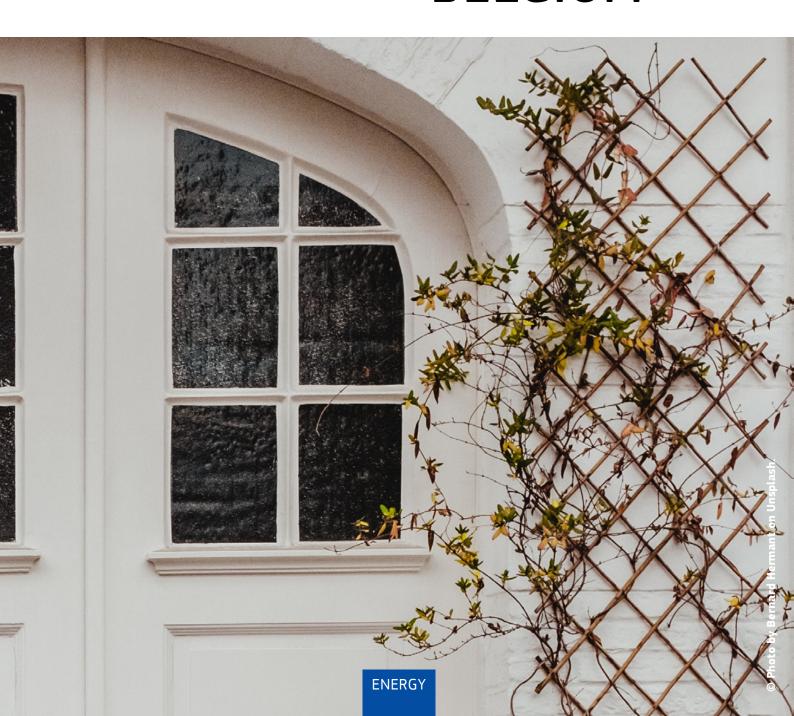


Enabling framework of pilot countries:

## **BELGIUM**



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## Introduction

Buildings are responsible for well over one third of the EU's green-house gas emissions and energy demand. The entire building stock will need to be highly energy efficient and carbon-neutral by 2050 to achieve the EU's climate objective. In order to achieve these ambitious targets, different strategies and potentials have to be explored.

The project <u>Citizen-Led Renovation</u> aims to empower energy communities and put citizens in the driver's seat for energy-saving renovation projects. In the course of the project, four energy communities in four different countries are assisted to deliver citizen-led energy renovations and renewable energy installations within their energy community. This country factsheet provides an overview on the current policy and incentive framework in the countries and regions of the selected pilots. It starts with a brief overview on the EU policy and financing framework, followed by a more detailed overview of the national policy and enabling framework. It considers the state of play in terms of legislation, regulation and administrative procedures that are relevant for the integration of building energy renovation and energy communities.



↑ Belgium © Photo by Tobias Cornille on Unsplash.

<sup>1</sup> EU Renovation Wave, COM/2020/662 final, [Link]

## EU policy framework

End of 2019, the European Commission launched the European Green Deal<sup>2</sup> setting the 2050 goal for zero greenhouse gas emissions, which became enshrined in the 2021 Climate Law together with an intermediate emission reduction goal of 55% by 2030. Building renovation is a crucial component of the European Green Deal, as the EU recognises that buildings are a significant source of energy consumption and greenhouse gas emissions, accounting for about 40% of energy use and 36% of CO<sub>2</sub> emissions in the region.<sup>2</sup> Building renovations are seen as a key tool to reduce emissions and provide healthy and affordable living and working environment for all. Therefore, the European Commission decided in 2020 to kick off a Renovation Wave as a follow-up to the Green Deal.

The Renovation Wave<sup>1</sup> is a strategic communication with the aim to double annual energy renovation rates in the next ten years and renovate 35 million buildings in Europe by 2030. Together with a very ambitious decarbonisation of heating this should enable to cut direct building sector greenhouse-gas emissions by 60% until 2030 (based on 2015 levels) as laid down in the Climate Target Plan 2030 (CTP). The initiative builds on the national long-term building renovation strategies that are part of building-related aspects of Member States National Energy and Climate Plans.

Meanwhile new energy and climate targets have been agreed by the EU's legislators within the framework of the Fit-for-55³ package, which was launched in 2021, in order to deliver the reduction of greenhouse gas emissions by 55% by 2030. The Fit-for-55 package includes among others, recasts to the Energy Performance of Buildings Directive⁴ (EPBD), Energy Efficiency Directive⁵ (EED) and the Renewable Energy Directive⁶ (RED) and therefore significantly affects the building renovation sector. The revision of the EPBD targets to set the European building stock on a clearly planned trajectory towards deep renovation to meet the EU 2050 carbon neutrality goals. The EED recast targets to make buildings more energy efficient and boost the use of renewable energies in buildings.

<sup>2</sup> EU Green Deal, COM/2019/640 final, [Link]

<sup>3</sup> Fit for 55, COM/2021/550 final, [Link]

<sup>4</sup> EPBD recast, COM/2021/802 final, [Link]

<sup>5</sup> EED recast, COM/2021/558 final, [Link]

<sup>6</sup> RED recast, COM/2021/557 final, [Link]

In March 2022, the European Commission launched the REPower EU<sup>7</sup> communication with the aim to reduce the EU's dependency on Russian fossil fuel imports. The REPower EU plan encourages Member States to find the quickest and cheapest ways to address the current energy crisis. The package includes a number of strategies, action plans and recommendations to increase the capacity of renewable energy (e.g. solar PV and heatpump capacity should be doubled) in the European Union and therefore also affects the renovation of residential buildings.

In support of the latest policy packages that were listed above, the European Commission is fostering the use of EU funds for the investment in energy efficiency of buildings and has been further developing financial instruments. The following enumeration lists the most relevant funding streams and programs and financial instruments for the residential building renovation sector:



- → European Fund for Regional Development (ERDF), European Social Fund + (ESF+) and Cohesion Fund (CF): 330.2 billion Euro, climate share 30%
- → Recovery and Resilience Facility (RRF): 672.5 billion Euro (till 2026), climate share 37%
- → InvestEU ("Sustainable Infrastructure"): guarantee of 26.2 billion Euro (9.9 billion Euro for sustainable infrastructure), climate share 30%. The guarantee aims to leverage private investments of up to 650 billion Euro.
- → Just Transition Fund: 17.5 billion Euro, climate share 100%.
- → Modernisation fund in the context of EU ETS: ~14 billion Euro; at least 70% for energy efficiency.



As none of these programs are specifically earmarked for investments in buildings, it is difficult to estimate, how much will actually feed into this sector. It can be assumed that an annual 8-16 billion Euro will be available from these programs for energy renovation of buildings.<sup>8</sup>

<sup>7</sup> REPower EU, SWD(2022) 230 final, [Link]

A.Hermelink and K.Bettgenhäuser, "The European Commissions's Renovation Wave Initiative for the Building Sector", Climate Change 53/2021, German Environment Agency

## National policy framework Belgium

Belgium has a federal structure. The three regions, Flanders, Wallonia and the Brussel capital region, are responsible for areas such as energy consumption and production, the promotion of renewable energy sources, public transport, transport infrastructure, urban and rural planning, agriculture, and waste management. The Federal State is responsible for many aspects of fiscal policy, as well as for civil and corporate policies.

## National Energy and Climate Plan Belgium

The draft 2023 National Energy and Climate Plan (NECP)<sup>9</sup> for Belgium still has to be submitted. The NECP is in part based on the regional climate plans. In Flanders, the regional government developed a Flemish Climate Policy Plan 2021-2030 and a Flemish Energy Plan 2021-2030. In Wallonia, the regional government adopted the Climate Decree. Both the Walloon and Brussels government established the Air, Climate and Energy Plan (PACE).



