Addressing the gaps in Polish renovation policies with European good practices

Renovation Wave Society and Reform Institute

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Methodology of the analysis

From identification of grounds for the public intervention to determinig the necessary reforms

Identification of grounds for the public intervention

↓

Determinig the objectives of the public intervention

↓

Analysis of adequacy of the policy tools which are currently in place

↓

Identification of key areas of improvement

↓

Review of good practices and their applicability in the Polish context

↓

Presentation of recommendations regarding necessary reforms

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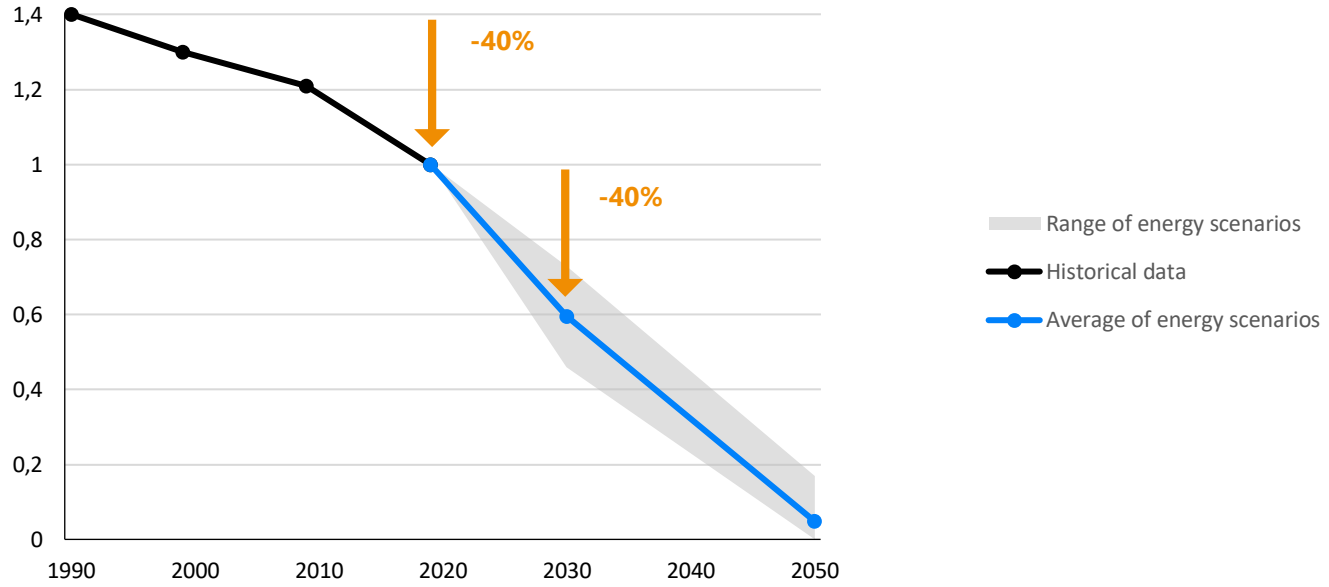
Grounds for public intervention

Increased climate targets in the EU and the response to the energy crisis require faster adjustments in the building sector

- **New climate targets EU**:
  - climate neutrality by 2050,
  - reduction of GHG emissions by at least 55% until 2030 (compared to 1990 levels).
- They cannot be achieved without **transformation of the building sector**, which:
  - is resposible for 40% of total energy consumption,
  - generates 36% GHG emissions.
- In practice, **the rate of buildings modernisation in the whole EU has to at least double** (reaching 3% a year) already by 2025, with simultaneous increase of share of complex and deep energy modernisations, that combine envelope insulation with replacement of the heat source.

