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The European Green Deal, Fit for 55 and its implementation

Position Paper of the Local Authorities of Bavaria, Baden-Württemberg and Saxony

„The Green Deal is doomed to fail if cities and regions do not embrace it. The European Union will never achieve the ambitious goal of climate neutrality unless it is also identified with on a local and regional level.

The Green Deal is currently the central policy focus of the European Union. The association of local authorities of Bavaria, Baden-Württemberg and Saxony welcomes the aims of the Green Deal. As local authorities, we stand by our great responsibility in relation to the mitigation of climate change and the achievement of national, European and international climate protection objectives. They fundamentally support the holistic approach of the Green Deal.

As the European offices of the local authorities of Bavaria, Baden-Württemberg and Saxony, we raise our voice on behalf of the associations of local authorities of Bavaria, Baden-Württemberg and Saxony representing more than 3,400 cities and municipalities, 116 counties and 7 Bavarian districts, in which approximately 28 million people live.

We demand for our members a strong awareness of the European level that the Green Deal is done on a local level. It will therefore only succeed with the help of the municipalities, especially in their role as communicators. Our members' regions are among the most economically strong and innovative in the centre of Europe. In their practical implementation, the objectives of the Green Deal must therefore recognise the energy requirements of the economy and the demands of the population. Without acceptance by the citizens, the tradesmen and companies, the implementation of the Green Deal is not promising.

In this sense, from the perspective of the local authorities, the following is essential:

The Green Deal - it will not work without the municipalities

- **Institutional cooperation with the municipalities to gain the acceptance of the energy transition:** Without local acceptance, the energy transition will not succeed. The municipalities are the point of contact for the citizens and thus have a decisive influence. For the municipal decision-makers to be able to vouch for the measures, they must be oriented towards the region-specific aims, and involve the local citizens. The measures must be conducive with the existing social fabric, the economic development, the safeguarding of wealth and the industrial creation of profits. This requires openness to technology and solutions that are viable in market economies. To ensure all this, we call for institutional cooperation and a much stronger coordination with the local level.
- **The diversity of municipal initiatives should be appreciated and not hindered:** Already there is a wide variety of the exemplary commitment of municipalities in climate protection. This diversity of measures to achieve the goals should be recognised and encouraged. In accordance with this, flexible tools and sufficient financial resources are needed in order to meet regional requirements with solutions that are as customised to their needs as possible. We are critical of the introduction of new and mandatory green procurement criteria. Instead, adequate financial support could effectively contribute to the targeted expansion of the already existing exemplary character of municipalities in climate protection. Whether this is achieved through elements of green procurement or in a better way through other measures should be a decision left to the municipal decision-makers. This will lay the necessary foundation for acceptance of this necessary change, for example in the sense of the "buy local" principle through regional marketing flows. In this context, it must be possible to give preference to local markets for procurement in accordance with EU-law in order to support energy efficiency. In view of time-sensitive investments, state aid law must be revised in favour of climate protection; corresponding investments must be categorically regarded as compliant with state aid and thus be exempted from notification requirement.
- **Encourage, don't force, the role of local municipalities as role models:** The exemplary role of the public sector is an opportunity for the transformation of society. However, a role model only works if there is local responsibility and economic viability, and the role model should be based on voluntariness. We therefore reject special obligations for the public sector through EU law if this undermines our national competence and financial framework. The EU should limit itself to fundamental aims for the public sector and leave the member states to achieve these aims however they see fit and with as much leeway as possible. The ultimate deciding factor should be the CO2 reduction achieved.

