

## **Topical Group A: Value Proposition and Implementation**

### **Meeting minutes of the afternoon session of the stakeholder meeting 2019-03-26**

The session of Topical Group A on the SRI Value Proposition Implementation was led by Paul Waide (Waide Strategic Efficiency Europe) who introduced the purpose of the group within the current SRI project. The slideshow accompanying this topical group session has been made available to the topical group members and to the wider stakeholder community. It was clarified that, in order to stimulate an open discussion, Chatham-house rules are applied in the two topical groups, meaning that no names or affiliations will be linked to the statements and positions formulated during the meeting.

The meeting was organized in 4 main parts:

- 1) introduction and discussion of the role & scope of the Value Proposition and Implementation topical group
- 2) discussion and brainstorming on The SRI value proposition and audience
- 3) discussion and brainstorming on The SRI assessment process
- 4) proposals for future topics and the workplan for topical group A.

The minutes below summarise the main discussion outcomes of these parts but in addition more detailed minutes are provided at the end of this document.

### **Introduction**

In the introduction it was explained that the role of Topical Group A is to:

- Help consolidate the SRI design, methodology and approach towards implementation (all within the scope of the EPBD text)
- Enable stakeholders to provide support in shaping the development of the SRI
- Foster informal and open discussion

### **Discussion and brainstorming on the SRI value proposition and audience**

The group considered what are the aspects of the SRI that contribute most to value creation? This revealed that: a primary value of the SRI are insights, such as: how smart the building is in being able to react to user needs, and then how can the building can react to the grid; group members have differing views on whether existing or new/retrofitted buildings should be targeted primarily, conducting value chain analysis would be beneficial, as the one paying for the measure may not be the one receiving the benefits; the reliability of the information will be important.

Group members were asked to approach the topics from the “user” perspective rather than their own, or their organisations and then asked to rank the importance of the 8 impact criteria set out in the first SRI study. It was concluded that:

- Comfort was considered to be the most important
- Energy Efficiency second
- Well-being and health, Convenience and Flexibility also scored highly.
- Self generation was the least important.

A discussion on the audiences for the SRI concluded that the important audiences seem to be: facility managers, then owners, then occupants.

### **Discussion and brainstorming on the SRI assessment process**

The group considered the SRI assessment process including what is an acceptable time for the assessment to take and the relative merits and weaknesses of the three archetypal assessment methods presented in the main stakeholder meeting. A SWOT analysis of each method was conducted – see detailed minutes below for the outcome of these.

### **The workplan for Topical Group A**

It was agreed that future meetings of Topical Group A would be organised in the coming months to address the following themes:

- SRI format
- linkages (e.g. with other initiatives)
- costs & funding
- flexibility & working with utilities
- supporting measures
- governance/legal frameworks
- roll-out and pilots

In addition: it was also suggested to consider how assessors are going to be trained and managed to assure quality, and to examine how the SRI could potentially inform future revisions of the EPBD.

## **DETAILED MINUTES**

The minutes below set out in detail the discussions that occurred in this first Topical Group A meeting.

Note:

- The topical group members acknowledge that the groups can provide valuable input, but that the study team and EC will not necessarily implement all suggestions proposed as they will have to balance it with technical constraints and potentially other differing views (feedback from pilot tests, Member States implementing the scheme, input from the other topical group, etc.).
- Chatham House rules are followed: An open dialogue is sought. Attendees can speak out freely, the name of a person expressing a statement will not be recorded in the minutes.

A comment was raised on the survey that was conducted in preparation for the first stakeholder meeting: it was suggested that the classification of stakeholders could be revisited in a potential next survey to also include information of the type of groups the respondents are representing (e.g. home owners, HVAC industry, etc.). The survey will remain accessible for stakeholders who still want to fill it out.

### **DICUSSION TOPIC 1: What are the main value propositions of the SRI?**

And what are the aspects of the SRI that contribute most to value creation?

The following main comments and suggestions were raised:

- We should conduct value chain analysis, as often the one paying for it is not the one receiving the benefits.  
Explicitly define who is who in the value chain, and who will gain from it?
- Q: Is the SRI for new buildings or the existing building stock?  
A: As far as the EPBD is concerned there is no priority.

