

The Consumer Voice in Europe

ENERGY PERFORMANCE CERTIFICATES (EPCs)

How to make EPCS consumer-friendly



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Why it matters to consumers

Consumers **prospecting** for a **new home**, or landlords and owner occupiers willing to **retrofit their property**, need information on the energy performance of the building. This need is partially addressed by current **Energy Performance Certificates**, but the information they provide must **be more accurate and reliable**. Consumers should get from EPCs a clear range **of investments** to be made in **improvement works to increase the energy performance** of the property.

Summary

BEUC recommendations in a nutshell:

- Make EPCs easy to read and their content adapted to different consumer profiles: tenant, homeowner, landlord, in detached houses, in multi-unit buildings.
- EPCs should include a section with local, practical information for consumers (i.e., where they can find the local one-stop shop or the average consumption of similar homes in the area)
- Reinforce the accountability of energy assessors in order to improve the reliability of EPCs

1. Introduction: What is an Energy Performance Certificate?

Energy Performance Certificates provide general information about the energy performance of a property and are mandatory at the time of sale or lease. They allow prospective buyers and tenants to factor in energy performance into their choice of home. EPCs originate from the Energy Performance of Buildings Directive (EPBD) in 2002¹ and are now regulated under the amended EPBD².

EPCs display information on the property, featuring a range of estimated performance ratings resulting in an energy label. EPCs show a range of letters from A to G, along with a colour range from deep green to bright red and indicate where the property stands. General recommendations on possible improvement works, such as insulation, heating system or window replacement, are also included. The overall accuracy relies on the skills of the energy assessor, who issues the EPC.

¹ DIRECTIVE 2002/91/EC.

² Last amended in 2018 as part of the Clean Energy for all Europeans package (DIRECTIVE 2018/844/EU), although the articles related to EPCs were not amended and remain the same since the DIRECTIVE 2010/31/EU.

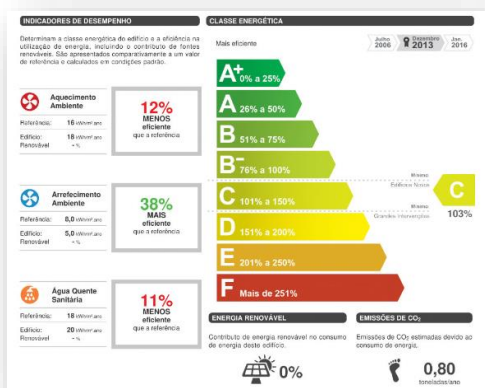


Illustration of what an EPC look like – Portuguese example³

EPCs provide standardised information which should enable consumers to compare different properties on their projected/estimated energy efficiency, energy consumption and greenhouse gas emissions.

However, EPCs are not yet reliable tools for consumers as they provide limited and poorly designed information. They are usually fairly cheap, but more expensive EPCs are not necessarily of better quality.

Our Portuguese member DECO specifies that prices in Portugal include three components:

- price of registration, which varies from €28 to €65 according to the number of rooms in the house,
- price of the service which are freely established by the service provider,
- VAT

As an example, for a three-bedroom apartment, the final price can vary between €200 to €300. Consumers are advised by DECO to compare and request different prices before they select. Currently 1.4 million buildings have a certificate for a total of six million houses available in the country.

In Austria, our member AK Wien mentions that there is no regulation on price. Offers can start as low as €60, but at such a price they are often low quality and unreliable EPCs. Some larger companies with a technical background have a starting price of €490 (for buildings up to 300m²).

2. What they are not, and should not become

Compared to energy audits, EPCs are not as precise and accurate. To illustrate, we can draw a comparison with hiking:

- EPCs are the short hike description in terms of the level of difficulty, length, and average timing.

³ Source: <https://www.sce.pt/certificacao-energetica-de-edificios-3/consumidores/>

- Energy audits are the topographic map, linked to a roadmap that provides step by step guidance on the road to follow, its intersections, elevation and landmarks.

EPCs, designed in a consumer-friendly way and undertaken correctly, can provide interesting markers but are not sufficient to provide consumers with the necessary guidance to implement the most accurate deep retrofit works.

EPCs are meant to remain marketing tools and should not be considered as substitutes for energy audits. Improving the reliability and content of EPCs does not and should not have to mean more technical content and significantly higher prices.

3. Make EPCs easy to read and their content adapted to different consumer profiles.

The core information in an EPC report is generated by a software that computes the estimated energy consumption. However, this software should be improved to better factor in practical dimensions linked to everyday comfort and health for consumers (including ventilation, dampness control and summer comfort).