- **Unclear financing:** The implementation of the Green Deal is a major challenge which will require immense financial investments. How the Green Deal is to be financed is unclear, and there are no clear statements from the Commission with regard to this. The constant new funding programmes and repeated application processes do not do the unyielding task of climate protection justice. They contradict the apparent need for plannability and legal precision which lead to an inefficient administrative burden that doubly ties up resources in administering itself. At the very least, existing funding programmes should be de-bureaucratised and a substantial involvement of local authorities in the disbursement of EU funds should be ensured. Application forms and funding requirements must be reduced to what is absolute necessary, based on a trusting cooperation between the municipalities and the EU institutions. The introduction and appropriate financing of a climate social fund can possibly be a first step towards new funding tools.
- **Renewable energies:** The steady expansion of renewable energies in Europe is also a decisive building block for achieving climate goals from the perspective of local authorities. In particular, the challenge of expanding infrastructure in the field of renewable energies will have to be overcome. However, the EU must ensure that the development burden is not only borne by rural areas, but that attention is also paid to the production of renewable energies in cities. In this context, it is important that urban and rural areas contribute equally to the expansion of renewable energies and to the achievement of the energy transition, in those areas and sectors where it makes sense to do so. For example, the potential for the expansion of thermal storage is higher in large cities, whereas wind power is more usable in rural areas. The selection of RE carriers to achieve the expansion aims must be open minded to technology, not require much space, and be compliant with regional and/or local requirements. The generation of value by local authorities, municipal companies, by citizens and local companies must not be hindered by European law rules. Rather, the municipalities in question and the citizens must be more involved in the necessary expansion of renewable energy plants. The aim must be to create incentives for the expansion and thus the necessary acceptance through (financial) participation. Especially in view of the important discussion on energy self-sufficiency and independence from energy imports, there is an opportunity to convince citizens of the benefits of a local and decentralised energy supply. Through municipal electricity procurement with stable energy prices and a long-term orientation, citizens could benefit directly from the restructuring of the energy supply. In this light, state aid and competition law should be further developed to serve the cause. Local and regional self-use and marketing of local energy products should be promoted by EU legislation. Regardless of the priority of sealed areas, for the expansion of renewable energies the protection of the environment, species and nature under EU law must be rebalanced, at least temporarily, to ensure rapid expansion, due to the overriding interest. The same applies to ensure that the transmission and distribution grid expansion keeps pace with the increasing RE input.

- **The renovation of buildings:** We emphasise and concur with the importance of the so-called renovation wave for achieving climate targets. We welcome the proposal to improve information and incentives in order to increase national renovation rates and support measures for the long-term decarbonisation of buildings. However, ongoing monitoring and reporting obligations, on the other hand, are viewed just as critically as rigid renovation quotas for buildings. We advocate for more flexibility, with a stronger focus on a smaller, district approach, allowing for example shared facilities for generating energy from renewable sources, district heating and air conditioning, and nature-based solutions. This requires tools for locally and regionally integrated planning of energy and climate protection measures. In this context, we also point out the importance of social housing. Given the immensely rising building costs, it must be examined to what extent projects for climate-friendly renovation of buildings can be supported by financial incentives and subsidies, as the cost explosion counteracts an increase in renovation activity without support.

- **Climate-friendly transport:** The municipal level recognises that the reduction targets for greenhouse gas emissions in the transport sector can only be achieved by switching to climate-friendly drive technologies using renewable energy sources, the expansion of local and regional public transport, and strategies for shifting the mode of transport and traffic avoidance. In view of the EU's goals of establishing more efficient drive systems, there should at least be openness to the different technologies. In addition to electromobility, hydrogen or (green) synthetic fuels, for example, are possible building blocks on the way to emission-free transport. This is important insofar as motorised individual transport will continue to be indispensable in the future, especially in rural areas. In addition, it is important to differentiate stronger between individual transport and heavy goods transport.

- **Taxonomy:** A results-oriented taxonomy can advance sustainable finance in Europe and set international standards. However, in our view, all stakeholders that contribute to the ambitious climate protection goals must be taken into consideration. It is incomprehensible, for example, why thermal waste treatment has still not been included in the taxonomy, although the EU Commission itself points out the immense potential for reducing greenhouse gas emissions and protecting the climate. At the same time, the level of complexity of the delegated acts and the resulting additional reporting obligations is alarming. The planned addition of further stringent sustainability targets should be renounced.