Group members have differing views on whether existing or new/retrofitted buildings should be targeted primarily:

- with new buildings you can put tougher targets and have a good opportunity to introduce the SRI
- it was commented that with retrofits you can also tie the SRI into a planning process
- other comments were made that it is not only a matter of new building or old; and that there are more benefits for non-residential buildings.

→ Conclusion: there will be different value chains depending on building type and existing vs new buildings.

- Some group members suggested that the SRI needs a good focus to get it started: “Rome is not built in a day”. They suggested that what is needed is a very successful

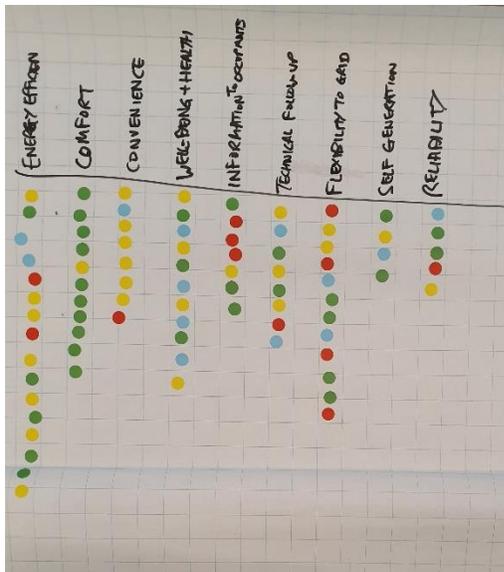
starting point (e.g. new office buildings) from which the SRI's implementation can evolve further.

The following comments and suggestions were made:

- With regards to the direct financial benefits, the greatest beneficiaries of an SRI might be the grid, electric vehicle manufacturers and the BACS industry. Comfort and convenience are more important to the home owners and occupants, but it's much harder to express their tangible/financial benefits to build a business case.
- The cost for digitalisation in multi-family housing in Germany is projected to amount to 67 billion euro (not including smart metering).
- The primary value of the SRI are insights, such as: how smart is the building in being able to react to the user's needs? And on a second layer: how the building reacts to the grid? Where it is anticipated that utility providers could provide better tariffs to buildings that can adapt favourably to requests from the grid.
- Apart from smartness, the SRI could also introduce an index on reliability of technologies and systems; e.g. a reliability index in hospitals and data centers
- The value proposition, shouldn't only concern the financial value but also the reliability of the information presented in the SRI. Users should really want the information presented in the SRI.
- We should not want all information of a building in the SRI. That's the role of building renovation passports and digital logbooks. Is there value in splitting it up in different reports: energy performance label, smartness label, hazardous building materials, etc.?
- BREEAM and LEED also have different approaches for newly constructed and retrofit buildings.

### **Voting session**

Group members were asked to approach the topics from the "user" perspective rather than their own, or their organisations'. They were asked to consider the 8 impact criteria in the SRI1 study and to see if they were sufficient or whether anymore should be included. This led to a proposal to also score reliability of the SRI as an indicator (although in discussion this was acknowledged to be a horizontal issue somewhat apart from the impact criteria per se). Members were then asked to vote to indicate which of the criteria they thought that end-users would deem to be most important. The picture below illustrates the results of this voting.



It was concluded that:

- Comfort was considered to be the most important criterion
- Energy Efficiency second
- Well-being and health, Convenience and Flexibility also scored highly.
- Self-generation was the least important.

The following comments and suggestions were made during the discussion of the potential audiences for the SRI:

- SMEs could be treated as a separate category of buildings; including pubs and restaurants, etc. because they are a group apart from the residential and non-residential sector split
- real-estate investors can be a really important part of the SRI's success
- cities & municipalities should be considered as potential users
- it might be sensible to separate occupant-owners and tenants
- potentially add insurance companies
- separate contractors from designers
- include building valuers
- utilities and grid operators might become more interested when zero energy buildings emerge
- for a successful market uptake, the SRI has to have an impact on the value of the property.

