

International Forum on Energy Efficiency on Housing
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Speech delivered by
Ján Kubiš, Executive Secretary
United Nations Economic Commission for Europe

(Please check against delivery)

H.E. Mr. Heinz Fischer, President of the Federal Republic of Austria,

H.E. Mr. Michael Häupl, Mayor of the City of Vienna,

H.E. Ministers,

Heads and Directors of agencies,

Dear colleagues, ladies and gentlemen,

I know I speak on behalf of all of us when expressing our thanks to you, H.E. President, the government of Austria and the city of Vienna for organizing this timely meeting and for your leadership role in promoting action in the key area of energy efficiency - in housing.

Both Vienna and Austria have a longstanding tradition of quality affordable housing. It has started in the early 1900's with Red Vienna. Innovative and forward looking action taken in that period inspired several countries to undertake similar social housing moves. And now you are spearheading a process towards what we might perhaps call "Green Vienna". Action taken to improve the energy and environmental performance of buildings in this city is already inspiring a transition towards climate neutral and energy efficient quality housing in other countries.

I said this meeting is timely. We are practically on the eve of COP-15, where world leaders will agree on a framework for action to reduce GHG emissions in the coming decades. Meanwhile, GHG emissions and energy consumption are still increasing as is carbon fuel dependency and indeed poverty in the region. The term 'energy security' has firmly entered our daily vocabulary. Undoubtedly, the energy system, from production to consumption, needs reform.

The International Energy Agency had identified energy efficiency as the largest contributing measure to meeting a target of increased demand and reduced global

greenhouse gas emissions to 50 % of 1990 levels by 2050. Let me emphasize that according to their work– energy efficiency has a greater role to play than any other source, whether coal, gas, nuclear, or renewables, towards this target.

Improvements in energy efficiency can be characterised as a reduction in demand for energy without compromising the level of energy service delivered and available. Of the three demand sectors – Transport, Industry and Buildings, the largest, most economic and most technically feasible gains are in buildings. This has been shown by many studies, and perhaps most famously by the McKinsey report commissioned by Vattenfall.

In the UNECE region the proportion of total demand accounted for by the residential sector ranges from 15 % to 45 % with an average for the whole region of 40 %.

However, the sector uses far more energy than it needs to provide comfort and services. It is wasteful. Generally, the technology providing the energy services is outmoded and inefficient. Personal awareness of daily energy use patterns among the population is poor and trends are going in the wrong direction – energy use in dwellings is rising across the region. Buildings are still being constructed below standard and existing buildings are not being renovated despite the economic and quality of life benefits that this would bring.

The implications of this affect the environment, the economy and citizens alike:

- From an environmental perspective, there are excessive green house gas emissions from the sector while there is insufficient local production of renewable energy.
- From an economic perspective, there is money being wasted on scarce fossil fuel resources without adding economic value and the construction sector is crying out for a new lease of life in retrofitting buildings.
- From a social point of view, poor housing conditions and increased fuel poverty is leading to a decreased standard of living for vulnerable householders.

The dynamics of this sector needs to be better understood, in order to address related challenges. The study “Green Homes” which has been launched today and which is available in the room is a contribution of UNECE towards a better understanding of the challenges of energy efficiency in housing in the region, and how to overcome them. Many of you have contributed with your expertise to this study, and I am very thankful. The previous workshop in Bulgaria in April 2009 and this meeting today are also important milestones towards what UNECE has set as its final goal: the development of an Action Plan on Energy Efficiency in Housing for the region.

The study Green Homes paints a grim picture of the situation in the region:

- There is a lack of incentives for householders and developers alike to invest in energy efficient technologies and, while technical solutions are available and often cost effective, they are not applied;
- Investments in energy efficiency are not a priority, and prices are volatile leading to uncertain return on investments;
- From planning to construction there is much fragmentation in the construction industry leading to difficulties with stakeholders ‘gambling on’ energy efficient initiatives.
- Moreover, these problems are even more pronounced in some countries in transition due to weak public sector with insufficient budgets for housing, outdated building codes, low innovative capacity of the local construction industry, weak public and private research and development activities, and immature demand-driven housing markets.

The Action Plan is thus set to develop recommendations for action on a rather complex series of challenges. Let me just mention some key activities necessary in order to prompt a ‘green transition’ in the housing sector.

First and foremost - mandatory energy efficiency standards in building are needed. Evidence has shown that mandatory codes achieve much greater improvements than voluntary codes. After all why would a developer bother spending more money on efficient construction? Awareness of the subject is not sufficient for voluntary codes to work and the cost premium for low energy construction is prohibitive.

This transition needs financing. Thus, we need to develop a transparent system of subsidies, grants, loans, public investment programmes and leasing. Such instruments should be targeted at appropriate stakeholders, including owners, tenants, builders, technology producers and retailers.

Then we need to make sure there is enough knowledge and understanding of the opportunities offered by energy efficiency in housing. An “energy aware” culture is needed in the society. The implications and needs should be common knowledge, and energy conscious behaviour should be a normal habit.

Also, coordination and leadership in these matters is necessary. It is particularly important to establish coordination between the housing and energy authorities. A specific tool to facilitate such coordination can be regional and local energy planning, of which housing must be an integral part.

And finally no one country can do this alone. Policymaking will benefit greatly if informed by wider international developments (e.g. experiences and best practices) and if it considers their transferability or adaptability to the local context. Furthermore, capacities should be established to assist the less developed countries of the ECE region with the transfer of technological and institutional know-how. While information about energy efficiency practices and experiences in the EU and North America is widely accessible due to a rather high level of mutual exchange of this information, many countries in EECCA and SEE remain relatively more isolated in this regard.

ECE is particularly well placed to provide such assistance, as it is a unique pan-European forum for multilateral dialogue and delivers policy advice to the countries with a diversity of social, cultural, economic and political backgrounds.

The Action Plan we are developing is a tool to provide this assistance, and will be formally presented and adopted at a meeting of relevant ministers in September 2010. I invite you to not only contribute to its development through this meeting, but to make sure that its existence is well known, and that governments, municipalities, developers as well as citizens make good use of it.

I thank you again for your attendance at this event and for your support to UNECE work.