

## The energy performance certificate system

— clear purpose but unclear goal

### Summary and recommendations

The Swedish National Audit Office (Swedish NAO) has audited whether the energy performance certificate system is designed and implemented as an effective policy instrument for energy efficiency in single-family houses. Among other things, the energy performance certificates are aimed at enabling homeowners to improve the energy efficiency of their houses. Information to homeowners is important in order for efficiency improvements to be implemented and the state-financed municipal energy and climate advisory services are to support individuals in improving energy efficiency.

The audit shows that the energy performance certificates have weak potential to get individual homeowners to implement energy efficiency measures, but that energy classification of single-family houses can affect how buyers value the houses at the time of purchase. It also shows that several of the shortcomings that the Swedish NAO noted in an audit in 2009 still remain.

### Audit findings

#### Energy performance certificates could be more effective policy instruments

A majority of house buyers read the energy performance certificate, but this does not affect either the choice of house or willingness to improve energy efficiency to any great extent. Almost half of the buyers in the Swedish NAO's survey responded that they completely disregarded the energy performance certificate in the decision to buy a specific house. The measures recommended in the energy performance certificates are also rarely implemented by house buyers.

The average number of recommended measures in the energy performance certificates has decreased since 2012, contrary to the ambitions of the Riksdag and the Government. Two thirds of the energy performance certificates that completely lack suggested measures have been issued for houses with higher energy consumption than the requirements that apply to newly built houses.

There is a clear correlation between the house's energy class and its sales price. One-family houses in the lowest energy class, G, have 10–11 per cent lower prices than houses in energy class A, even when we adjust for a number of background factors. Energy classification on a scale from A–G was introduced in 2014 and has probably strengthened the connection between energy performance and sales price, compared to before 2014. This indicates that the energy classification itself may have a signal effect on the market, which is a sign that energy performance certificates could steer towards a market where high energy performance is valued by home buyers.

It is currently not possible to determine how effectively energy performance certificates lead to reduced energy consumption in single-family houses. This is because there is no information about any change in energy consumption in single-family houses that have only been certified once.

### The Government could be more structured in coordinating and evaluating policy instruments

Energy performance certificates have become clearly consumer-focused over time, with clearer demands for information to speculators and buyers. Municipal energy and climate advisory services have been pointed out as important for the implementation of the EU Energy Performance of Buildings Directive, but the Government has not coordinated the energy performance certificates with advice to ensure or strengthen the impact of policy instruments on the single-family house market.

The Government has not communicated monitorable goals for the energy performance certificates or the grants to municipal energy and climate advisory services. The ordinance on grants to municipal energy and climate advisory services does not include any requirements to report the effects or results of the grant-financed activities of municipalities

The Government has not decided on any follow-up of how the energy performance certificates work and affect the single-family house market, since the introduction of energy performance certificates was evaluated in 2009. Consequently, there is no knowledge of either the results or effects of the energy performance certificates, or how well the more consumer-focused regulatory framework works.

Sweden has chosen the lowest of three levels of control listed in the EU Energy Performance of Buildings Directive. This means that there is no control of whether the data in the energy performance certificates is correct.

It is unclear what is meant by the recommended measures in the energy performance certificates having to be cost-effective.

## The National Board of Housing, Building and Planning could expand collaboration and follow-up

There is no evaluation of, and thus no knowledge of, whether the information in the energy performance certificates is a support to owners and buyers of single-family houses in implementing energy efficiency measures.

The National Board of Housing, Building and Planning has repeatedly raised the need to evaluate the system of energy performance certificates, but has neither been allocated funds for this nor on its own initiative given priority to such an evaluation.

The supervision by the National Board of Housing, Building and Planning has shown that there are errors in the advertising of energy performance certificates when selling single-family houses. The National Board of Housing, Building and Planning has informed estate agents about the problem but has not issued any injunctions due to the errors.

There has been collaboration between the National Board of Housing, Building and Planning and the Swedish Energy Agency regarding the energy performance certificates but this has been limited for several years.

## The Swedish Energy Agency could systematise follow-up of the results

The proportion of house buyers in 2018-2020 who sought advice is not substantially higher than the proportion of the population that sought advice in previous years.

The Swedish Energy Agency lacks systematic follow-up of the extent to which municipal energy and climate advisory services reach the target groups. Nor does the agency require municipalities to have goals for their work to increase awareness among the target groups.

The Swedish Energy Agency has not yet prioritised energy performance in buildings as the focus of advice.

## Recommendations

### Recommendations to the Government:

Consider tasking the National Board of Housing, Building and Planning with investigating how the energy performance certificates can be made more effective policy instruments. Two components of such a task should be:

- in consultation with the Swedish Energy Agency, to investigate how coordination can be strengthened between the energy performance certificates and municipal

energy and climate advisory services, in order to ensure that information on energy efficiency can reach single-family house owners and achieve the purpose of the EU Energy Performance of Buildings Directive.

- to find out if it is possible to increase knowledge about energy consumption in the housing stock in a cost-effective way, so that the energy performance certificates are monitorable with a focus on the results and effectiveness of the policy instrument.

#### Recommendations to the National Board of Housing, Building and Planning:

Investigate whether the energy performance certificates give the owners of single-family houses the information intended on how energy efficiency can be implemented. Do this either as part of a possible government assignment or as an own initiative.

Collaborate with the Swedish Energy Agency to ensure that individual households are provided with the information and advice required by the EU Energy Performance of Buildings Directive.

#### Recommendations to the Swedish Energy Agency:

Further systematise the follow-up of the extent to which the target groups, particularly homeowners and buyers, are accessed by and use the information for energy efficiency.