Specific proposals for the implementation of the Green Deal – positions of the local authorities

Demands concerning the renovation wave

We emphasise the importance of the so-called building renovation wave to achieve the climate targets, welcome the proposal to improve information and incentives to increase national renovation rates and support measures to decarbonise buildings in the long term as well as a Europe-wide comparability of energy efficiency. We welcome the fact that the proposal to revise the Directive on the Energy Performance of Buildings names the reduction of greenhouse gas emissions as the actual goal of climate protection (Art. 1 (1)). The aim must be to reduce CO₂ emissions. However, the ways and methods to achieve these goals must be flexible and open minded. Ongoing monitoring and reporting obligations, on the other hand, are viewed just as critically as rigid renovation quotas for buildings. The municipal level invests in the modernisation of buildings on its own initiative but needs sufficiently flexible regulations for this in order to achieve a good cost-benefit factor. Municipalities are responsible for managing their own real estate as per the framework of the constitutionally stipulated municipal self-administration. Already due to the budgetary principle of economic efficiency and austerity, the municipalities are interested in a constant (among other things also energetic) renovation of their own buildings. However, they do this at their own discretion, in knowledge of the local framework conditions and within the limits of their financial capacity. The provision of positive incentives, for example in the form of financial aid and longer implementation periods for renovations, is preferable. Where renovation progress is slow, this is not so much due to a lack of political will, but rather to the financial framework conditions as well as practical execution hurdles, such as the lack of availability of service providers, skilled workers and materials.

In the debate on the energy efficiency of buildings, it also has to be recognised that not every single building can meet all minimum requirements or that this would only be possible at an infeasible economic cost. In this respect, it is also important to look at the district and the district energy concept. Particularly for buildings of architectural cultural significance, especially monuments, ways must be found that take sufficient account of the special features of structural physics and the resulting additional financial expenditure. In this context, the energy relevance of these buildings (in Bavaria, two percent of the building stock) taking into account the entire building stock, their life cycle and their cultural and identity-creating significance must be recognised and considered.

Particularly in the social housing sector, massive investments to generate affordable housing will also be necessary in the future. This would be slowed down by complicated, binding minimum requirements for the energy performance of buildings. Where housing is scarce and expensive, and national standards are already high, the specifications should not contribute to exacerbating the situation. Municipalities are fulfilling their responsibility and try to create affordable housing as much as possible. However, these efforts are hampered if disproportionate requirements are imposed on the energy efficiency of new buildings or refurbished existing buildings. A further increase in the standards for building materials and norms will lead to a further increase in costs. This could possibly have a

detrimental effect and lead to less construction and renovation activity. In this context, moderation is needed. The U-turn by the German government regarding the termination of subsidies for the construction of energy-efficient buildings (e. g. Efficient House 55) and the associated discussion about energy efficiency standards show that developers also need reliability and consistency in current standards. If this protection of legitimate expectations is not maintained, an ongoing decline in construction and renovation activity is to be expected, which would particularly affect social housing.

Fit for 55: [Proposal](#) to amend the [Directive on Energy Efficiency](#) - renovation wave

The proposal includes both the extension of the renovation quota of 3 % per year to municipal buildings of 250 m² or more (Art. 6) and an energy savings target of at least 1.7 % per year for all public sector buildings (Art. 5). From a municipal perspective, these requirements are to be viewed extremely critically and require a flexible, municipality-friendly and level-headed approach. The expectation must be based on the understanding that it is neither feasible nor practical, for example, to specifically renovate 3 % of a building per year in concrete terms, whereas a 30 % renovation in ten years gives sufficient scope for completion. Monitoring obligations associated with rigid renovation quotas or the compilation of a publicly accessible building inventory (Art. 6 (3)) would not be feasible in addition to primary objectives, especially for smaller municipalities. Additional bureaucracy neither contributes to achieving the climate goals, nor does it create urgently needed living space or improve the financial and organisational conditions of the municipalities. In view of the tight financial situations of the municipalities – caused by loss of revenue due to the Covid 19 pandemic – it is imperative that we be sensitive to the financial and living space needs of the municipalities.

We are critical of the introduction of new and obligatory green procurement criteria. Instead, adequate financial support could effectively contribute to expanding the already exemplary climate protection efforts by the municipalities. Whether this is achieved through elements of a green procurement or better through other measures should be left to the decision of the municipal project sponsors. Direct financial support is therefore important, as otherwise there is a danger of creating unfair competition between municipalities in Europe, especially with regard to financial and human resources. This must be urgently considered when discussing the possible introduction of mandatory green procurement criteria.