Path of emissions reduction in the buildings sector in the EU until 2050



Source: JRC (2021), EU challenges of reducing fossil fuel use in buildings, Luxemburg

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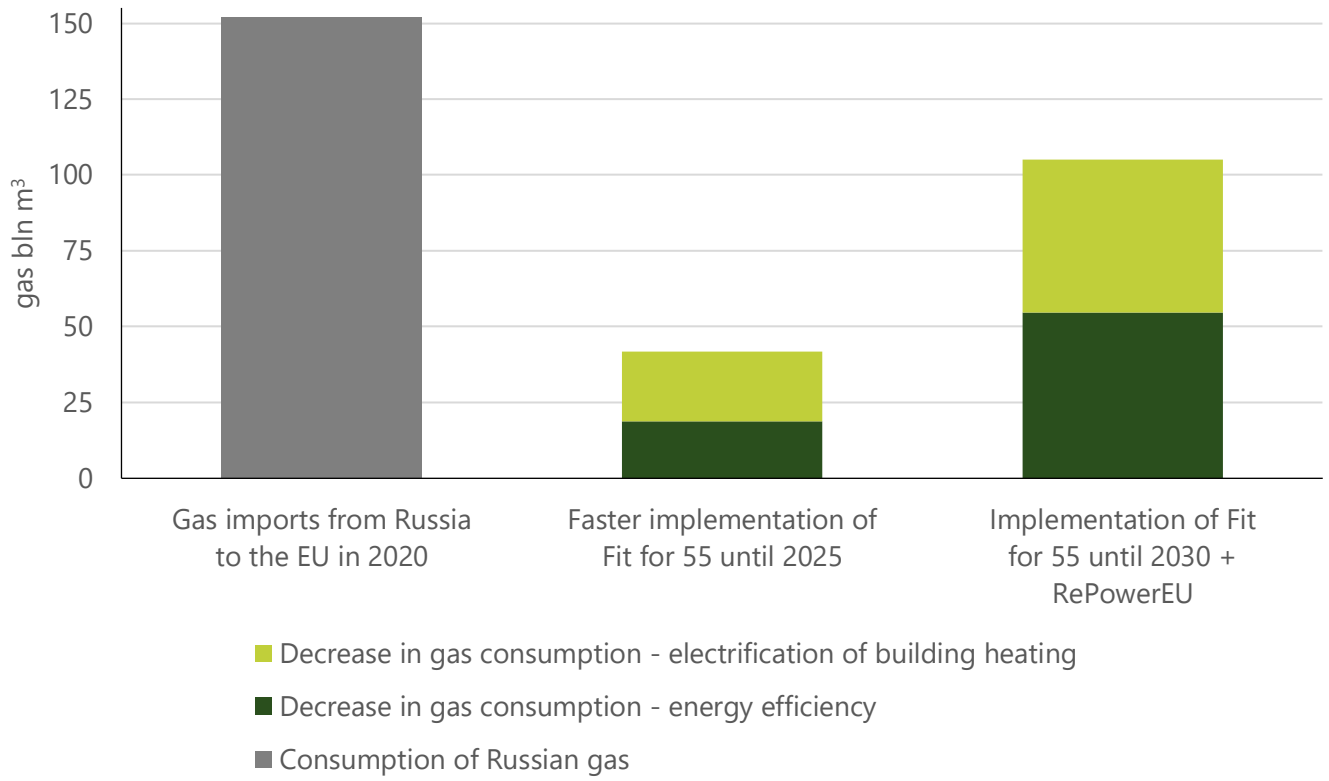
Grounds for public intervention

Increased climate targets in the EU and the response to the energy crisis require faster adjustments in the building sector

Gas imports from Russia and the potential reduction of gas consumption due to building modernisation in the EU



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Source: Reform Institute and Bellona Europa analysis, Ember, RAP i E3G (2025), „EU can stop Russian gas imports by 2025".

What are the optimal policy targets?

Fit for 55 package contains numerous policy targets, which are relevant for the building sector

- **Fit for 55 package** (presented by the European Commission in 2021) is a proposition to revise a numer of EU directives (including EPBD, RED, EED) in order to align them with newly established EU policy targets.
- Along with a proposition to **extend the ETS system to buildings**, it contains specific **requirements regarding the building modernisation**
- Final version of the provisions will depend on the result of the negotiations between various EU institutions, but **REPowerEU strengthens the EU ambitions** with regard to the renewable energy sources and energy efficiency.

