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Sent: mardi 5 avril 2022 12:35

To: VANDENBERGHE, Kurt (CAR VON DER LEVEN)

Subject: Urgent action on up-scaling EU Renovation funding - Mortgage Portfolio Standards (MPS) and a EU Renovation Loan (ERL)

Attachments: 2x Pager ERL_Climate Strategy_April 2022.pdf; MPS 4 PAGER_FINAL 26112021.pdf

Dear Mr. Vandenberghe,

[REDACTED] writes on behalf of Peter Swedman ([@swedman](#)), chief executive of **Climate Strategy & Partners (CS)** with EU transparency register number: 32967558277-95.

As the ongoing Ukraine crisis highlights Europe's need to use less imported energy, and with reference to REPowerEU, we believe that investing in energy efficiency has come into its own, and that critically the finance supply chain needs to be more deeply implicated in the renovation of European buildings. These buildings are not just where we all live and work, but also represent around a half of all European stored wealth. Most of them waste energy, and this can and must cease.

To achieve this, we welcome the clear definition of Mortgage Portfolio Standards (MPS) in the EU Commission's [recast EPBD](#):

Definition 36. (p. 41 EPBD recast): *'mortgage portfolio standards' means mechanisms incentivising mortgage lenders to increase the median energy performance of the portfolio of buildings covered by their mortgages and to encourage potential clients to make their property more energy-performant along the Union's decarbonisation ambition and relevant energy targets in the area of energy consumption in buildings, relying on the definition of sustainable economic activities in the EU Taxonomy.*

This definition is used in Article 15.4 where require Member States are asked to promote the roll-out of enabling funding and financial tools such as mortgage portfolio standards:

EPBD Article 15.4: *To support the mobilisation of investments, Member States shall promote the roll-out of enabling funding and financial tools, such as energy efficiency loans and mortgages for building renovation, energy performance contracting, fiscal incentives, on-tax schemes, on-bill schemes, guarantee funds, funds targeting deep renovations, funds targeting renovations with a significant minimum threshold of targeted energy savings and **mortgage portfolio standards**.*

We think this language is insufficient to match the urgency of the need to rapidly reduce Europe's dependence on Russian fossil fuels, and under represents the power of Mortgage Portfolio Standards to engage mortgage lenders to address the critical organisational and financing gap for renovation. We note the strong support for MPS seen in the [2022 EPBD Public Consultation](#) **responses from many stakeholders including:** Renovate Europe Campaign ([REC](#)), the Spanish Association of Manufacturers of Mineral Wools ([AFELMA](#)), Buildings Performance Institute Europe ([BPIE](#)), the Jacques Delors Institute ([JDI](#)), the European Alliance to Save Energy ([EU-ASE](#)), [WWF](#), and the World Green Building Council ([WGBC](#)). We also note the IEA's clear signalling of MPS as a best practice on p. 38 of their November 2021 [Energy Efficiency Market Report](#).

In sum, we believe that Article 15.4 of the recast EPBD should be modified as follows:

EPBD Article 15.4: To support the mobilisation of investments, Member States shall promote the roll-out of enabling funding and financial tools, such as energy efficiency loans and mortgages for building renovation, energy performance contracting, fiscal incentives, on-tax schemes, on-bill schemes, guarantee funds, funds targeting deep renovations, funds targeting renovations with a significant minimum threshold of targeted energy savings and mortgage portfolio standards. Member States should work with mortgage lenders to each establish mortgage portfolio standards for their national portfolios that align with National Integrated Energy and Climate Plan trajectories and reflect the urgency of delivering energy efficiency in the context of European energy security.

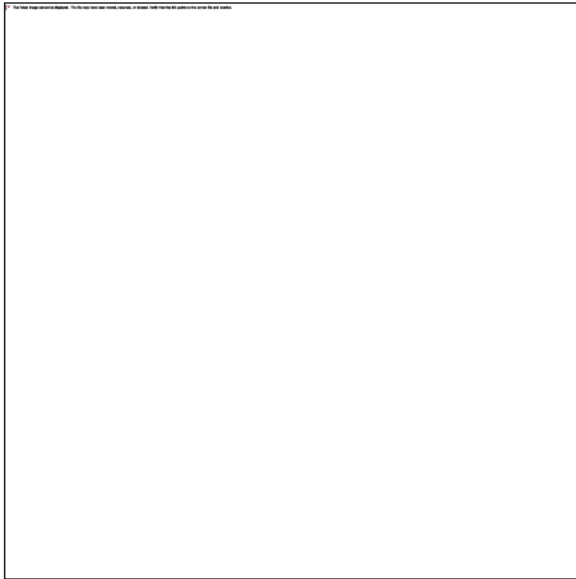
We have also heard the concerns from civil society and the finance sector around the segments of society who may not qualify for new mortgages, nor whom can afford these market instruments. For this reason, we in parallel recommend the launch of an “**EU Renovation Loan**” (ERL) - which can be used to support the deep renovation of the homes of hard working yet income constrained families. This new instrument can repurpose unused recovery loans, or be designed on a stand-alone basis, and **provides homeowners a new way to cost-effectively unlock home-equity for a deep renovation with nothing to pay until sale, transfer or after 30 years.** ERLs would not be a subsidy and would work alongside new green mortgages (for able to pay homeowners) yet for those ineligible for flagship renovate and other public grants for deep renovations.

We explain our thinking on the EU Renovation Loan instrument in the context of the Ukraine crisis in the 2x pager attached, and provide further links to our work at the end of this email. Furthermore, we would be happy to set-up a meeting to run through your questions in greater detail on any or all of the above.

Kind regards,

 and the Climate Strategy team

FYI: A strategic debrief “[Mortgage Portfolio Standards, an innovative approach to decarbonise buildings](#)”, which featured among its participants [Paula Rey Garcia, DG ENER](#) (responsible for buildings finance), [Ciaran Cuffe, MEP](#) (since appointed rapporteur for the ITRE opinion on the EPBD), as well as leading executives from the [IIGCC](#) (Institutional Investor Group on Climate Change), Dutch bank [ING](#), and Euro 700+ billion asset manager [DWS](#). Full report “[Underwriting the Renovation Wave with Mortgage Portfolio Standards for Energy Efficiency](#)” details the innovative Mortgage Portfolio Standards (MPS). See 4x pager attached.

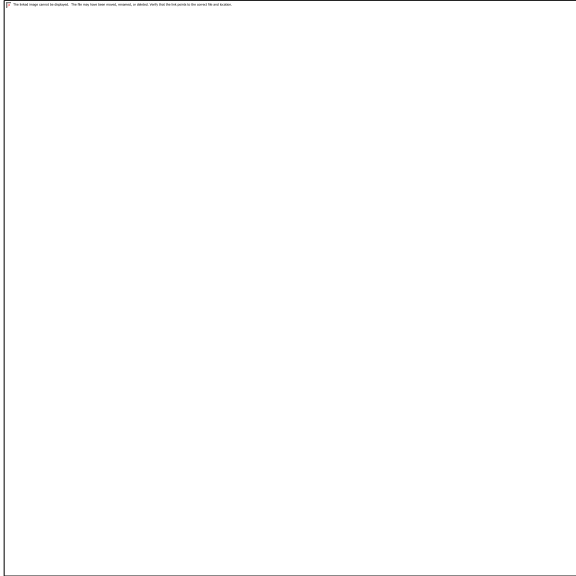


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