In conclusion, the most important audiences seem to be: facility managers, then owners, then occupants.

It was also commented that for many stakeholders, two benefits of smart buildings will be the most important:

- extra comfort for the occupier
- monetary benefits (decrease of energy costs)

A group member commented that environmental impacts are not very well highlighted in the current proposal for the SRI. They also suggested, however, that the environment is inherently imbedded within the background of the SRI's development and that we are now investigating the next step of how to implement and communicate the scheme.

## **DICUSSION TOPIC 2: Assessment process**

While considering the three archetypical assessment pathways (Quick-scan method A, 3<sup>rd</sup> party method B, or Remote assessment method C) presented in the main stakeholder meeting (see the accompanying slides) the group were asked to consider the question of: what is an acceptable level of assessment effort?

The following comments or suggestions were made:

- there is no additional time required if the SRI is assessed together with an EPC (others mentioned that in that case additional assessment efforts are required and hence there would be some additional costs)
- some Member States already require independent commissioning of large non-residential buildings. The SRI could tie into that process.
- the SRI could provide answers to tangible questions posed by users and service providers e.g.:
  - “this building is ready for energy performance contracting”
  - “this building is ready to communicate performance data to users”
  - ,...
- it was noted that it would be good to also invite an ESCO or an organisation representing ESCOs to participate in Topical Group A.
- a very minimal approach might not provide any value.
- implementation pathways can be dependent on the local conditions e.g. in some MS it is forbidden for non-regulated parties to play the role of an energy supplier → in general it was noted that the viability of prospective SRI implementation pathways will depend on the type of building and the circumstances applicable in each MS.
- the more technical the systems, the higher the risk of faulty set-points, etc.
  - the B level assessment could include reconciliation of data from meters and sensors
  - the SRI could suddenly give value to the 1000s of euros invested in sensors and processors in the building.

One stakeholder tried to summarise their views, thus:

Method A: might be too simple

Method B: OK - “if you believe experts”

Method C: can lead to a ‘big brother’ situation where everything is monitored. Actually, GDPR issues and data exchange issues can arise with the three methods.

Further comments received were:

- Don’t do the SRI once, but multiple times during a building’s lifecycle.
- Method A: is not really an SRI, it is not a real label
- We are always struggling with getting people to inform themselves, this could be an opportunity to raise awareness.
- If the quick-scan is OK, you raise interest to also conduct an expert SRI, since it can help raise the value of the building.
- Method C as a permanent ongoing quality check, technical monitoring, etc. (not really a label)
- For the value of method B, it is important to consider whether reconciliation of technical systems and sensors is part of the assessment
- Although method C is targeted to buildings in operation, it is also useful to check whether a building is ready to operate and communicate in such a way.

The Group then conducted a SWOT analysis for each method (A, B and C) – see photos below:

