, whereas in several other Member States EPC class A do not represent the highest level of ambition for example where EPC classes go beyond EPC class A (in the Netherlands the highest EPC class is EPC A ++++).

Buildings' EPCs do not reflect real energy performance

EPCs reflect the estimated energy demand of buildings whereas the actual energy consumption of buildings often largely varies thus not providing sufficient insights in the real performance of buildings.

15%

top performing buildings in national building stock equal to:



Belgium



Germany



UK



Norway

EPC A

EPC A

EPC B

EI* A

EI* B

*Environmental impact

EPC A

EPC B

EPC C



CBI's buildings criterion for green bond eligibility is 15% top-performing buildings: [Location Specific Criteria for Residential Buildings](#).

Case study: EPC scheme links to real-world metering

> 50% Irish buildings have an EPC

Ireland's Central Statistics Office (CSO) combines EPC data with other data sources to publish [comprehensive quarterly EPC data](#).

CSO now [links real-world energy meter readings](#) from Gas Networks Ireland and Eirgrid (electricity grid) with data from buildings with an EPC.

Energy Rating

(mean kilowatt hours per square metre) 2022

A + B 37 kWh/m²

C 68 kWh/m²

D 71 kWh/m²

E 72 kWh/m²

F + G 61 kWh/m²

Dwellings with electric heating

Recommendations

- **Permit the use of alternative proxies to EPCs**

The European Commission should formally amend the Climate Delegated Act to enable the use of proxies to EPC (e.g. BREEAM, LEED, DGNB) where the use of EPCs is not possible or available.

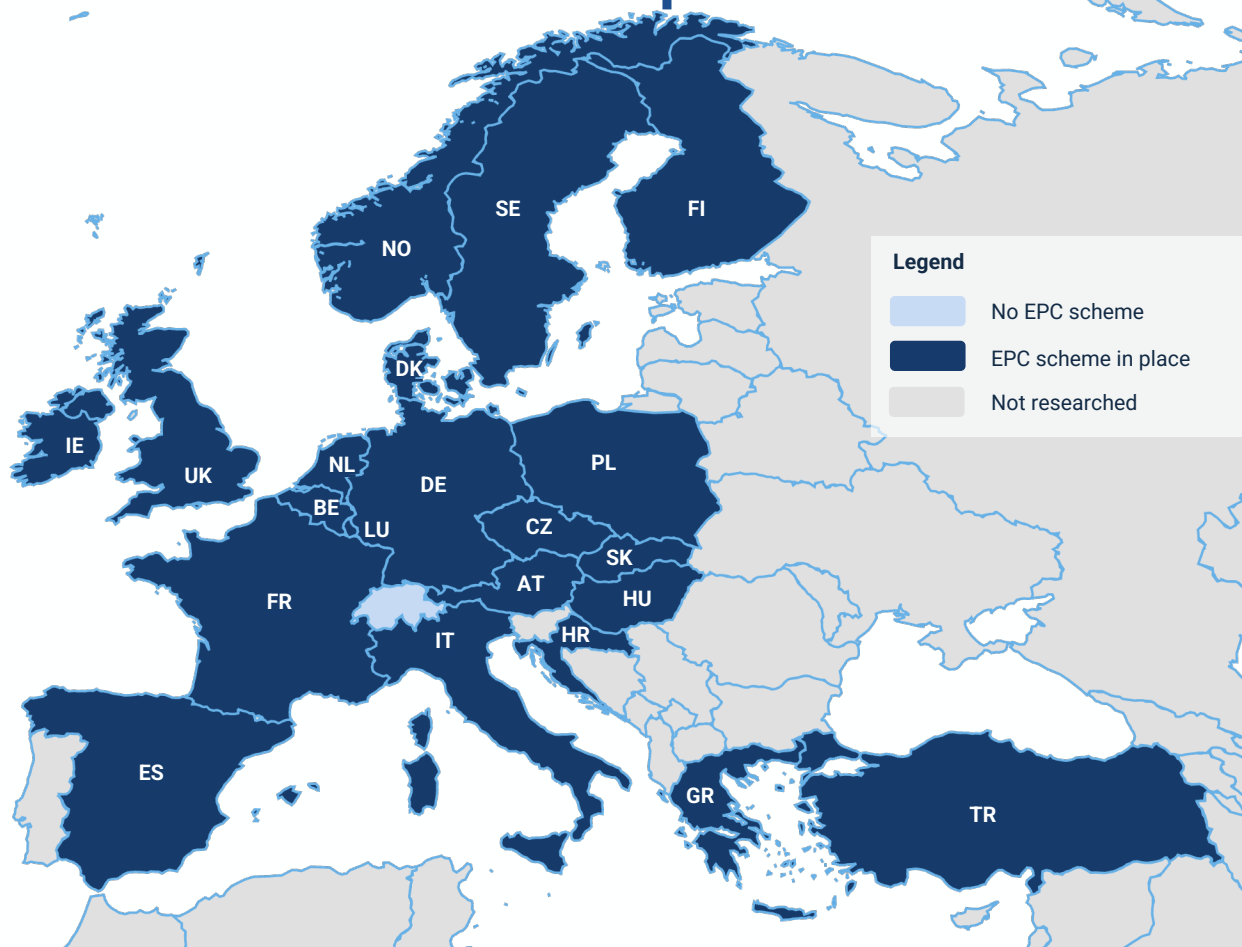
For example, the Climate Delegated Act could include the following text from the [additional guidelines from 19 December 2022](#): "Where [building standards (LEED, BREEAM, DGNB)] can help demonstrating compliance with the [technical screening criteria] TSC, they can be accepted for the purpose of compliance with the TSC."

- **EU should incorporate real annual energy performance measurement to EU Taxonomy**

There are well documented discrepancies between calculations of primary energy demand (PED) and actual energy consumption under real world conditions.

By incorporating real energy performance measurement of buildings into the regulatory framework investors would be able to better understand the true climate impact of the assets in their portfolio. This data could be used, for example, to inform the alternative criteria of the 15% top performers.

EPC schemes across Europe



About us

The World Green Building Council (WorldGBC) is the largest and most influential local-regional-global action network, leading the transformation to sustainable and decarbonised built environments for everyone, everywhere.

Together, with 75+ Green Building Councils and industry partners from all around the world, we are driving systemic changes to the built environment.

WorldGBC's [Sustainable Finance Taskforce](#) aims to unlock finance flows into the transition towards a sustainable built environment.

The EU Taxonomy working group enhances consensus and collective learning from across the value chain, builds capacities amongst the industry and advocates for an ambitious yet practically implementable framework.

Our partners

This factsheet was developed in partnership with the European Public Real Estate Association



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