↑ Belgium © Photo by Olga Subach on Unsplash.

<sup>9</sup> National Energy and Climate Plan (NECP), [Link]

The final NECP from 2019 contains the following main elements relevant for energy communities and renovation:<sup>10</sup>

- → The residential and tertiary sectors are the main consumers of final energy (40% in 2017), energy which is mostly (70%) obtained from non-renewable primary sources.
- → Nearly 1.5 million homes in Flanders still had an old heating system in 2017 (+15 years old), and 80% of new Flemish housing is still connected to natural gas as the main source of heating. However, from 2021, living units within new large developments or buildings can be connected to natural gas for district heating by cogeneration or in combination with a renewable energy system as their main heating system.
- → Belgium aims to reduce its GHG emissions by 35% by 2030 compared with 2005 levels for non-ETS sectors. The Flemish target is in line with the target set for Belgium in the Effort Sharing regulation, namely 35%. Projections indicate that non-ETS emissions in Flanders will fall by 32.6% by 2030 compared to the recalculated 2005 levels.
- → In the buildings sector, the national target is set at 41% decrease in GHG emissions, and Flemish estimates mirror that benchmark. Emphasis is placed on significantly improving energy efficiency and on 'greening' energy sources, with national measures being oriented towards a gradual energy transition. However, the current NECP did not confirm the expected obligation for renovation of residential buildings five years after every transaction, however in 2023 the obligation was adopted in Flanders.
- → While all Belgian regions foresee energy performance improvement plans for the whole residential building stock, they fail to reflect the potential of Belgian's buildings sector, and their targets are too comfortably achievable to fully decarbonise the stock by 2050. The three plans offer relevant policies and measures, yet improvable<sup>11</sup>.

Belgian Integrated National Energy and Climate Plan 2021-2030, 2019 [Link] [Link]

<sup>11</sup> Comission staff\_working\_document\_Assessment\_NECP\_Belgium, [Link]

→ The Federal State objective is to generate 17.4% of Belgium's gross final energy consumption from renewable energy sources (RES) by 2023; for Flanders, the goal is to reach 10.3% of RES share:

	RES production		Final energy consumption		Proportion of RES	
By entity	(Mtoe)	(GWh)	(GWh)	(Mtoe)	own consumption (%)	BE consumption (%)
Belgium	6.20	72,128	411,407	35.4	17.5	
Brussels Capital Region	0.11	1,250	17,372	1.5	7.2	0.3
Walloon Region	2.37	27,506	117,053	10.1	23.5	6.7
Flemish Region	2.45	28,517	276,982	23.8	10.3	6.9
Federal State	1.28	14,855				3.6

<sup>↑</sup> Table: Renewable energy production in 2030 (Mtoe)

That being said, the Belgian target falls considerably below the EU 2030 target of 25% RES share<sup>12</sup>. Belgium's renewable energy contribution will remain below the 2020 baseline until 2025.

- → For heating and cooling, RES aggregated share is 3.3% greater than expected by 2020, but average increase is lower than the 1.3-1% foreseen for both 2025 and 2030 milestones. There is no detailed information of perceived constraints, and in general it is unclear how these targets were calculated.
- → Renewable energy communities and self-consumption are only partially addressed in the current NECP, which lacked quantitative figures to illustrate the expected impact, the associated time horizon and the budget in a precise and comparable manner.
- → With regard to energy efficiency, Flanders chose to keep using alternative measures rather than an obligations scheme. The flagship measure is the Energy Performance Contract, which is estimated to account for over 60% of cumulative energy savings for the period 2021-2030, followed by roof insulation (10% savings). However, the current NECP shows reduced energy efficiency targets when compared to the draft.

Comission staff\_working\_document,Assessment\_NECO\_Belgium, [Link]

#### Recovery and Resilience Plan Belgium

The Belgian Recovery and resilience plan (RRP)<sup>13</sup> is supported by € 5.9 billion in grants. 50% of the plan supports climate objectives and 27% supports the digital transition. The renovation plans have a total budget of € 1.3 billion with 18 concrete projects being developed. The projects primarily focus on renovating public buildings and social housing, as well as improved subsidies for renovations of residential buildings.<sup>14</sup>

The RRP does not explicitly mention citizen led projects but does include citizen awareness and engagement. For instance, it includes a plan to develop a service within the existing energy- and housing services to provide access to citizens for concrete renovation advice and guidance as well as financing solutions.

The regions Flanders, Wallonia, and Brussels have autonomy over their regional affairs. Energy legislation is governed by the regions, with DSOs operating for specific regions. The transmission network and the retail market, operate on the national level. As a result, energy communities and renovation policies are governed at the regional levels.

Below, an overview of the legislation and transposition of the EU directives, as well as the objectives under the long-term renovation strategies (LTRS) is given per region.

## Changes to rent indexation in Belgium

Furthermore, there have been recent nation-wide changes regarding rent indexation for residential buildings. While rents were originally adjusted annually according to the cost of living (health index)<sup>15</sup>, the situation changed 2022. All three regional governments imposed limits to indexation for residences with poor energy performance (EPB certificate D or lower) of up to 100%. Restrictions had a set duration of one year, and the goal in mind was to alleviate the effects of the energy crisis. Starting October 2023, rent indexation is expected to resume its normal functioning, albeit with partial alterations.

<sup>13</sup> Belgium's Recovery and Resilience Plan, Kabinet van de staatssecretaris voor Relance en Strategische Investeringen, [Link]

<sup>14</sup> NEXTGENBelgium, [Link]

<sup>15</sup> Decree laying down provisions concerning the rental of residential property or parts thereof, 2018, [Link]

→ Flanders: Limits to rent indexation introduced by the Decree of 3 October 2022<sup>16</sup> are to be continued in the region for residential buildings without the adequate energy label, or with a poor EPB certificate (levels D, E or F). As such, a correction factor will be applied to reduce the health index. Parties are prohibited from overriding the application of this correction factor. This measure acts as regulatory support for renovations, where a clear incentive is presented to homeowners to renovate their rented residences in exchange for maximizing their benefits. In situations where investments have been made to enhance energy performance resulting in an improved energy rating, landlords may proceed with rent indexation, although retroactive application is not allowed.

#### **Flanders**



#### Implementation of Directives – Flanders

In Flanders, energy legislation is governed by the Energiedecreet (Flemish Energy Decree). Specific rules are laid out in the *Energiebesluit* (Energy Ordinance) and the technical codes: Technisch Reglement voor de Distributie van Elektriciteit in het Vlaamse Gewest and the Technisch Regelement voor de Distributie van Gas in het Vlaamse Gewest. The European Directives have been transposed by the following decrees: This is very generic. Flanders, Wallonia and Brussels have specific and differing framework. RED and EMD: Decrees of the Flemish Government of 2 April 2021 and of 28 May 2022, modifying the Energy Decree.<sup>17</sup>

→ EED and EPBD: Decision of the Flemish Government of 9 October 2020, modifying the Energy Decision.18

Additionally, the Flemish legislator has developed a climate strategy for 2050 with the objectives to reduce energy use and greenhouse gas emissions from both residential and non-residential buildings. 19

Decree limiting the indexation of rents in order to alleviate the effects of the energy crisis, 2022, [Link]

<sup>17</sup> RED and EMD: Decrees of the Flemish Government, 2021, [Link]

RED and EMD: Decrees of the Flemish Government, 2022, [Link]

<sup>18</sup> EED and EPBD: Decision of the Flemish Government, 2020 [Link]

Flemish Climate Strategy, Vlaamse overheid, 2019, [Link] 19

Concerning renovation obligations, new buildings or renovations requiring planning permission or notification must meet certain energy performance standards. The energy performance regulations apply to buildings that are air-conditioned (i.e., heated or cooled) and for which an application to obtain an environmental permit for urban development operations or a notification is made.<sup>20</sup>

The energy performance standards regulation adopts the European Performance of Buildings certificates (EPC).<sup>21</sup> Which requirements specifically apply within the EPB regulations depends, among other things, on the purpose of the building, the nature of the works and the date of the building application or notification. Requirements are distinguished between new buildings and renovations of existing buildings, and focus on: <sup>22</sup>

- → Insulation
- → Energy performance (e-peil)
- → Ventilation
- → Minimum percentage of renewable energy.

