

10 recommendations for climate-neutral buildings by 2045 through a socially equitable transformation

Think tank Agora Energiewende presents a comprehensive package of measures to ensure affordable and green housing for all income groups while attaining climate neutrality by 2045.

Berlin, 17 June 2021. The publication entitled "Towards climate neutrality in the buildings sector – 10 recommendations for a socially equitable transformation by 2045" defines a set of concrete measures that can be used to build consensus across all stakeholder groups in the building sector by distributing the costs and benefits equitably – while ensuring climate neutrality by 2045.

The proposals are based on four pillars: gearing the policy framework towards climate neutrality; distributing costs in a fair and socially equitable manner; planning and developing smart infrastructure; and reducing the costs for energy efficient renovation while increasing capacities.

As it is, there is an urgency in Germany to reduce greenhouse gas emissions in the buildings sector. Indeed, following a historic German Constitutional Court ruling and the higher climate target ambitions agreed at the EU level, the German government recently proposed a reform to the existing German Climate Law.

This reform proposes to increase Germany's 2030 climate target to 65 percent greenhouse emission reductions, compared to 55 percent today, and to pursue a more ambitious long-term goal of greenhouse gas neutrality by 2045 instead of 2050 today. The pending parliamentary decisions on the necessary amendments to the German Climate Law are expected ahead of the German elections.

"Making all European buildings carbon free within a timeframe of less than 30 years is a huge task, but also a great investment opportunity. To reach this goal, we need a broad mix of policy instruments enacted all at once – ranging from carbon pricing to energy performance standards, subsidies for renovation and moving towards all-inclusive rents. The Fit for 55 package and targeted use of EU funds need to provide this broad package", says Patrick Graichen, Director of Agora Energiewende.

The European Commission launched in October 2020 a renovation strategy for the buildings sector that should lead to climate neutrality by 2050. To this end, it plans to double the annual rate of energy renovation of buildings in the European Union, which is currently

For inquiries

Jahel Mielke

Head of Communications

E: jahel.mielke@agora-energiewende.de

M: +49 151 27 65 61 96

Agora Energiewende

Anna-Louisa-Karsch-Str.2

10178 Berlin | Germany

www.agora-energiewende.org

one percent, by retrofitting 35 million buildings by 2030. The introduction of the minimum energy performance standards for the least efficient buildings, for which renovation would be particularly beneficial, as well as the granting of assistance for hardship cases could facilitate this process.

The renovation of Europe's buildings is a key lever for the European Union to achieve climate neutrality by 2050, as the sector is responsible for 40 percent of the EU's greenhouse gas emissions. The strategy was recently supported by the 27 EU energy ministers, who also stressed the importance of ensuring affordable housing.

The question now is whether the Fit for 55 package will propose a separate European Emission Trading System (EU-ETS) for buildings, a move that would secure the financing of low-carbon solutions and support lower-income households and member states through the redistribution of carbon pricing revenues.

In order for Germany to meet its new climate ambitions, Agora recommends that the country quadruples its annual subsidies for renovation and green heating to 12 billion euros, establishes new building standards in line with climate neutrality, increases CO₂ prices, and implements social compensatory measures.

A summary of the publication and policy recommendations is available in English and can be downloaded free of charge at www.agora-energiewende.org.

About Agora Energiewende

Agora Energiewende develops scientifically sound, politically feasible ways to ensure the success of the energy transition – in Germany, Europe and the rest of the world. The organisation works independently of economics and partisan interests. Its only commitment is to climate action.

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