



# Minutes to the final workshop in Austria

Wednesday, 10<sup>th</sup> September 2014 13.30-16.00

TU-Wien, Seminarraum Argentinierstraße/Paniglgasse

D6.9 of WP6 from Entranze Project

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## ENTRANZE Project

**Year of implementation:** April 2012 – September 2014  
**Client:** EACI  
**Web:** <http://www.entranze.eu>

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### Project consortium:

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	<b>EEG</b>	Energy Economics Group Institute of Power Systems and Energy Economics Vienna University of Technology
	<b>NCRC</b>	National Consumer Research Centre
	<b>Fraunhofer</b>	Fraunhofer Society for the advancement of applied research
	<b>CENER</b>	National Renewable Energy Centre
	<b>eERG</b>	end use Efficiency Research Group, Politecnico di Milano
	<b>Oeko</b>	Öko-Institut
	<b>SOFENA</b>	Sofia Energy Agency
	<b>BPIE</b>	Buildings Performance Institute Europe
	<b>Enerdata</b>	Enerdata
	<b>SEVEN</b>	SEVEN, The Energy Efficiency Center

## The ENTRANZE project

The objective of the ENTRANZE project is to actively support policy making by providing the required data, analysis and guidelines to achieve a fast and strong penetration of nZEB and RES-H/C within the existing national building stocks. The project intends to connect building experts from European research and academia to national decision makers and key stakeholders with a view to build ambitious, but reality proof, policies and roadmaps.

The core part of the project is the dialogue with policy makers and experts and will focus on nine countries, covering >60% of the EU-27 building stock. Data, scenarios and recommendations will also be provided for EU-27 (+ Croatia and Serbia).

This document includes the minutes of the final workshop in Austria/Vienna on 10th September 2014.

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## 1. Agenda

The original agenda is documented in the Annex. It included the following points;

- Welcome and introduction round
  
- Overview of the project ENTRANZE. Results and experiences from selected other countries  
*Lukas Kranzl, Agne Toleikyte, TU-Wien,*
  
- Implementation of the EPBD-recast in Austria. Requirements and discussion on the European level  
*Wolfgang Jilek, Energy Commissioner of Styria*
  
- A property tax related to energy efficiency of buildings: options and impact analysis until 2030 for the case of Austria.  
*Marcus Hummel, Lukas Kranzl, TU-Wien,*
  
- Questions and short statements from participants
  
- World cafe (has been replaced by an open discussion due to the comments from participants and the lively discussion)

Moderator: Peter Biermayr, TU-Wien

## 2. List of participants

Name	Institution
Bettina Bergauer	BMLFUW
Peter Biermayr	TU-Wien, Energy Economics Group
Johann Bröthaler	TU-Wien, Fachbereich Finanzwissenschaft und Infrastrukturpolitik
Felix Groth	Stadt Wien, MA25
Marcus Hummel	TU-Wien, Energy Economics Group
Peter Jamer	Landesregierung Vorarlberg
Wolfgang Jilek	Energiebeauftragter des Landes Steiermark
Lukas Kranzl	TU-Wien, Energy Economics Group
Walter Leiss	Generalsekretär Gemeindebund
Friedrich Ofenauer	Abg.z.NR, ÖVP
Stefan Schober	Wohnfonds Wien
Margit Schratzenstaller	WIFO (kurzfristige Absage aufgrund familiärer Angelegenheiten)
Alexander Storch	Umweltbundesamt
Agne Toleikyte	TU-Wien, Energy Economics Group
Martin Vock	BMF
Gerald Vones	BMWFW

### 3. Main discussion points

In the following, the main arguments and relevant topics which have been raised in the discussion are documented. There has not been an agreement to all these points, so the points should be understood as a collection of discussion points and statements from participants.

#### 3.1 Technical implementation of a property tax related to energy efficiency of buildings

A large part of the discussion dealt with various aspects, difficulties and possible solutions for the technical implementation of a property tax related to energy efficiency of buildings.

This included the following points:

- Age of building components is difficult to assess. Relevant **data is still not available** or difficult to get.
- The **taxation needs a reliable and comprehensive data source** of all buildings. Statistical values e.g. from building census are not sufficient. Moreover, it also needs technically trained persons to implement, control and administrate the scheme. As long as such a reliable and comprehensive data source is not available, an implementation is difficult and could lead to high transaction costs.
- Discussion about the **buildings registry**, current implementation and open issues. The buildings registry act foresees 250 parameters which can be stored per building. This allows to cover all relevant building data required for such an instrument (property tax related to energy efficiency of buildings). However, the data is still not complete and level of details vary strongly between the nine regions. Up to now, a concrete application of this database is not available, which is one of the reasons why the motivation and incentive for a comprehensive data collection and implementation of the registry is moderate. Thus, **a full building registry could allow the implementation of a property tax** related to energy efficiency with moderate transaction costs. In Switzerland, there is an obligation to fill the building registry in course of a mandatory energy strategy on level of the regions.
- The **database on energy performance certificates** is another relevant source, in particular regarding the assessment of energy needs of buildings. Difficulties are well known (e.g. regarding different qualities of certificates). However, in the coming years it can be expected that quality and reliability of certificates will further improve and that a continuously growing number of buildings will be included in the database. Buildings which are not covered by the database could be taxed by the use of typical default values based on the construction period of the building.
- Special attention has to be given to **historical, protected buildings**. There have to be clear, unambiguous criteria for these buildings.
- Would it be possible to extend the current concept of the instrument which is mainly based on heating energy needs by technologies like **PV and solar thermal**?