Furthermore, since 1 January 2022, new owners of residential buildings with an EPC label E or F will be required, within five years of purchase or lease, to thoroughly renovate the residence to at a minimum an EPC label D.<sup>23</sup> The next owner will then have the obligation to upgrade to label C, and so forth, until the building has reached a label A. For non-residential buildings, the owner has to fulfil a set list of energy saving measures in the building within five years of purchase. Additionally, a phased approach is implemented for mandatory EPC non-residential (EPC NR) labels:<sup>24</sup>

- → 1 January 2023: all large non-residential buildings for sale must have an EPC NR label.
- → 1 May 2023: all large non-residential buildings for any transaction (sale, lease, gift, ...) must have an EPC NR label.
- → **1 January 2030:** all non-residential buildings, regardless of their size and whether or not they are for sale, must have an EPC NR label.

New EPB requirements for 2023 for new construction and renovation, 2023, [Link]

<sup>21</sup> Energy performance regulations for new construction and renovation (EPB), Vlaanderen.be, [Link]

<sup>22</sup> EPB requirements, Vlaanderen.be, [Link]

<sup>23</sup> Renovation obligation for residential buildings, Vlaamse Regering [Link]

Obligations for non-residential buildings, Vlaamse Regering, [Link]

#### Long Term Renovation Strategy - Flanders

Flanders aims to reduce the emissions of the Flemish building stock for residential and non-residential buildings by 2050:<sup>25</sup>

- → **Residential buildings:** Emissions reductions to 2.3 Mt CO<sub>2</sub> equivalent.
  - Existing residential buildings must achieve a comparable energy performance level to newly constructed dwellings for which permit applications were submitted in 2015.
- → Non-residential buildings: Fully carbon-neutral buildings.
  - Carbon-neutral building stock for heating, domestic hot water, cooling, and lighting, with an exemplary role for the public authorities.

Since 2019 Flanders has established 19 Energy Houses where Flemish citizens can obtain a uniform package of advice and guidance on energy-saving measures. Citizenled renovation does not get addressed individually in the LTRS. However, the strategy does point to the benefit of providing citizens' cooperatives and ESCOs with extra support so that "they can help relieve the burden" on those stakeholders who have less knowledge and experience. The LTRS points to the example of the Climate Schools 2050 initiative. The aim of the project is to provide strong relief of the burden of schools in increasing the sustainability of their energy consumption by means of monitoring consumption and drawing up an action plan tailored to the school's needs. Further information can be found on the relevant websites of Government Flanders, Regulator VREG<sup>29</sup> and DSO Fluvius.

<sup>25</sup> Long-term Strategy for the Renovation of Flemish Buildings, Vlaamse Regering, 2020 [Link]

<sup>26</sup> Long-Term Strategy for the Renovation of Flemish Buildings, Vlaamse Regering, 2020, [Link]

<sup>27</sup> Klimatscholen 2050 [Link]

<sup>28</sup> Government Flanders, [Link]

<sup>29</sup> Regulator VREG [Link]

<sup>30</sup> DSO Fluvius [Link]

#### Wallonia



### Implementation of Directives - Wallonia

In Wallonia, energy legislation is governed by the *Décret relatif à l'organisation du marché régional de l'électricité and the Décret relatif à l'organisation du marché régional du gaz*. Specific rules are laid out in the *Règlement techniques pour la gestion des réseaux de distribution d'électricité en Région wallonne et l'accès à ceux-ci* and the *Règlement technique pour la gestion des réseaux de distribution de gaz en Région wallonne et l'accès à ceux-ci*. The European Directives have been transposed by the following decrees:

- → RED and EMD: Decree of the Walloon Government of 4 May 2022, modifying the Gas and Electricity Decrees.<sup>31</sup>
- → EED: Decree of the Walloon Government of 17 December 2020, modifying the Energy Performance of Buildings Decree.<sup>32</sup>
- → EPBD: Decision of the Walloon Government of 15 October 2020, modifying legislation related to the heating sector.<sup>33</sup>

Concerning renovations, EPB requirements apply to the construction of new buildings, or renovations of existing buildings subject to a planning permission. The requirements concern installation, modernisation, and replacements. The EPB requirements distinguish between new and existing buildings and looks at:<sup>34</sup>

- → Energy performance;
- → Insulation;
- → Energy metering.

In addition, all buildings are subject to energy performance requirements for their systems. Since 1 January 2021 all new buildings must achieve Quasi-Zero-Energy (QZEN).<sup>35</sup>

Furthermore, existing residential buildings must have an EPC label.<sup>36</sup> These are residential buildings for which the date of acknowledgement of receipt of the (first) planning permission application was prior to 1 May 2010. The certification obligations for existing non-residential buildings are still being developed.

RED and EMD: Decree of the Walloon Government, 2022, [Link]

<sup>32</sup> EED: Decree of the Walloon Government, 2020, [Link]

<sup>33</sup> EPBD: Decision of the Walloon Government, 2020, [Link]

<sup>34</sup> System requirements, Wallonie ènergie SPW, [Link]

<sup>35</sup> EPC and electromobility requirements, Wallonie ènergie SPW, [Link]

<sup>36</sup> EPB Certificate: existing buildings, Wallonie ènergie SPW, [Link]

## Long Term Renovation Strategy - Wallonia

The Walloon LTRS has the following objectives:37

- → Residential buildings: By 2050 aim to achieve EPC A ratings as an average for the entire housing, prioritise deep renovation of the least efficient housing, and ensure that any renovation project forms part of a comprehensive assessment consistent with Wallonia's targets.
- → Non-residential buildings: By 2040 work towards a tertiary building stock that is energy-efficient and carbon-neutral in heating, domestic hot water, cooling, and lighting.

In the LTRS, the Walloon government sets renovation targets based on reduction in energy consumption of buildings compared to 2005:<sup>38</sup>

	Residential	Non-residential
2020	-10.4%	-12.9%
2030	-27.9%	-32.0%
2050	-70.3%	-70.3%

Citizen actions are addressed in particular in the LTRS but are treated equally to individual citizens where local citizen's cooperatives must comply with the same legal framework. The Walloon government recognises the potential for citizen action in that cooperatives can provide a potential solution to the issue of the split incentive, as well as offer third-party finance to individuals. For cooperatives as well as individual citizens, the LTRS names as one of its objectives to develop support for households in the form of one-stop-shops. To achieve this, the Walloon Government has established the Walloon one-stop shops for energy covering several municipalities.<sup>39</sup>

More information on this can be found on the websites of the Wallonia Government<sup>40</sup> and on the Regulator CWaPE<sup>41</sup>.

