

## EUROPEAN DATAWAREHOUSE GMBH

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## European Commission

Directorate-General for Financial Stability, Financial Services and Capital Markets Union  
Units C1 and B1  
European Commission  
1049 Bruxelles/Brussel  
Belgium

**Subject: EDW Response to European Commission's Consultation on Energy Efficiency – Revision of the Energy Performance of Buildings Directive (amended Directive)**

## About the European DataWarehouse GmbH

European DataWarehouse GmbH (EDW)<sup>1</sup> was founded in 2012 as part of the implementation of the European Central Bank ABS Loan Level Initiative to restore investors' and supervisors' confidence in European securitisation markets following the financial market crisis. EDW is the first central data repository in Europe for collecting, validating, and making available for download detailed, standardised and asset class specific loan-level data (LLD) for Asset-Backed Securities (ABS) transactions. Developed, owned, and operated by the market, EDW helps to facilitate risk assessment and to improve transparency standards for European ABS deals.

EDW is subject to EU supervision both by the European Central Bank (ECB), as a designated repository by the Eurosystem, and by the European Securities and Markets' Authority (ESMA), as a designated securitisation repository by ESMA under Regulation (EU) 2017/2402 (the Securitisation Regulation). EDW's subsidiary in the United Kingdom (EDW Ltd.) is also a designated securitisation repository under the Financial Conduct Authority (FCA) since 17 January 2022 and a secure website for the collateral framework of the Bank of England.

EDW currently hosts loan-level data and relevant documentation<sup>2</sup> for over 1,600 ABS transactions, covered bond and private portfolios belonging to a wide variety of different financial institutions across Europe. Originators, issuers, sponsors and servicers upload ABS exposure and relevant documentation to EDW, while data users including investors, data vendors, rating agencies and public institutions use EDW data for monitoring and risk assessment purposes.

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<sup>1</sup> For more information about EDW please visit [www.eurowdw.eu](http://www.eurowdw.eu).

<sup>2</sup> For more information on EDW ABS market coverage please refer [here](#).

Additionally, EDW participated in the Energy Efficient Mortgages Initiative (EEMI), a market-led initiative, funded via the European Commission's Horizon 2020 Programme. The aim of the EEMI is to deliver a standardised European framework and data collection architecture for energy efficient mortgages. EDW was a key member of the **Energy efficient Data Protocol and Portal** (EeDaPP)<sup>3</sup> consortium. The objective of the EeDaPP project was to design and deliver a market data protocol for the collection of energy efficient mortgage data through a standardised template which will be made accessible via the design of a common data portal.

Therefore, EDW has extensive expertise in data gathering, validating, standardisation and quality restitution -for both financial and non-financial data-, as well as in operating a European Union (EU) central database with appropriate human and IT resources under EU supervision. More recently the European Banking Authority underlined the importance of "Developing a Framework for Sustainable Securitisation" in a report published on 2 March 2022. The need for additional disclosure requirements is important to ensure that investors are made aware of the green characteristics of the underlying mortgage portfolios. We firmly believe that EDW could significantly and very positively contribute to the enforcement of the Energy Performance of Buildings Directive thanks to its technical and regulatory knowledge and its wide experience acting as a data repository.

As such, EDW welcomes the European Commission's proposal for the revision of the Energy Performance of Buildings Directive that would provide citizens, investors, and other relevant parties with seamless access to energy efficiency-related dwellings information.

The EU Building Stock Observatory (BSO) will become a key component of the "Fit for 55" objectives, as envisaged by the common vision for a zero-emission building stock by 2050. The BSO should become *de facto* the key source of EPC information for financial institutions enriching their collateral information with cadastral data that is generally not collected and available openly for mortgage or loan providers. Additionally, there are currently barriers to the access to the EPC information due to the inconsistent interpretation of the General Data Protection Regulation (GDPR). This hampers the debt financing for buildings renovations due to the lack of publicly open access EPC data and limit the overall objective of reducing energy poverty.

Below we set out the data-related requirements that we believe are essential to ensure that the BSO is effective in delivering on its policy objectives.

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<sup>3</sup> For more information on EeDaPP, please refer to the following link: <https://eedapp.energyefficientmortgages.eu/>

## 1. Ensuring a successful BSO

In EDW's view, this common publicly accessible data space for buildings' EPC information, combining data reported under different regulatory reporting requirements such as the Energy Efficiency Directive (EED) and other EPC related reporting requirements (Renewable Energy Directive (RED) etc.), should be expanded based on the following key principles:

- **Centralisation** – all EPC documentation should be collected into one European centralised database for all European dwellings. A centralised platform solution facilitates the access and eventually the use of the information. From this perspective the BSO represents an important step forward collecting all relevant information from the various national and regional EPC databases;
- **Proportionality** – the concept of proportionality should aim to strike the right balance between the costs and benefits of such disclosures especially for lower efficiency dwellings that are typically older buildings. It has to be noted that the EPC information is not available for all the dwellings in Europe and therefore incentives should be built for homeowners to lessen their EPC expense (for example by making the EPC document expense fiscally deductible when it needs to be issued or updated after a specific period of time).
- **Comparability** – a centralised repository facilitates the comparison of EPC and other related information across data submissions and sectors should be regularly updated (semi-annually or annually) in an open access manner to facilitate queries.
- **Data harmonisation and standardisation** – the EPC data and documentation should be based on a common European minimum performance standards and scale taking into consideration the national specificities.
- **Data digitisation** - The use of a structured machine-readable format is a necessity and consistent with other regulatory disclosure obligations, especially with respect to financial data reporting to reduce costs linked to national transposition, monitoring, and enforcement. The digitisation of the information would allow the enhancement of the energy efficient information with other credit information. The file formats should allow data extractions and queries on a regular basis. The format used should be compatible with the one used in the Corporate Sustainability Reporting Directive as well as the European Single Access Point.
- **Data validation, integrity, and accuracy** - the information submitted should be subject to upfront checks to make sure that the energy efficiency data reported is complete, timely and correct. The relevant information should also flag when an existing or new EPC has been granted for a given building with a timestamp plus a reason (such as renovation, rental, sale etc.).