Energy Performance of Buildings Directive (EPBD)	• New standard - zero-emission building (ZEB) • Uniform energy classes system • Minimum energy performance standards (MEPS) • Ban on subsidies for fossil fuels based technology
Energy Efficiency Directive (EED)	• Requirement for the public sector to achieve 1.7% of an annual energy consumption reduction • Requirement for the public sector to achieve 3% of annual renovation rate
Renewable Energy Directive (RED)	• Requirement to increase the share of RES in heating and cooling by at least 1.1 pp/year • Requirement to increase the share of RES and waste heat and cold in district system by at least 2.1 pp/year

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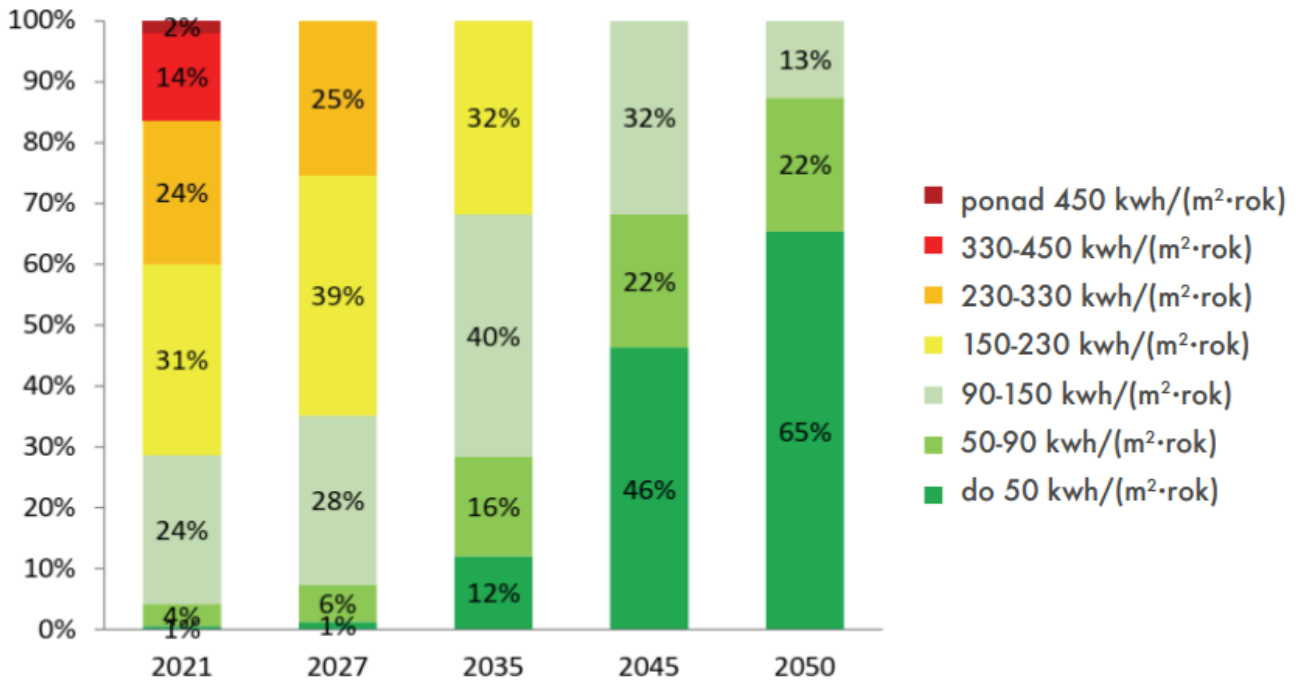
What are the optimal policy targets?