Walloon Long-term Building Renovation Strategy, Wallonie service public SPW, 2020, [Link]

<sup>38</sup> Walloon Long-term Building Renovation Strategy, Wallonie service public SPW, 2020, [Link]

<sup>39</sup> Les Guichets Ènergie Wallonie, Wallonie ènergie SPW, [Link]

<sup>40</sup> Government Wallonia, [Link]

<sup>41</sup> Regulator CWaPE, [Link]

## **Brussels Capital Region**

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## Implementation of Directives – Brussels Capital Region

In the Brussels Capital Region, the energy legislation is governed by the *Ordonnance* relative à l'organisation du marché de l'électricité en Région de Bruxelles-Capital and the *Ordonnance* relative à l'organisation du marché du Gaz en Région de Bruxelles-Capitale (Brussels Energy Ordinances).<sup>42</sup> Specific rules are laid out in the Règlement technique pour la gestion du réseau de distribution d'électricité en Région de Bruxelles-Capitale et l'accès à celui-ci and the Règlement technique pour la gestion du réseau de distribution de gaz en Région de Bruxelles-Capitale et l'accès à celui-ci. The European Directives have been transposed by the following decrees:

- → RED and EMD: Ordinance of 17 March 2022, modifying the Gas and Electricity Ordinances.<sup>43</sup>
- → EED: Decision of the Brussels Government of 15 October 2021, modifying the Brussels Code on Air, Climate and Energy Management.<sup>44</sup>
- → EPBD: Ordinance of the Brussels Government of 18 December 2020, modifying the Brussels Code on Air, Climate and Energy Management.<sup>45</sup>

<sup>42</sup> Brussels Energy Ordinance, 2001, [<u>Link</u>]

<sup>43</sup> RED and EMD: Ordinance of 17 March 2022, modifying the Gas and Electricity Ordinances, 2022 [Link]

EED: Decision of the Brussels Government of 15 October 2021, modifying the Brussels Code on Air, Climate and Energy Management, 2021, [Link]

<sup>45</sup> EPBD: Ordinance of the Brussels Government of 18 December 2020, modifying the Brussels Code on Air, Climate and Energy Management, 2020, [Link]

Concerning renovations, the EPB requirements applicable to buildings which have installations for heating and cooling<sup>46</sup> and that are undergoing constructions works or renovations.

The requirements of the EPB regulations apply to all buildings carrying out constructions or renovations with an application for a planning permit. The EPB requirements relate among others to design, thermal insulation, technical characteristics of installations, energy production, and ventilation.<sup>47</sup>

Furthermore, since 2017, any owner wishing to sell or rent a property in the Brussels Capital Region must have an EPC label for:<sup>48</sup>

- → An individual housing of 18m² or more
- → Offices or services (e.g., education)
- → Non-residential buildings
- → Tertiary buildings, i.e., offices with surface larger than 500m²
- → Public buildings.

The EPC label for individual housing has been divided into three parts:49

- → **The energy class**: represented by a letter from A to G
- → Recommended renovations: proposed works or measures for an optimal energy performance
- → The encoding report: it includes the data which has been encoded by the EPB certifier and which has been used to calculate the energy performance of the accommodation.

Heating and Air Conditioning EPB, environment.brussels, 2022, [Link]

<sup>47</sup> EPB works, environment.brussels, 2022, [Link]

The EPB Certificate, environment.brussels, 2022, [Link]

<sup>49</sup> EPB Certificate Individual Housing, Environment.Brussels, 2023, [Link]

### Long Term Renovation Strategy – Brussels Capital Region

The Brussels Capital Region approaches the LTRS from three angles: increasing the rate of renovation, improving the quality of renovations, and making rational use of energy within buildings. By 2050 all Brussels buildings must be energy efficient. For the residential sector the Brussels Capital Region has the following targets:<sup>50</sup>

- → Provide EPC if a housing unit or offices space larger that 500 m<sup>2</sup> is sold or rented.
- → Treat major renovations as new buildings: limit the energy need for heating and energy consumption.
- → Periodic inspection of technical installations and acceptance new heating installations approved by professionals.

In the Action Fiches for energy performance and sustainability requirements, the Brussels Capital Region includes an action on setting up a one-stop-shop to support individuals to boost the renovation of residential buildings. Within this action, a service is to be created for among others, collective projects, to support "the organisation of grouped renovations by block or district in order to reduce the support and project management costs." This plan has been put in practice under the Brussel's government RENOLUTION strategy. Its objective is to accelerate and improve buildings, to divide average energy consumption in the housing sector by three, and to achieve energy neutrality by 2050. Funding is also made available through this strategy. 52

Relevant websites for more information are: **Government Brussels**<sup>53</sup>, Regulator **BRUGEL**<sup>54</sup> and **DSO SIBELGIA**<sup>55</sup>.

<sup>50</sup> Strategy to Reduce the Environmental Impact of Existing Buildings in the Brussels Capital Region by 2030-2050, [Link]

<sup>51</sup> Strategy to Reduce the Environmental Impact of Existing Buildings in the Brussels Capital Region by 2030-2050, [Link]

<sup>52</sup> RENOLUTION, [Link]

<sup>53</sup> Government Brussels, [Link]

<sup>54</sup> Regulator Brugel, [Link]

<sup>55</sup> DSO SIBELGA, [Link]

## **Energy Communities and Active Customers**

Building performance requirements are not explicitly mentioned in the stipulations concerning energy communities and citizen collectives (active customers). Under the regional legislation, renewable energy communities (RECs) and citizen energy communities (CECs) can carry out the following activities:<sup>56</sup>

- → Energy generation
- → Energy supplying
- → Self-consumption
- → Storage
- → Offering or participating in energy services
- → Offering or participating in flexibility or aggregation
- → Selling self-generated energy
- → Charging services for electric vehicles
- → Energy sharing.

Article 4.8.4. § 1, Energiedecreet (Flanders); Article 35undecies. §1, Décret d'électricité (Wallonia); Article 28ter. § 1, Ordonnance d'électricité (Brussels).

With regards to the proximity requirements for RECs, the three regional government opted for a fairly flexible definition. In Brussels and Flanders, the REC itself justifies the geographical limits of the energy community based on its objectives and activities. BRUGEL in Brussels, and the VREG in Flanders, evaluate the proximity requirements for the relevant REC in the notification procedure of the energy community. The Walloon legislator departs from the concept of a "local perimeter", defined as a grid segment whose connection points are located downstream of one or more stations of public electricity transformation of medium and/or low voltage.

With the transposition of the European Directives, the concept of active customers has also been introduced in regional legislation. Wallonia defines them as actors sharing renewable energy produced collectively within the same building, while Brussels and Flanders keep the less restrictive notion of a final customer -connected to a network or distribution system- who carries out one or more of the activities below. Active customers can carry out the following activities, provided it does not constitute their primary commercial or professional activity:<sup>57</sup>

- → Energy generation
- → Self-consumption of the produced energy
- → Energy storage
- → Participating in energy services (including flexibility services)
- → Acting as a service provider of flexibility or as a participant in flexibility or aggregation
- → Conduct peer-to-peer trading, including with a power purchase agreement
- → Sell the self-generated energy, including with a power purchase agreement
- → Share the self-generated energy within a building or an energy community.

Active customers have the right to carry out their activities without being subject to discriminatory requirements or treatment, while retaining their rights and obligations as final customers.

Article 4.4.2. § 1, Energiedecreet (Flanders); Article Article 35octiess. §1, Décret d'électricité (Wallonia); Article 13bis. §1, Ordonnance d'électricité (Brussels).

Members within an energy community can share energy produced within the energy community free of charge amongst each other. Outside of energy communities, active customers who live in the same building, may also share energy produced within the building amongst each other. Such activities can indirectly contribute to achieving EPB requirements.

Currently, there is no official overview of authorised energy communities at the national level. The CWaPE does not offer open-access to its energy communities database. However, there is publicly available data from Brussels Capital, counting 3 authorised ECs<sup>59</sup>, and from Flanders, where VREG's registry has 79 entries<sup>60</sup>.

Administrative processes for Energy Communities

#### Wallonia

In Wallonia, the creation of energy communities is subject to a notification process to CWaPE<sup>61</sup>, and the sharing of electricity within these communities requires prior authorization. Subsequently, CWaPE conducts compliance checks on these notified energy communities. Both for Citizen Energy Communities and active consumers, shared electricity is not considered as electricity supply activity (and therefore no supply license is required). The Walloon legislator also provides a specific, limited, supply license procedure in case of own supply to its related companies via the public grid. No supply license is required for self-consumption<sup>62</sup> or collective self-consumption within RECs<sup>63</sup>. In contrast, the sale of electricity produced by a REC outside the community does require a supply license.