- Yes. Possible indicators would be primary energy demand or total energy efficiency factor which are both covered also in the energy performance certificates of buildings.
- Currently, the **community budgets** receive the revenues of the property tax (Grundsteuer). It has to be clarified whether the implementation of an energy efficiency component would affect this allocation of tax revenues.
- Currently, there are **exemptions of the property tax** (e.g. about 25% in Vienna). It has to be clarified, how this would affect the implementation and impact of the instrument.
- Discussion about which **building categories** should be covered by the instrument and whether there are technical reasons for distinguishing the tax level between various building categories (in particular non-residential buildings). One aspect in this respect could be the different lifetime of buildings: Some types of non-residential buildings typically have lower lifetime than residential buildings which should (and could) be taken into account.
- How could **economic considerations** and criteria be implemented in reality? Different options would be possible: Either as default values for different types of buildings, or via the option to allow building owners to prove that the property tax is not economic effective.

### 3.2 Social acceptability and compatibility, behaviour aspects

- The social impacts regarding **low-income people, fuel poverty** and possible impacts on rental fees should be further analysed.  
Thus, exemptions from the property tax due to social reasons could be foreseen. However, it should be taken into account that this may lead to additional administrative costs.  
The current model version did not fully implement all aspects of fuel poverty and low-income groups.
- Discussion about who is (currently) paying the property tax. The **current rent law (§21)** lists the property tax (Grundsteuer) as an element which the landlord can include in the rental fee. This should be removed.
- Discussion to which extent **user behaviour, comfort aspects** and rebound effects should be taken into account in such a scheme. We should be aware that the discussed instrument is a taxation of the building (and its energy efficiency) but not a taxation of real, actual energy consumption. The latter is strongly depending on user behaviour and individual aspects (e.g. also the number and age of occupants).
- There have been questions and doubts regarding the **real impact of the instrument**: low-income persons would have problems to carry out the investment in building renovation. Persons with a higher income would not really care about an increased property tax.  
This leads to the conclusion that a specific support of low-income people is important.



On the other hand, a strong visibility and clear communication of the instrument is highly relevant for the impact of the scheme.

### 3.3 Other important issues

- The proposed **instrument taxes energy efficiency of buildings and technological equipment** but not the actual, real energy consumption. Thus, it is to be discussed whether instruments addressing the actual consumption are more effective. The comparable taxation of cars depending on their fuel consumption vs. real fuel consumption of cars has been discussed as a similar case.
- A further, thorough assessment of this instrument should also consider the question **who exactly would benefit** from the proposed scheme.
- Discussion about the **level of the current property tax** (Grundsteuer): Two aspects have to be carefully distinguished. (1) The market value of properties have developed very differently in different regions within the last decades. This should be balanced more properly. (2) The absolute level of the property tax which relates to the basic taxation value (Einheitswert) should be discussed separately and could be easily adjusted, if there would be the political will to do so.
- Currently, there are efforts ongoing for **simplifying the process of calculation of property taxes**. The proposed scheme would counteract these ambitions.
- In the higher level of the proposed instrument, the tax revenue would be higher than the current property tax.
- For various reasons discussed during the workshop, the **proposed instrument should not be called “Grundsteuer” (land tax, property tax) but “Immobiliensteuer” (real estate tax)**.
- Discussion on **the long-term duration and “sustainability” of tax revenues**: Since the proposed scheme is aiming to improve energy efficiency of buildings, this would reduce the tax revenues if the scheme would be effective. This should be taken into account. This is a typical effect of these type of taxes (e.g. like in the case of CO<sub>2</sub>-taxes).  
For the future revenue of the tax, the absolute tax level, but also the renovation rate is relevant. In the proposed dynamic setting, the tax revenue would increase until 2030, since the increase of the tax level compensates the lower number of buildings which are assessable to the energy efficient component of the property tax. It should be taken into account that the building stock is very inert which would make it very unlikely that renovation rates would increase very quickly and strongly.

- There are complex **interactions with other taxes**. It would be relevant and interesting to take into account these interactions.
- Discussion on the **economics of renovation measures**: should there be an exemption for buildings where renovation measures are not economic? On the one hand, yes, because otherwise the tax and the corresponding energy efficiency improvement might not be reasonable. On the other hand, no, because this would bring no additional incentive to renovate buildings which show low economic effectivity of energy efficiency measures.
- Discussion about the possible use of tax revenues for subsidising renovation measures.
- Additional measures, in particular **coaching of building owners** in the process of building renovation has been discussed. Currently, there is a pilot project in Styria for tailor made energy advice and coaching of building owners. However, this process is very costly and it is one of the challenges to develop methods to allow for such an intensified advice and coaching with moderate costs.
- 2013 the new **tax on sale revenue from real estates** has been implemented. It could be checked, whether it could be feasible to implement an energy efficiency component in this tax since for all these buildings an energy performance certificate has to be provided (because they are sold). Moreover, the tax payers are obliged to provide the relevant data for the tax basis. This could strongly reduce the administrative burden.
- A strong emphasis and focus should be put on **transparency and simply to communicate schemes with low administrative costs**. Otherwise, acceptability may be low.
- Some participants point out that the current discussions about the dependency on fossil energy and in particular natural gas imports (e.g. from Russia) show the high urgency and relevance to increase energy efficiency. Thus, the topic of **energy supply security** imposes a new and even stronger dimension in the current real political scene compared to previous energy and climate policy targets. Renovation rates have been low for the last years and decades despite of numerous measures and activities. Stronger and more effective schemes are required.

## 4. Annex

- Invitation and Agenda
- Presentation
- Working paper on the impact of a property or real estate tax related to energy efficiency of buildings