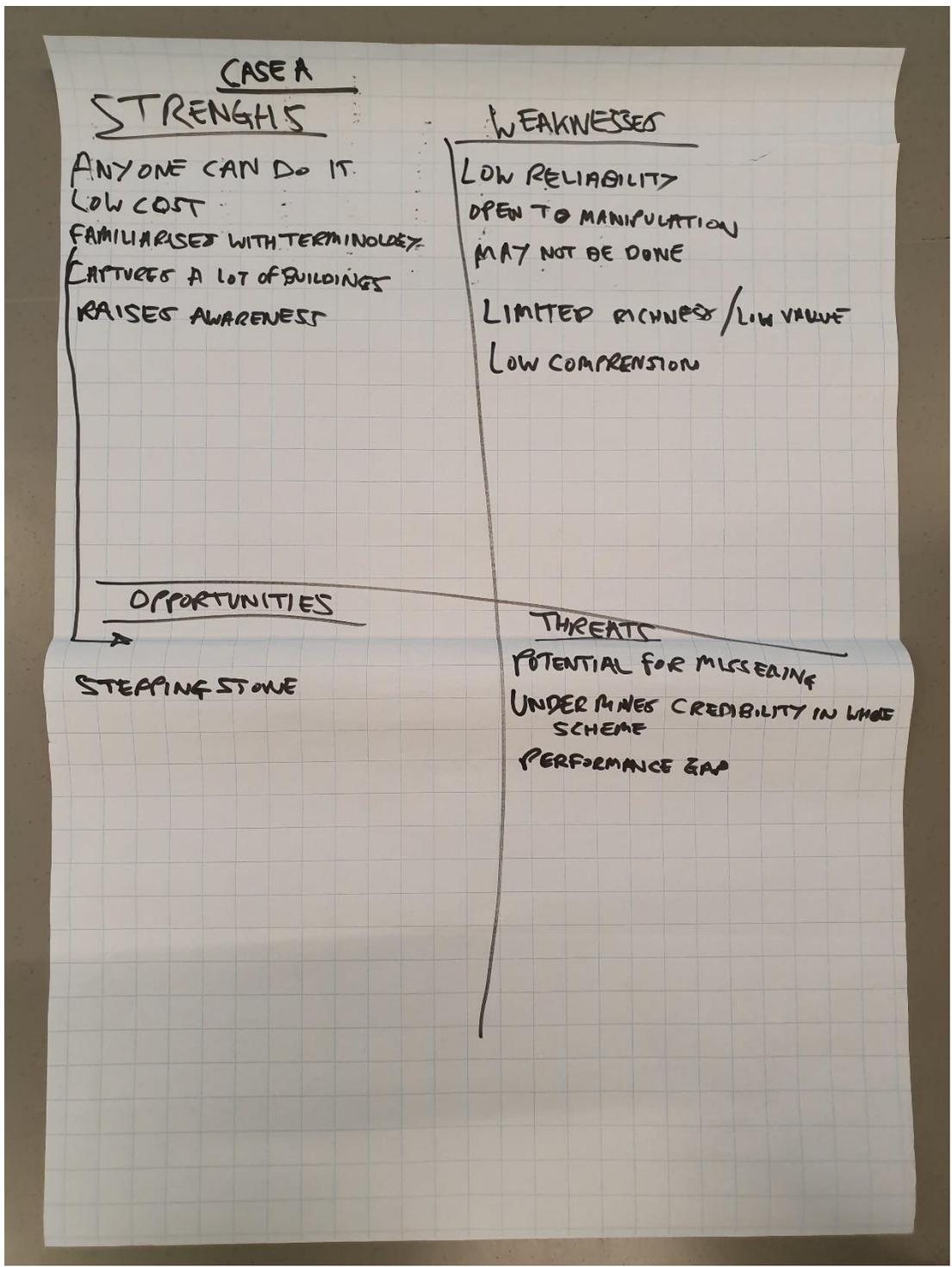


Figure 1 - Swot analysis for method A "light self-assessment"

<u>CASE B</u>	
<u>STRENGTHS</u>	<u>WEAKNESSES</u>
<p>RELIABILITY?            ON-SITE. ∴ NOT THEORETICAL            GIVES A REFERENCE            INDEPENDENCE OF ASSESSMENT            EXPERT ADVICE</p>	<p>COST            RED TAPE</p>
<u>OPPORTUNITIES</u>	<u>THREATS</u>
<p>COULD BE LINKED TO EPC            CAN PROPOSE OPPORTUNITIES            TO IMPROVE            OPPORTUNITY TO IMPROVE            QUALITY OF DELIVERED BUILDING            SYSTEMS</p>	<p>COULD REWARD COMPLEXITY            INSUFFICIENT QUALIFIED EXPERTISE            PERFORMANCE GAP +            COVERAGE            INDEPENDENCE OF EXPERTS</p>

Figure 2 - Swot analysis for method B "detailed third-party assessment"