Article 7.2.1. § 1, Energiedecreet (Flanders); Article 1. 2°quater, Décret d'électricité (Wallonia); Article 2. 67°, Ordonnance d'électricité (Brussels).

<sup>59</sup> BRUGEL Authorised Communities [Link]

<sup>60</sup> VREG Authorised Communities [Link]

<sup>61</sup> CWaPE [Link]

<sup>62</sup> Art. 31, §2 Décret électricité

<sup>63</sup> Art. 2, 2°quater Décret électricité

#### **Flanders**

In Flanders, there is a legal requirement for Energy Communities to register with VREG<sup>64</sup> within 30 days of being established. If an entity engages in person-to-person sales or specific forms of energy sharing, such as self-sharing or sharing within apartment buildings or multifunctional structures, registration with Fluvius is sufficient, no report to VREG needed. The Energiedecreet makes electricity supply via the distribution network or the local transport network for electricity to customers subject to a supply license accorded by VREG<sup>65</sup>. No specific exemptions to this rule are yet determined. In contrast with the Brussels and Walloon Region regulations, the Flemish Region only provides one type of supply license, not further distinguishing between full, limited and/or site-specific supply licenses.

#### Brussels Capital

It is mandatory to obtain to operate an energy community in the region<sup>66</sup>. For licensing in Brussels, it is important to distinguish between the delivery of electricity to the members of the EC and supply outside the community. The Brussels legislator diversifies supply licenses into categories depending on type of electricity (green/grey) supplied, capacity and type of consumers.

<sup>64</sup> VREG [Link]

<sup>65</sup> Art. 4.3.1 of Energiedecreet

<sup>66</sup> BRUGEL [Link]

## National Enabling Framework Belgium

In this section the relevant support for renovation projects and energy communities is highlighted. The regional governments do not have a specific definition for citizen led renovation or collective citizen action. As such, the support presented below is eligible to all citizens, acting individually or collectively. Schemes for companies are also relevant for energy communities as legal persons. This section first presents a table of the relevant sources for finding support in Belgium. The section is sub-divided in type of support: i) subsidies and grants, ii) support services, and iii) tariffing and tax incentives. Each subsection presents the available support per region.

Main sources for financial and non-financial support in Belgium:

Flemish government	The website of the Flemish government provides information on energy efficiency, renewable energy sources, and decarbonisation for companies and citizens. Information on tax benefits as well as other financing sources from the Flemish government are made available on the website.
VLAIO	VLAIO (Agentschap Innoveren & Ondernemen) is the Flemish government's point of contact for all entrepreneurs in Flanders. The agency stimulates and supports innovation and entrepreneurship and contributes to a favourable entrepreneurial climate.
Walloon government	The website of the Walloon government has a dedicated page to energy and renewables including financing support and capacity building materials.
<u>1890.be</u>	1890 is the regional portal for information and orientation for (future) Walloon entrepreneurs. The platform informs entrepreneurs about a multitude of aspects related to the exercise of their activity and the needs they may encounter (support, financing, financial aid, hiring, partnerships, general information, etc.). Entrepreneurs are directed to the appropriate contact person. The 1890 is a service of Wallonie Entreprendre (WE), the Walloon economic and financial tool at the service of companies.
Brussels environment	Brussels Environment is responsible for defining and implementing regional policy in all areas related to the environment. It is the administration responsible for environment and energy in the Brussels-Capital Region. The website also links to financial and non-financial support in energy and environment.
Innoviris	Innoviris is a public organisation that funds and supervises research and innovation in the Brussels Capital Region.
1919 brussels	1819 is the information service for entrepreneurs in the Brussels-Capital Region. The 1819 is a service of the Brussels agency for business support, Hub.brussels. This service: provides entrepreneurs with information on the various aspects related to the exercise of an economic activity; and helps companies orient themselves in the Brussels network of institutions and support organisations.

## Subsidies and grants

#### **Flanders**

Several subsidies, grants, and loans are granted by the Flemish government, the DSO Fluvius, and the Flemish Energy and Climate Agency (VEKA).

For new constructions DSO Fluvius grants a premium for properties achieving an energy performance level (E-level)<sup>67</sup> that is considerably lower than the maximum E-level. The E-level premium is only available for new-build homes or apartments in the Flemish region for which the energy performance regulations (EPB) apply and for which the building application was submitted no later than 31 December 2016.

The Flemish government has launched a **Call for Green Electricity**<sup>68</sup>. This is an investment support programme for medium-sized PV installations and small and medium-sized wind turbines. The Call for Green Electricity is a competition formula in which the applicant submits a bid for an installation. That bid is the ratio of the requested support and the expected energy yield. Bids are ranked based on cost efficiency. The best ranked bids are paid out in function of the budget.

Moreover, the Flemish government also launched a **Call for Green Heat.** <sup>69</sup> Those who invest in new projects of green heat, residual heat, or heat networks (officially energy-efficient district heating) can submit a support application to the Flemish Energy and Climate Agency. With each new round, the eligible investment projects are assessed and ranked. The available subsidy amount is distributed among the favourably ranked investment projects until the budget is exhausted.

<sup>67</sup> Premium E-level, Fluvius, 2023, [Link]

<sup>68</sup> Call for Green Electricity, Vlaanderen.be, [Link]

<sup>69</sup> Call for Green Heat, residual heat and energy-efficient district heating, Vlaanderen.be, [Link]



 $\uparrow$  Belgium © Photo by Tamar Gogua on Unsplash.

The Flemish government also gives various Premiums for renovations:<sup>70</sup>

- → My Renovation Premium:<sup>71</sup> a single premium for all those who invest in an existing residential or non-residential building. The premium is composed of financial support for investments in energy efficiency and investments in home quality
- → EPC-label premium:<sup>72</sup> a subsidy for houses and apartments with poor energy performance, that have plans to undergo renovations within 5 years.
- → Demolition and reconstruction premium:<sup>73</sup> some residences are in such bad shape that demolishing and replacing them with new construction is a better option than renovating. Under certain conditions, residents only have to pay 6% VAT for demolition and reconstruction of a home. In all other cases residents pay 21% VAT. In those cases, private individuals in the Flemish region can apply for a Flemish demolition and reconstruction grant from the VEKA.
- → Asbestos removal and PV installations non-residential buildings:<sup>74</sup> a subsidy from DSO Fluvius for anyone who invests in the removal of asbestos in combination with the installation of solar panels on the roof of a non-heated, nonresidential buildings.
- → Premium:<sup>75</sup> to adapt the home to an older resident: adjustments for people over 65 eligible for invoices of maximum two years old.

<sup>70</sup> Premiums for renovations, Vlaanderen.be, [Link]

<sup>71</sup> My Renovation Premium, Vlaanderen.be, [Link]

<sup>72</sup> EPC-label Premium for energy renovation (Fluvius), Vlaandere.be, [Link]

<sup>73</sup> Demolition and reconstruction premium, Vlaanderen.be, [Link]

<sup>74</sup> Fluvius premium for asbestos removal in combination with solar panels for the roof of a non-heated, non-residential building, Vlaamse Regering [Link]

<sup>75</sup> Flemish adaption premium to adapt the house to an older resident, Vlaamse Regering, [Link]

Finally, in addition to subsidies, the Flemish government also provides Loans for energy-saving investments and housing quality.<sup>76</sup> These are cheap loans for building, buying or renovating homes:

- → My Renovation Loan:<sup>77</sup> loan from the Flemish government to carry out energysaving works.
- → Renovation loan with interest subsidy:<sup>78</sup> citizens who achieve a certain EPC label within 5 years, may be able to obtain a renovation credit with interest subsidy for energy renovation after purchase.
- → Interest-free loan: loans for renovation of emergency owner-occupied homes through the Openbaar centrum voor maatschappelijk welzijn (public centre for social welfare – OCMW).
- → Flemish housing loan:<sup>79</sup> citizens with a low income who want to buy their own home or carry out renovations in the Flemish Region can turn to the *Vlaams Woningfonds* (VWF) or a lending housing company for the Flemish housing loan, to obtain an advantageous home loan.
- → Social loan with a recognised credit company:<sup>80</sup> recognised credit companies provide social loans under less strict conditions than the Flemish housing loan.
- → Cheap loans from the province:<sup>81</sup> the provinces of Limburg and Flemish Brabant offer options for an additional social loan.