We support the Committee of the Regions' demand that it must be clear under which circumstances local and regional authorities may also promote local economic growth, local structures against the backdrop of the sustainability concept and a positive environmental balance through regional marketing flows. Additionally, the “buy local” initiative should be made more viable. In this way, the already great climate action achievements of the municipalities can be furthered. In relation to this progress, local markets must be given preference – in accordance with EU law – in terms of energy efficiency when procuring goods and services. Regarding the Commission's proposal for the revision of the Energy Efficiency Directive, it is initially left to the Member States to decide- in addition to the increased consideration of energy-efficient criteria- whether further "green" criteria are to be introduced in the awarding of contracts through national requirements (Art. 7 (5)). This is very positive. However, obligatory consideration of the criterion of energy efficiency when concluding contracts and

concessions that reach or exceed the European thresholds (Art. 8 of Directive 2014/23/EU, Art. 4 of Directive 2014/24/EU and Art. 15 of Directive 2014/25/EU) is introduced, after which only products, services, buildings or works with high energy efficiency may be procured according to the specifications in Annex IV of the Energy Efficiency Directive (Art. (1)). According to our understanding of the proposals, the right to determine the performance, the performance specification, as well as the evaluation criteria is being influenced. However, it is precisely in the awarding of contracts that the greatest possible flexibility must lie with the contractor, as they know the local needs and the corresponding market best. We call for a move away from this mandatory requirement towards a "should" provision, at least for the local level. Finally, we are of the opinion that the necessary sustainability criteria should in principle already be stipulated at the product level.

Fit for 55: [Proposal](#) on the [Directive](#) on the Energy Performance of Buildings - renovation wave

We welcome the fact that the proposal for the revision of the Energy Performance of Buildings Directive names the reduction of greenhouse gas emissions as the actual goal of climate protection (Art. 1 (1)). Furthermore, that the definition of a zero-emission building is included for the first time (Art. 2 point 2). However, the means and methods to achieve these goals must be flexible and open minded. Above all, the specifications for the use of electricity produced on site must be devised in such a way that necessary framework conditions for the comprehensive use of solar radiation energy on as many surfaces as possible are created everywhere, but especially in urban areas. For example, the type of housing construction (rental housing, social housing) should not be responsible for whether the use of renewable energy sources makes economic sense. Above all, commercial constellations ("tenant electricity") must be further simplified. In addition, the purchase of renewable energy from local or regional generation must be considered. The burdens and benefits of renewable energy generation must be fairly balanced; for example, grid regulation must not lead to higher prices at the point of generation, as these locations would otherwise be doubly burdened. The proposal also lacks district and fleet approaches. The idea of transformation plans for buildings set out in renovation passports (Art. 10) is welcome. However, municipalities and their housing companies, which manage a large number of buildings, need a transformation plan at a higher level for their properties and their entire housing portfolios. It is precisely there that overall targets, functional and spatial approaches to meet common referenced values, common (local or regional) energy supply and heat generation concepts would be crucial. The prerequisite for doubling the renovation rate is both the financial viability of the construction measures against the background of ever-rising producer prices for building materials and the availability of sufficient personnel capacities in the construction industry and building administration. Here, more flexibility is needed on the part of the municipalities in implementing the goals under current market conditions.

The proposal now includes, among other things, that minimum energy performance standards be applied to existing buildings and building units (Art. 1 (2) (d), Art. 9). The current provisions on "major renovations" as defined in Art. 2 point 21 are supplemented by new EU minimum energy performance standards for public buildings (i. e. buildings and parts of buildings owned by public bodies) and non-residential buildings with the worst energy performance. In case of a corresponding renovation

appraisal (total cost of the renovation measure >25 % of the building value or renovation of more than 25 % of the surface of the building exterior), "public" buildings of energy performance class G must achieve at least class F by 2027 at the latest and at least class E by 2030 at the latest. Residential buildings with the worst energy performance must achieve at least class F by 2030 and at least class E by 2033 (Art. 9). In addition, from January 2027, new buildings used or owned by public authorities are to be completely emission-free buildings - from January 2030, this requirement is to apply to all new buildings in the EU (Art. 7). We welcome these proposals in principle, although we believe that the strict time limits should be reconsidered. It is essential to clarify that the deadline refers to the start of any approval procedure for the building.