Long-term Renovation Strategy assumes millions of renovations will be realized in Poland until 2030

According to the Long-term Renovation Strategy (accepted in February 2022), achieving the climate targets requires renovations in Poland to comply with the following criteria:

- sufficient **scale of the modernisations**:
  - **until 2030** – at least **2,4 mln** residential and public building renovations (36% of stock), including **0,5 mln deep thermomodernisations,**
  - until 2050 r. – 7,5 mln (113% of current stock) modernisations in general, including 4,7 mln deep modernisations (with some realized in stages)
- sufficient **depth of realized modernisations:** deep renovation rate should reach 3% per year in the long term,
- focus on the **most inefficient buildings**: modernisation of ca. 20% of the least efficient buildings until 2030.

Distribution of public and residential buildings in particular time periods according to the EP indicator – scenario recommended by the Long-term Renovation Strategy



Source: Long-term Renovation Strategy

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Gaps in support – residential buildings

Support policy tools work on large scale, but they fail to provide sufficient depth of modernisations and they don't support the least efficient buildings

	„Clean Air" program	„STOP SMOG" program	Tax relief for thermomodernisation
Achieved scale	+	-	+
Depth and complexity of supported renovations	-	-	-
Reaching the least efficient buildings	?	-	-
Promotion and education	?	-	+/-

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Residential buildings –
summary of subsidy-based support tools

	Key good practices
Bundesförderung für effiziente Gebäude	• **High levels** of subsidies • **Energy audit** requirement • Subsidy levels **dependent on the energy standard** of the building after renovation • Integrated program, supporting **complex modernisation**
Nová zelená úsporám	• **High and systematically updated** subsidy levels • Subsidy levels **dependent on the kind of renovation realized and complexity** of the works • Integrated program, supporting **complex modernisation**
National Home Energy Upgrade Scheme	• Subsidy levels based on **market research** • Requirement to achieve **targeted efficiency levels** • Requirement to perform **energy planning and audit**

Residential buildings –
comparison of the extent of support

	Poland	Germany	Czech Republic
Maximum subsidy level, thausand euro	**6,4 - 14,8**	**75**	**26,4**
Maximum subsidy level as part of the average annual net income	**0,6-1,4**	**2,3**	**1,9**

Source: Reform Institute, based on the public information about the policy tools and the Eurostat database

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Residential buildings –
summary of tax relief tools

	Key good practices
Tax relief for building thermomodernisation	• High **maximum support levels** • Support discounted from the **tax amount** and not the tax base
Super Ecobonus	• Requirement to achieve **proven increase in the building** energy efficiency • Support discounted from the **tax amount** and not the tax base

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Residential buildings –
summary of support offered to the lowest income households

	Key good practices
Warmer Homes Scheme **Better Energy Warmer Homes Scheme**	• **Minimization of the formal requirements** for the beneficiary • The agent realizing the program **fully responsible for the management** of the renovation process • Program realized by **the governmental agency and firms from the private sector**
Energy Company Obligation	• Inclusion of **energy companies** in realization of the program • **Identification of potential beneficiaries** taking place also **without their active participation,** based on data about their financial situation
MaPrimeRénov Sérénité	• Program realized by **the governmental agency and firms from the private sector** • Public access due to **One-Stop-Shops** • **Cooperation between local authorities, governmental agency and firms** from the building sector

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Residential buildings –
summary of the analysis of the chosen OSS

- Consulting

- Consulting
- Coordination

- Consulting
- Coordination
- Realization

Higher complexity of the service and increased participation of the private sector

Network of energy consultants (Poland)

EKIS Centres (Czech Republic)

FranceRenov (France)

One-Stop-Shops for subsidies (Ireland)

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Public buildings –
summary of subsidy-based support tools

	Key good practices
Conto Termico	• Subsidy levels **dependent on the energy standard** of the building after renovation • **Full reimbursement of the energy diagnosis costs**
Bundesförderung für effiziente Gebäude	• Subsidy levels **dependent on the energy standard** of the building after renovation • Support for the energy planning
Schools Energy Retrofit Pathfinder Programme	• Specification of public policy based on the results of the **pilot programme**