Coans for energy-saving investments and housing quality, Vlaamse Regering, [Link]

<sup>77</sup> My renovation loan, Vlaamse Regering, [Link]

<sup>78</sup> Renovation loan with interest grant, Vlaamse Regering, [Link]

<sup>79</sup> Flemish Housing Loan, Vlaamse Regering, [Link]

<sup>80</sup> Social loan with a recognized credit company, Vlaamse Regering, [Link]

Cheap loans from the province, Vlaamse Regering, [Link]

#### Wallonia

In Wallonia, subsidies and grants are primarily provided by the Walloon government.

**Demainvest** acts as a third-party investor to finance energy transition projects. Demainvest, is the result of a partnership between Luminus and Wallonie Entreprendre (formerly SOGEPA). It is a green investment financing solution that relies on the third-party investor system. Possible investments relate to the development, construction and operation of energy efficiency projects, electricity supply and the production of renewable energy and heat.

The Walloon government provides a series of **Premiums** related to housing and renovations:

- → Housing premiums:<sup>82</sup> from 1 July 2023, citizens can benefit from bonuses or an advantageous loan for renovation works and improvement of the energy performance of a property. This bonus is associated with the completion of a housing audit.
- → Temporary bonuses Heating and domestic hot water appliance: citizens can benefit from temporary aid from Wallonia for the replacement of a heating and/or domestic hot water appliance. The grant is allocated to two periods:
  - For invoices dated 1 May 2022 to 30 June 2023<sup>83</sup>
  - For invoices dated 1 July 2023 to 31 December 2025<sup>84</sup>
- → Premium Roofing and small works without audit:<sup>85</sup> from 1 September 2022, citizens can benefit from a bonus for conducting roofing work (without cost limit), and minor renovation work of less than € 6,000.
- → Install home automation equipment:86 the Walloon Region grants a premium aimed at partially reimbursing the installation of measurement and control equipment in private homes.
- → Renovation bonuses:<sup>87</sup> are several grants for carrying out a housing audit, for investments, aimed at saving energy and renovating a residence, for improving the energy performance of a residence, and for the installation of heating and/ or domestic hot water systems. Bonuses are also available to help citizens to cope with the energy crisis and reduce their energy bills, Wallonia has introduced financial aid in the form of grants.

<sup>82 2023</sup> Home Premiums, Wallonie ènergie SPW, [Link]

<sup>83</sup> Temporary Premium – Domestic Hot Water and Heating Equipment (until June 30, 2023), [Link]

Temporary premiums – Domestic heating and hot water equipment (from 1 July 2023), [Link]

<sup>85</sup> Roof premiums and small jobs without audit, Wallonie ènergie SPW, [Link]

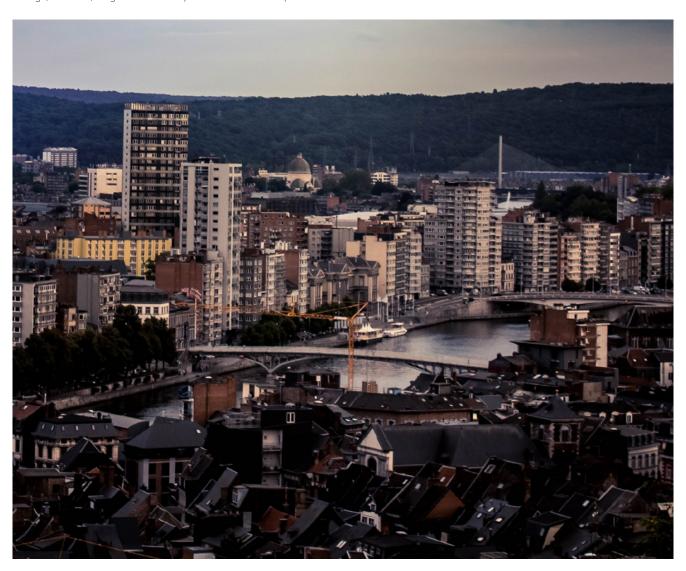
<sup>86</sup> Home automation equipment, Wallonie ènergie SPW, [Link]

<sup>87</sup> Energy-saving works and investments, Wallonie logement SPW, [Link]

The Walloon government also provides aid for investments in renewable energies<sup>88</sup> (cogeneration or process).

The Government of Wallonia grants an investment bonus and an exemption from property tax, as well as a guarantee to companies that carry out an investment programme contributing decisively to the sustainable development. Self-employed persons, SMEs, and large companies are eligible to apply.

 $\downarrow$  Liège, Wallonia, Belgium © Photo by Albert Dehon on Unsplash.



<sup>88</sup> Investment aid in renewable energies, Wallonie ènergie SPW, [Link]

### Brussels Capital Region

In the Brussels Capital Region, most funding for renovations comes from the Brussels government through the RENOLUTION strategy.

The RENOLUTION Bonuses<sup>89</sup> are the new regional bonus system for the renovation of housing and the embellishment of facades. A total of 42 RENOLUTION Awards are available for both renovation and energy-saving work. Applicants can submit a single group application for all the bonuses to which they are entitled. The simulation<sup>90</sup> demonstrates which bonuses are accessible or not depending on the status as an applicant and that of the property concerned by the work. Anyone involved in renovations has access to the RENOLUTION Bonuses system: owner-occupiers, lessors, tenants, trustees, building managers, etc.

The PEB periodic inspection is mandatory for all gas-fired boilers or water heaters, every two years. The C8 premium<sup>91</sup> is a  $\in$  100 grant for inspections with a maximum of two PEB certificates per accommodation. The scheme falls under the umbrella of the Brussels government's RENOLUTION programme. The subsidy concerns the performance of periodic PEB inspection of a gas boiler and/or a gas water heater, for households in category C.

- → The date of the balance invoice must be issued between 1 January 2022 and 31 December 2022. Any C8 bonus request having a balance invoice of 2023 will be refused.
- → The inspection must be carried out by an EPB boiler technician approved<sup>92</sup> by Brussels Environment for periodic EPB inspections of boilers and water heaters.
- → This premium does not apply to boilers supplying more than one dwelling unit.

In addition to the RENOLUTION strategy, the ECORENO loan<sup>93</sup> provides a financing solution for the renovation of Brussels housing. It is aimed at owners, future and future owners and tenants at a preferential rate of 1.5% to 2.5% for a consumer loan (limited to €25,000), and for a mortgage loan. The scheme allows owners to advantageously finance insulation and ventilation work, a new heating installation, the installation of photovoltaic panels, a heat pump heat, or a solar water heater. The ECORENO loan takes the form of a consumer loan or a mortgage loan, depending on the analysis of the file and the amount borrowed.

<sup>89</sup> Renolution 2023 premiums, Renolution.brussels, [Link]

<sup>90</sup> IRISbox e-administration platform, [Link]

<sup>91</sup> Renolution Premiums, environment.brussels, [Link]

<sup>92</sup> EPB approved professionals, environment.brussles, [Link]

<sup>93</sup> ECORENO credit, environment.brussels, [Link]

## Support services

Non-financial support in the form of capacity building materials is also available to citizens acting individually or collectively, as well as energy communities, engaging in renovation projects.



#### **Flanders**

The Flemish government provides Certificate Aid for Green Energy and Heat.94

Certificates are granted to new plants that will generate electricity from biogas, biomass, or wind energy and produce heat with a quality cogeneration plant.

