

ZIA Comments on the Delegated Regulation supplementing the EU Taxonomy

As an umbrella organisation of entrepreneurs and federations, the German Property Federation (ZIA) represents and speaks for the interests of the property sector along its entire value chain, as well as all its types of uses.

I. Draft Commission Delegated Regulation

According to **Recital (23)** the technical screening criteria for the building sector should also consider embedded carbon. That might be useful in general but the screening criteria as proposed under 7. of Annex I are based on EPC and NZEB. Neither NZEB nor EPC show and disclose embedded carbon.

II. Draft Annex I (Climate Change Mitigation)

1. Construction of new buildings (7.1.)

- **Threshold (20 % lower than NZEB):** The proposed threshold refers to national standards, which vary throughout Europe considerably. That bears the risk that future national adjustments lead to further divergence on the one hand and a significant tightening of the threshold on the other hand. Market participants in ambitious Member States with tighter requirements will be systematically disadvantaged.
- **Additional criteria for buildings > 5000 m²:** The threshold seems arbitrarily chosen. Nearly every property in the commercial sector has a total area of > 5000 m². Also new residential city quarters with 70-80 units are mostly affected. That means that this new criteria applies to the majority of new buildings.
Further there is no need to introduce tests like air-tightness, thermal integrity or GWP. These tests are not compulsory in German regulation (GEG/EnEV) and even not binding in tighter building codes like e.g. KfW55. We do not see any added value of these tests in terms of climate mitigation.

2. Acquisition & Ownership of buildings (7.7.)

The EPC Class A instead of the originally by the TEG suggested top 15% of the local stock as criteria for buildings built before 31.12.2020 is not suitable and appropriate for several reasons:

- Compared to the TEG-approach (top 15 %), an EPC rating A as an absolute criterion would massively reduce the proportion of taxonomy-

eligible buildings. In Germany only about 2% of the existing building stock meets this threshold. In other European countries this figure is even lower (about 1%). It is to be feared that the incentive to invest in taxonomy-eligible buildings would shrink to a minimum.

- EPC ratings are not specified for all building types or their relevance varies considerably. In Germany, EPCs for non-residential buildings do not indicate energy efficiency classes at all. Therefore, the requirement for this segment is currently not feasible until a change in legislation.
- Even if EPCs do exist their schemes are not harmonized and differ widely among member states. For example the residential EPC B in Germany is at 50-75, in Belgian 100-200 and in Poland 60-120 kWh/m² (TEG Report 2019, p. 366/fn.403). As a consequence an EPC Rating would lack transparency and comparability.

For these reasons we are in favour of an interim solution:

- It should be implemented the initial criterion suggested by the TEG (top 15% of the local building stock regarding PED by considering different types of uses) at least for a transitional period, before a harmonized and widely available set of indicators for climate protection is established.
- For the introduction of the binding 15%-threshold as well as the collection and provision of relevant data (e.g. PED, type of use, location/climatic zone, building age) central EU-wide or national registers will be required.

3. DNSH requirements (7.)

The documentation and proofs of the DNSH requirements would be associated with an immense effort for the property owners/asset managers, particularly as many of the relevant data are not part of the German legislation or standards. A harmonized legal basis would be necessary, especially to ensure competitiveness.

4. Windows (3.4.)

We propose to change the UW value for windows to 1.0 W/(m²K) and for doors to 1.3. W/(m²K).