Information on an EPC should be displayed in a clear and straightforward manner for consumers to understand. It should mainly be based on logos and symbols that are user friendly and easy to grasp, as in Portugal - highlighted⁴ by BEUC's Portuguese member DECO.

On top of the usual EPC report and for consumers to put a first foot on the ladder, a section should be added on how to get started with retrofit works and information tailored to landlords, homeowners of single-family houses, owners of a flat in a multi-unit building and tenants.

BEUC's Austrian member, Arbeiterkammer Wien, pointed out that EPCs in multi-unit buildings are not adapted to flats⁵. They provide an estimation which does not reflect the characteristics of the flat within the building and is a mere arithmetic distribution of consumption. In the case of common central heating, such as a gas boiler or district heating, the indications on space and water heating are misleading and not accurate as they do not reflect actual conditions. Moreover, in the case of multi-units, recommendations are often irrelevant (i.e., include exterior wall insulation of the flat only) and do not factor in building governance and the associated decision-making process.

Due to their specificities, a special approach should be developed to address multi-unit buildings. To be more accurate and useful for consumers, EPCs need to reflect both the building and how each individual unit is impacted (i.e., is the unit surrounded by heated space, how passive solar input is accounted for, etc.).

It should be made mandatory for EPC reports to give simple and straightforward conclusions for consumers. To illustrate, the most inefficient houses and flats rated E, F or G should have EPCs that clearly state, "This property is not energy efficient and needs substantial energy retrofit investment to become comfortable".

⁴ <https://www.sce.pt/certificacao-energetica-de-edificios-3/consumidores/>

⁵ In Austria, EPCs cover the building and are not adapted to a focus on the flat. Source: Österreichisches Institut für Bautechnik - <https://www.oib.or.at/de/oib-richtlinien/richtlinien/2019/oib-richtlinie-6>.

4. EPCs should include local, practical information for consumers.

EPCs should not just be technical documents. Home renovation can be expensive so EPCs should take into account each household's financial situation, how much the works will cost and the potential energy savings for the consumer. EPCs should also provide local information to consumers. One-stop-shops should provide information on the local market using data from EPCs such as average costs or a range of costs of the works, average energy efficiency gains related to these works, how these gains will reduce bills and the average performance of the property compared to similar properties in the neighbourhood. However, the main obstacle to the roll-out of EPCs is the lack of mandatory registries to store EPC data. These registries will allow public authorities to compile data from EPCs themselves and one-stop-shops to be able to share information about the energy performance of the housing stock.

EPCs should also reflect local heat planning, i.e., whether there is a district heating planned (city wide or at the neighbourhood scale) or whether the gas network will be decommissioned in the next 10 years to provide certainty to consumers. EPC assessors should become front-line information coordinators to consumers, able to provide a tailored-made report. This report should combine general on-site technical observations on the property with relevant knowledge of the local market, heat planning and contact details of the local one-stop-shop.

5. Reinforce energy assessors' accountability for more reliability.

BEUC observes a diverse roll-out of EPCs across Europe and BEUC's members have reported assessors using EPCs in different ways. The consistency of the results is highly reliant on the quality of the input by assessors.

When the methodology is not properly defined, the training and guidance for assessors not sufficiently extensive and assessors are not accountable, then trust in the resulting rating can be low.

BEUC's French member, UFC-Que Choisir, mentioned in a BEUC's energy expert workshop on Sustainable Housing that assessors often give different rating scores for similar properties. Prices can vary broadly, from €90 to €270, with the upper price range not linked to more reliability or accuracy. The training, requirements and professionalism of the assessors is key. There are now 8,000 certified assessors in France. Their honesty can also be challenged when access to a zero-interest rate is dependent on a certain EPC rating (bribes were observed).

Citizens Advice in the UK highlighted inconsistency and unreliability in its analysis showing that the same property can have significantly different ratings, depending on the assessor⁶. Lack of quality creates a general mistrust in the tool and knock-on problems for policies and programmes that rely on them.

Holding energy assessors accountable for the EPC ratings they issue would improve their overall reliability. If an EPC is deemed irrelevant via a random check by the organisation providing training and accreditation to assessors, or by a third party, then sanctions should

⁶ Lessons for net zero: What past energy efficiency and low carbon home improvement schemes tell us <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/lessons-for-net-zero-what-past-energy-efficiency-and-low-carbon-home-improvement-schemes-tell-us/>, Citizens Advice, October 2020.

apply, as planned in France with the opposability principle. Mandatory registries will also allow public authorities to keep track of the ratings issued by the different energy assessors over the years.

In conclusion, for EPCs to gain consumers' trust, they need to be improved in terms of information, design and reliability. This information should be sourced in on-site observations of the property and made available in local registries and databases covering the local market conditions (i.e., the average cost of works).



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