The Flemish Energy and Climate Agency (VEKA) determines and evaluates at least annually the certificate support for new and ongoing green power and cogeneration projects. The evolution of green power production and how the banding factor was established are described in the evaluation reports. An overview of the banding factor is also available in tabular form.

#### Wallonia

The Walloon government provides a service: the network of energy facilitators. <sup>95</sup>
These are independent consultants who provide free advice to anyone who makes use of this service. The Energy Facilitators:



Analyse your organisation's energy situation



Help you choose the most appropriate technologies



Organise targeted training



Review your specifications



Help you compare prices



Inform you about existing energy regulations and financial assistance.

<sup>94</sup> Certificate support for green energy and CHP, Vlaamse Regering, [Link]

<sup>95</sup> Energy Facilitators, Wallonie ènergie SPW, [Link]

Since January 2022, the Walloon government also subsidises six Local Energy Renovation Platforms. 96 Their role is to help citizens with activities from carrying out a home audit to applying for grants and completing the work.

Additionally, energy audit support<sup>97</sup> is made available through the Walloon government. This includes online guides and a pre-audit site visit by an expert.

The regional portal for entrepreneurs in Wallonia, 1890, also provides an Accompanying programme for Energy Audits.<sup>98</sup>

To support manufacturing companies in this transformation, Made Different Digital Wallonia is offering a support programme consisting of a quick audit, possibly followed by an in-depth energy audit.

1890 additionally developed a Low Carbon Reference<sup>99</sup> tool. Companies can obtain specialist advice from diagnosis to support, drawing up an energy and ecological balance sheet of the various facets of a business:



**Energy transition:** energy efficiency in buildings and production facilities, renewable energies, intelligent energy management, etc.



**Circular economy:** the search for efficiency in the use of resources and materials throughout their life cycle, also with companies in the same economic area



**Fluorinated gases:** compliance following the (complete/progressive) ban on gases that emit high levels of  ${\rm CO_2}$ .

Finally, *l'Agence wallonne de l'air et du climat* (the Walloon Agency for air and climate – AwAC) has developed a **Carbon calculator**. <sup>100</sup> This tool is made available online to raise awareness among individuals and companies of the carbon impact of their activities. The carbon footprint is the first step in identifying the emissions where the carbon weight is greatest, and on which action should be prioritised.

<sup>96</sup> Local energy renovation platform, Wallonie ènergie SPW, [Link]

<sup>97</sup> Energy Audit Support, Wallonie ènergie SPW, [Link]

<sup>98</sup> Call on Industry 4.0 specialists, WE, [Link]

<sup>99</sup> Low Carbon Reference Tool. WE, [Link]

<sup>100</sup> Carbon calculator, Wallonie environment, [Link]

#### Brussels Capital Region

Homegrade Brussels<sup>101</sup> iis a service provided free of charge through the Brussels government to help citizens improve homes and reduce their environmental impacts. Homegrade provides advice on acoustics, elevators, energy, insulation, rent, patrimony, co-ownership, renovations, and urbanism.

Innovators (businesses, public services, associations, research centres) can test an innovative system in a real environment using the experimental platforms<sup>102</sup> of Innoviris.

An innovative system can be a new product or service, a technical system, a new form of organisation, a new production process, etc., as long as it contributes to the sustainable development of the ecosystem and as long as it benefits the people of Brussels. This call is currently closed but will reopen in 2024.

Additionally, through the Co-Creation Programme<sup>103</sup>, Innoviris supports researchers in social and ecological transition. Projects of co-problematisation of up to 15 months and co-research projects to conduct with actors involved in change are eligible to apply.

Finally, the regional portal for entrepreneurs in Brussels, 1819, has developed a programme for Recognition of Circular Economy<sup>104</sup>. SMEs can benefit from a 10% increase on several Brussels Capital Region grants through a recognition for involvement the circular economy, as part of business economic development aid.

<sup>101</sup> Homegrade Brussels, [Link]

<sup>102</sup> Experimental Platforms, innoviris.brussels, [Link]

<sup>103</sup> Co-Creation programme, innoviris.brussels, [Link]

Recognition of Circular Economy, 1819hub.brussels, [Link]

## Existing one-stop shops (OSSs)

In Belgium, the municipality OSSs, or 'Energy Houses', offer technical and financial assistance in the three regions, although their reach can be limited: "Energiehuis" in Flanders, the "Guichets de l'énergie" in Wallonia and by "Homegrade" and the "Réseau Habitat" in Brussels

The Walloon, Brussels, and Flemish renovation strategies encourage one-stop-shops to assist households with their renovation requirements, streamlining access to information and the home renovation process.

These OSSs offer a variety of support and informational services to households, aiming to provide guidance on the energy-related aspects of their homes<sup>105</sup>. Support actions foreseen by the regions, such as Wallonia<sup>106</sup>, include:

- → Developing practical tools (guides) and contacts specifically for condominiums
- → Facilitate group renovation projects
- → Continuing to develop and financially support one-stop-shop pilot projects
- → Evaluating and deploying appropriate one-stop-shop solutions
- → Including social missions to identify and support households in precarious situations

The three regions have a variety of one-stop shops into place, of which are citizen-oriented:

- → **Brussels-Capital**: the Renolution Alliance<sup>107</sup> and the Facilitateur Bâtiment Durable.<sup>108</sup>
- → Wallonia: Guichets Énergie<sup>109</sup>, the WalloReno Platform<sup>110</sup>.
- → Flanders: Energiehuizen<sup>111</sup> and their FOSSTER project<sup>112</sup>.

Documentary note on building renovation policies in Belgium, CCE [Link]

<sup>106</sup> Stratégie Wallonne de Rénovation Énergétique à Long Terme du Bâtiment (2020), p.88 [Link]

<sup>107</sup> RENOLAB by Renolution [Link]

<sup>108</sup> Facilitateur Bâtiment Durable in INNOVATE Guide, p. 47 [Link]

<sup>109</sup> Guichets Énergie Wallonie [Link]

<sup>110</sup> WalloReno Platform [Link]

<sup>111</sup> Energiehuis Vlaanderen [Link]

<sup>112</sup> The FOSSTER Project [Link]

## Tariffing and tax incentives



#### **Flanders**

Property residents and owners can get a reduction in the withholding tax on real estate for an energy-efficient home or other building<sup>113</sup>. The reduction is measured in accordance with the so-called E-level which determines whether a building is energy efficient or not. The E-level of a building is recorded in an energy performance certificate, the 'EPC Construction'.

An **E-level**<sup>114</sup> is only calculated for new construction (or equivalent) or after a major energy renovation. It is calculated after completion of the works, officially established by the Flemish Energy and Climate Agency (VEKA). The reduction can be granted for a new construction, for renovations that are equated with new constructions, and for buildings undergoing major energy renovation. The conditions are:

- → It **does not matter** for the granting of the reduction:
  - whether the building is inhabited or not.
  - whether the resident owns the building or not.
- → A building permit has been applied for.
- ightarrow The building has a sufficiently low E-level.

Property tax reduction for energy-efficient buildings, Vlaamse Regering,  $[\underline{\text{Link}}]$ 

<sup>114</sup> E-level, Vlaamse Regering, [Link]

**Premiums**<sup>115</sup> from the Flemish Government for renovation works can also take the form of tax reductions:

- → Reduction of property tax<sup>116</sup> for energy-efficient buildings: reduction of 50% or 100% for 5 years.
- → Additional reduced rate<sup>117</sup> for the purchase of the only owner-occupied home with a commitment to major energy renovation: reduced rate sales rights upon commitment to energy renovation.
- → Reduced rate<sup>118</sup> for donations of buildings subject to energy renovation: return after energy renovation.
- → Reduced rate<sup>119</sup> for the donation of a protected monument after investment: approved management plan return after renovation.
- → Tax relief<sup>120</sup> for landlords who renovate and rent out their home to a social rental agency.
- → VAT rate<sup>121</sup> of 6% for renovation, demolition, and reconstruction of homes that are minimum 10 years old.