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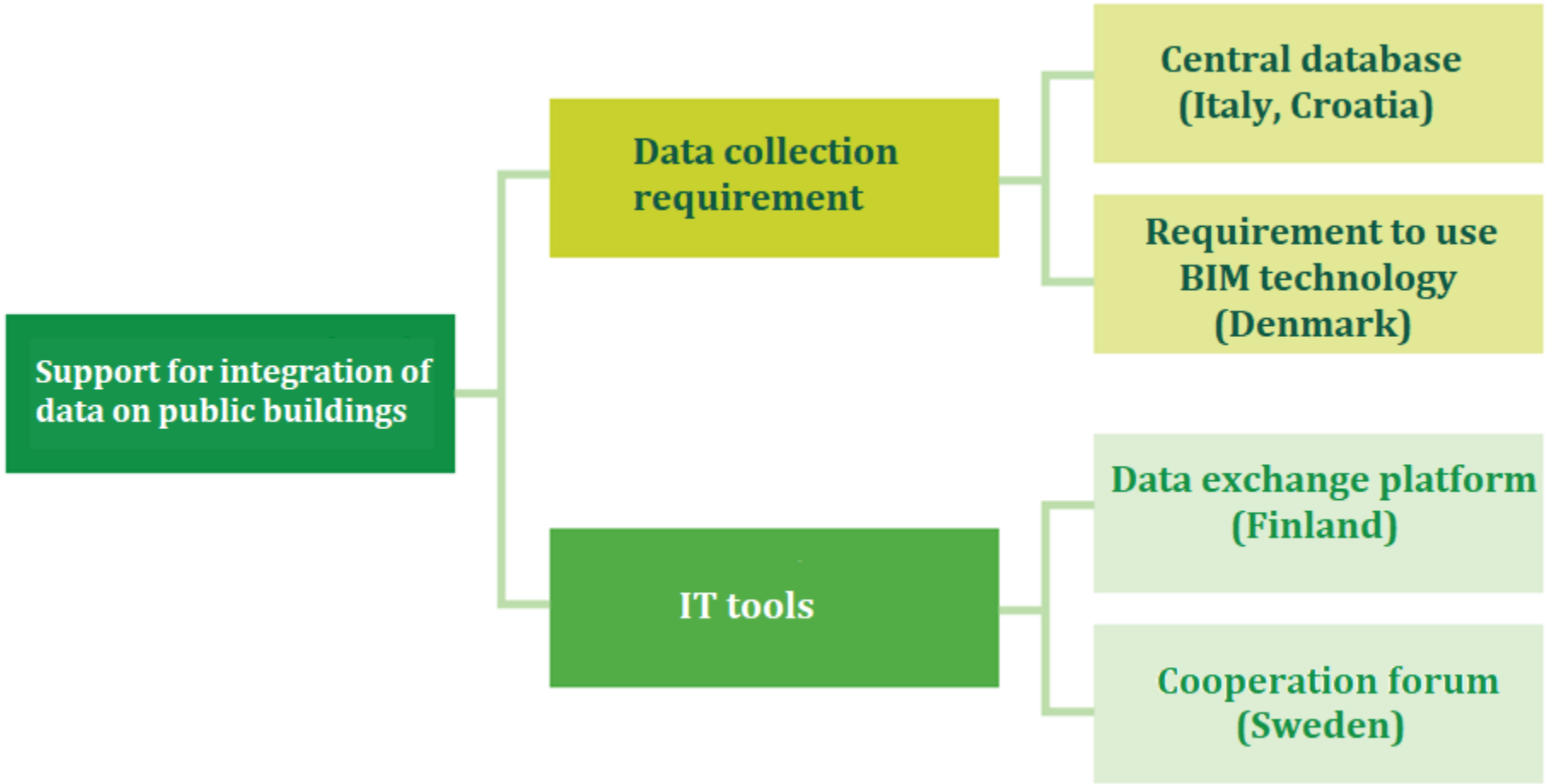
Public buildings –
good practices with regard to digitalisation



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Thank you!

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