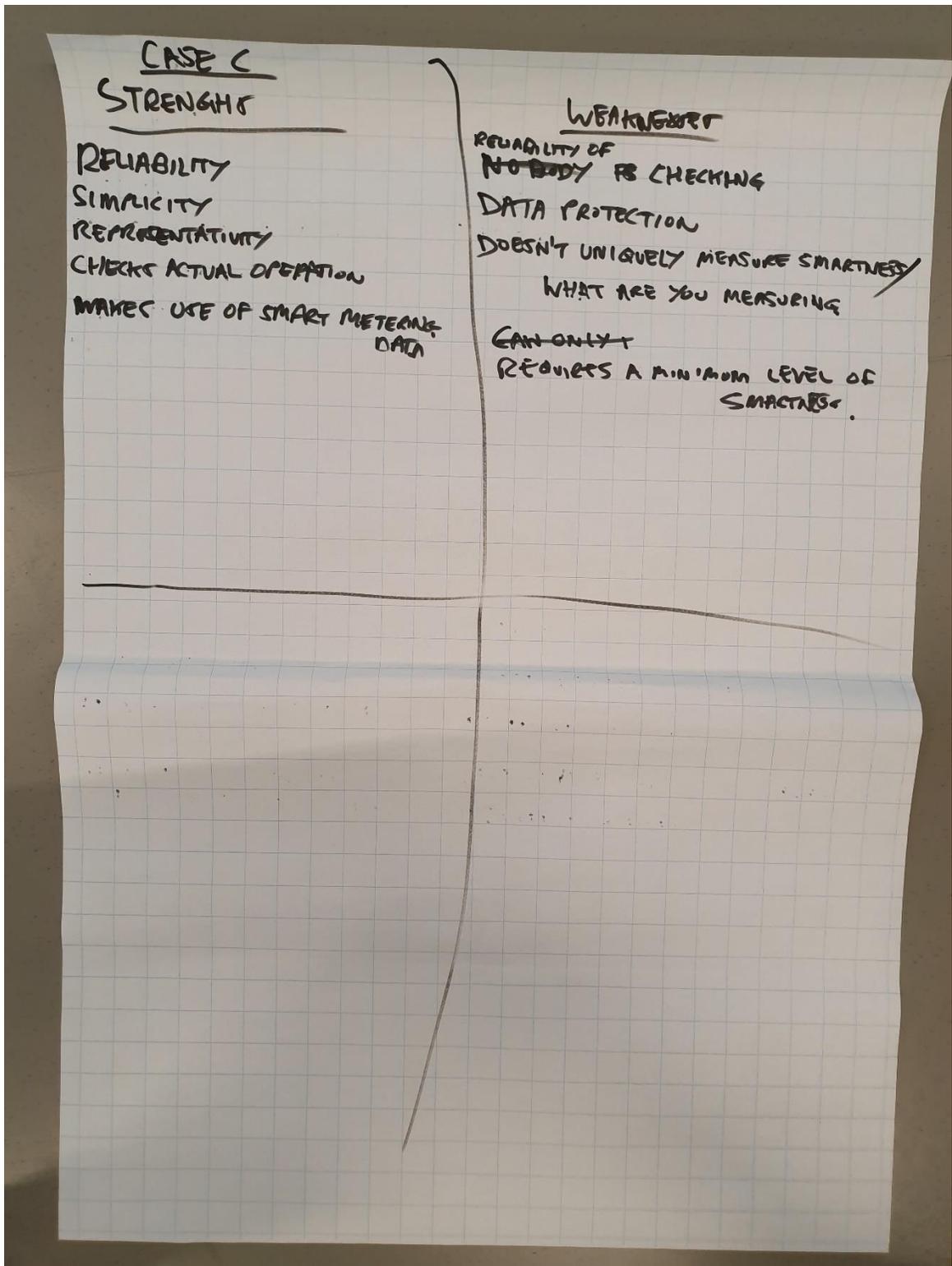


Figure 3 - Swot analysis for method C "metered in-use assessment"

Conclusions on next steps in the process:

- Stakeholders requested that the topical groups should continue to be managed and moderated by the study consortium
- It was suggested that additional sessions with practitioners could also be set up
- The consortium can plan next meetings, or calls. It is OK if some stakeholders cannot make it; everybody has a busy agenda and the SRI development process needs to keep its pace. Meeting minutes will be distributed to the topical group members, and people can react on these in the next meetings or in writing.
- The consortium will look into setting up an emailing list, online forum or a document portal to ease the interactions.