#### Wallonia

Homeowners are eligible for a tax reduction on renovation works on all of their homes. To qualify for the tax benefit, the owners must have invoices for the work, and the work must have been paid for in 2022 (tax year 2023), regardless of when the work was carried out. The first occupation of the home must precede the start of the work covered by the reduction by at least 5 years. The tax reduction is 30% of the expenditure on the work actually carried out. The amounts invoiced are inclusive of VAT. For the 2023 tax year (expenditure for 2022), this reduction amounts to a maximum of  $\in$  3,420 per home. (Tax year 2024, income 2023:  $\in$  3,740).

Premiums for renovation, Vlaamse Regering, [Link]

Property tax reduction for energy-efficient buildings, Vlaamse Regering, [Link]

Additional reduced rate for the purchase of the only owner-occupied home with a commitment to major energy renovation, Vlaamse Regering, [Link]

<sup>118</sup> Reduced rate for the donation of buildings subject to energy renovation, Vlaamse Regering, [Link]

Reduced rate for the donation of a protected monument after investment, Vlaamse Regering, [Link]

<sup>120</sup> Tax relief, Vlaamse Regering, [Link]

<sup>121</sup> VAT rate of 6% for renovation, demolition, and reconstruction of homes, Vlaamse Regering, [Link]

#### Barriers and drivers

It is interesting to note how identified key-barriers to citizen-led renovation vary across regions. In Flanders, the most common obstacles faced by homeowners are the lack of funds or access to funds, and the lack of knowledge on what to do, where to start and what measures to take to attain energy-efficiency. On the other hand, Wallonia explicitly addressed the lack of alignment of interests between owners and tenants (split-incentive)<sup>122</sup> in their 2020 renovation strategy measures. The reduced costs of the energy bills resulting from renovations go to the tenant, and the investments are not directly offset by the rent. Jointly owned buildings with a majority of accommodation occupied by tenants can hinder the development of a renovation scheme. This is why jointly owned buildings and citizen cooperatives are given additional attention in the LTRS.<sup>123</sup>

Another barrier is the lack of awareness and transparency of information towards citizens. There is a lack of awareness of the energy savings associated with renovations. Additionally, in joint-buildings the complexity of the decision – making process discourages the undertaking of major renovations. Where information is available, it is not always easy to find, or located in a central information point. This makes it more difficult to engage citizens. The one-stop-shops set-up by the regional governments should help address this. Centralising information through these platforms not only helps inform the citizens, but it can also simplify administrative barriers such as the documents required for a planning permission procedure.<sup>124</sup>

Lack of information also relates to financing opportunities for renovations. In the LTRS the regional governments address the need to mobilise EU funds to help subsidise renovations. As seen in the overview of support above, central platforms from the regional governments provide a lot of information and subsidy schemes to stimulate renovations. 125

JRC, Overcoming the split incentive barrier in the building sector, [Link]

<sup>123</sup> Comission staff\_working\_document\_Assessment\_NECP\_Belgium, [Link]

<sup>124</sup> Comission staff\_working\_document\_Assessment\_NECP\_Belgium, [Link]

<sup>125</sup> Comission staff\_working\_document\_Assessment\_NECP\_Belgium, [Link]

Lack of information finally also relates to lack of expertise and knowledge to undertake the correct steps. Citizen led cooperatives are also perceived by the regional governments as a potential driver to help stakeholders such as schools or hospitals to take the necessary actions.

Aside from administrative barriers, physical barriers such as the presence of asbestos make it less attractive to invest in energy renovations. Old buildings, the lack of renovations in the past, and the presence of asbestos are some examples of factors that drive up the investment costs. The regional governments aim to address this through subsidy schemes, such as the asbestos removal premium in Flanders.<sup>126</sup>

## Flexibility

CWaPE. 129

Concerning demand response, each customer on the Belgian energy market retains control over his/her data associated with flexibility or aggregation applied in the electricity market or the local congestion market. Market participants must ensure the confidentiality of the commercially sensitive data they exchange among themselves and shall treat each party in a non-discriminatory manner when exchanging the data. In all regions, active customers can participate in flexibility services, and may act as a service provider of flexibility or as a participant in flexibility or aggregation. In Wallonia, any supplier of flexibility services must obtain a licence issued by the

In the Brussels Capital Region, BRUGEL implemented guiding principles to facilitate the flexibility market and deployment of EV charging infrastructure for final customers and market players. With regards to tariffs, distribution tariffs must reflect the costs of maintenance, management, and development of the grid, as well as provide incentives for network users to adapt their behaviour. In consequence, differentiated tariffs, or exemptions from tariffs, may also be applied, if sufficiently justified. BRUGEL intends to carry out a specific study to assess the advisability of introducing specific tariffs for new uses to support the energy transition. Such tariffs can be set for a specific period of time and are subject to review by BRUGEL. These include among others the possible introduction of a capacity reservation tariff for new projects or major renovations. <sup>130</sup>

Fluvius premium for asbestos removal in combination with solar panels for the roof of a non-heated, non-residential building, Vlaamse Regering, [Link]

Art. 4.1.17/8 Flemish Energy Decree, Art. 26, §1, Walloon Electricity Decree, Art. 25 duocecies, Brussels Electricity Ordinance.

<sup>128</sup> Art. 4.4.2. § 1, Energiedecreet (Flanders); Article 35octiess. §1, Décret d'électricité (Wallonia); Article 13bis. §1, Ordonnance d'électricité (Brussels)

<sup>129</sup> Art. 35*auater*, Walloon Electricity Decree.

<sup>130</sup> Commission de regulation de lénergie en region de bruxelles-capitale, brugel, [Link]

#### Conclusion

With regards to renovation, all three Belgian regions have transposed the methodology for calculating energy performance of buildings by means of energy performance certificates (EPC), in accordance with Article 3 of the EPBD. In the legislation, all three regions distinguish between residential and non-residential buildings. The Brussels region further distinguishes public buildings from individual housing. In order to address the financial and administrative barriers, as well as the lack of awareness among citizens, the three Belgian regional governments have established one-stop-shops to help citizens with renovation projects.

However, the final 2019 NECP shows room for improvement in some aspects. First, the RES share and energy efficiency 2030 targets included lack ambition, and do not contribute enough towards the green transition goals. Second, it eliminates the obligation to renovate buildings five years after every transaction, but only for residential buildings, and substitutes this obligation with an incentives system; the new measure cannot be expected to result nearly as effective as the Five-year rule in fuelling the energy transition in the country.

With regards to energy communities, the Walloon, Brussels, and Flemish legislators took over a fairly literal translation of the European Directive stipulations for the definition and the conditions to establish an energy community. In all three regions, energy sharing is possible within an energy community, and between collective active customers within a building. Outside of an energy community, peer-to-peer trading is also made possible for active customers. There is limited support tailored specifically to energy communities. Energy communities as legal persons are nevertheless eligible to apply to grants targeted at companies.

Lastly, the regional governments do not have a specific definition for citizen led renovations or collective citizen action. The LTRS however, do dedicate some attention to cooperatives, recognising their potential to help drive renovations. That being said, collective citizen initiatives do not enjoy a more favourable or tailored treatment from the Belgian LTRS that individual citizens, since the legal frameworks of the regional governments apply equally to both. In consequence, cooperatives and other collective citizen initiatives are equally eligible to apply for the support available for renovation projects. The lack of incentives and of favourable framework hinders the development of energy communities as actors, and thus the approach goes is not yet fully in line with EU's policy efforts in this regard.

Citizen-led renovation is managed by the European Commission Directorate-General for Energy