In addition, the proposal tightens the regulations on sustainable transport infrastructure, especially for e-mobility (charging stations and pre-wiring) and bicycle parking spaces for new non-residential buildings or their renovation/refurbishment, if more than five parking spaces are available (Art. 12). E. g. for buildings owned or used by public authorities, pre-cabling for chargers of at least one in two parking spaces (50 %) must be ensured by 1st January 2033. Concerning the major renovation of residential buildings, there is an obligation to install pre-wiring (previously only protective conduits had to be installed) and the construction of two bicycle parking spaces for each dwelling (Art. 12 (4)), provided that the residential building has more than three (previously ten) parking spaces. However, in our view, the electrification of all parking spaces is not financially feasible and does not guarantee the sensible allocation of the limited resources. E-mobility is still at the beginning of its development and it is still unclear whether charging at every parking space is the model for the future. Furthermore, the network capacities for this are not yet sufficient. The sometimes very detailed and inflexible regulations in this area should also be reviewed with this in mind. A more flexible model for municipal self-administration and planning autonomy would be favourable.

It is also problematic that the proposal does not explain how said measures are to be financed. It remains to be seen whether the obligation of Member States to finance these national climate action plans will ultimately result in adequate funding.

Fit for 55: [Proposal](#) to amend the [Renewable Energies Directive](#)

In our view, the expansion of renewable energies is a central building block for achieving the climate targets and a decentralised energy transition. One of the aims of the directive revision is to set a binding EU-wide target for the total percentage of energy from renewable sources in the EU's gross final energy consumption for 2030, thus promoting the expansion of renewable energies (Art. 1). These targets are now to be tightened. Specifically, the Commission wants to increase the binding overall target for the production of energy from renewable sources to at least 40 % by 2030 in Art. 3 (1) (previously: 32 %). Furthermore, the proposal contains specific targets for individual sectors: e. g. for the transport sector 13 % (Art. 25 new), heating and air conditioning 1.1 %-1.5 % increase per year compared to 2020 (Art. 23 (1 new)), district heating and air conditioning 2.1 % increase per year compared to 2020 (Art. 24 (4 new)) or for the buildings sector at least 49 % (Art. 15a (1 new)). For the successful expansion of renewable energies, however, production barriers must be removed, and planning and approval processes must

be de-bureaucratized and accelerated. Due to the overriding interest of the expansion of renewable energies, the protection of the environment, species and nature under EU law must be rebalanced to ensure rapid expansion. Conflicts with species, resource or soil protection should be resolved in advance, beyond the individual case, already at the level of spatial planning. This is so that, among other things, project-related species protection, alternative/additional assessments and necessary compensatory measures no longer lead to planning and expansion delays in the future. In order to reduce the number of issues, environmental associations' rights of action should also be included in planning procedures. In general, we would like to point out that, in our view, specific sectoral targets are not conducive to a dynamic energy mix that increases the percentage of renewable energies. In our opinion, it is not expedient to want to control everything politically down to the last detail. Due to the different starting conditions in the member states, the path of overall target achievement should, in our view, be planned nationally as long as there is no common European energy market.

To achieve the targets, public buildings of the public sector are highlighted as an exemplary function (Art. 15a (3 new)). Local and regional authorities are aware of this example and already fulfil it. However, the proposal does not distinguish between new construction and renovation on existing buildings, which in our view, leads to legal uncertainties. We welcome, however, that the Commission includes an explicit role for local and regional authorities in heating and air conditioning planning. For this purpose, the Member States should learn from existing projects (Art. 23 (4d)). Thus, we expect that the gulf between what's demanded of the municipalities, and the likely reality (in relation to legal implications, staffing requirements and financial resources) will markedly be reduced.

We thank you in advance for considering the communal concerns.