We kindly request the European Commission's help as part of the third revision of the EPBD to create a common, consistent, and harmonised standard across Europe for the EPC collection, dissemination, and circulation, so that institutional investors, banks, rating agencies, ESG data collectors, data vendors and other interested parties can access and use such information legally. Banks and other financial institutions are keen to lend to European citizens that intend to either buy a new building or restore an existing dwelling. However, the lack of the freely available EPC information is currently hampering the delivery of the European Green Deal.

**2. The legal and regulatory background for sustainability disclosure**

From a regulatory point of view, there is a far-reaching trend towards increased reporting of sustainability-related information. This trend includes the adoption of the EU Taxonomy Regulation and the EU Sustainable Finance Disclosures Regulation (SFDR). Predating both of those was the adoption, as part of the Securitisation Regulation, of an obligation on originators and sponsors of STS securitisations to report the available information related to the environmental performance of the assets financed where the underlying assets were residential loans, auto loans or auto leases. In the case of residential loans, this took the form of requiring the EPC data to be reported on a quarterly basis, but only where this information is "available".

At the same time, investors are required to carry out due diligence verifications to analyse the information provided to them which, in the case of an STS securitisation of a residential loan portfolio, would include disclosure of any available EPC certificate information reported.

Please see below a reproduction of the relevant fields in the ESMA Exposure Template - Annex 2<sup>4</sup> (Residential Real Estate), used to report loan-level data on residential loans.

<b>ANNEX 2: RRE</b>	<b>Collateral information section</b>	<b>RREC10</b>	Energy Performance Certificate Value	The energy performance certificate value of the collateral at the time of origination: A (EPCA) B (EPCB) C (EPCC) D (EPCD) E (EPCE) F (EPCF) G (EPCG) Other (OTHR)
<b>ANNEX 2: RRE</b>	<b>Collateral information section</b>	<b>RREC11</b>	Energy Performance Certificate Provider Name	Enter the full legal name of the energy performance certificate provider. The name entered must match the name associated with the LEI in the Global Legal Entity Foundation (GLEIF) database.

The trend for disclosure of environmental and sustainability factors continues, however. As part of the Capital Markets Recovery Package ("CMRP") for securitisation, the amendments to the securitisation framework will contain an option to publish "the available information related to the

<sup>4</sup> Source: Annex 2 – Residential Real Estate from the ESMA website at <https://www.esma.europa.eu/policy-activities/securitisation>. Such information is also required for auto loans and auto leases, if available, and the relevant Annexes (V for auto exposures and VI for consumer loan exposures) therefore also include similar fields.

principal adverse impacts on sustainability factors of the assets financed by the underlying exposures". This option would be available as a replacement to the current reporting requirement and would therefore expand the scope of reporting to include all asset classes and all sustainability factors contemplated by the SFDR.

All these legislative initiatives are part of a broader trend towards increasing both the quality and the quantity of ESG disclosure throughout the financial markets. EDW is keen to assist with what we see as a very positive trend in this respect, and our ability to do so would be significantly increased by the creation of a common consistent and harmonised digital EPC standard across Europe for the collection, dissemination, and circulation of energy performance data.

### **3. Personal data- related challenges to the energy efficiency data open access**

Moving to the privacy and data protection aspects, the collection, processing, and dissemination of information of the energy performance of buildings will involve the processing of personal data, as defined in Regulation (EU) 2016/679 (the "GDPR").

In this vein, it is important to underline how the above-mentioned GDPR should not be considered as a set of provisions simply aimed at limiting possible uses of personal data but, on the contrary, specifically designed to foster data economy without endangering or exposing individual rights and freedoms. To this regard, Recital 6 of the GDPR explains that "Technology has transformed both the economy and social life, further facilitating the free flow of personal data within the Union and the transfer to third countries and international organisations, while ensuring a high level of the protection of personal data".

In this sense, it is possible to find within the GDPR a number of legal mechanisms and tools which are explicitly aimed at allowing re-use and open data initiatives, while preserving the protection of data subjects' rights and expectations. In particular, we can list here the data reuse assessment provided by Article 6(4) of the GDPR, the Data Protection Impact Assessment pursuant to Article 35 and the Privacy-by-Design principle introduced by Article 25.

EDW has performed preliminary assessments on how the processing of EPC data could be lawfully managed and is confident of being able to apply the best technical and organizational security measures (such as advanced encryption techniques and by-default data quality and erasure mechanisms) to guarantee both the protection of individuals and the extraction of added societal value from raw data sources.

Moreover, it should not be underestimated how the European data protection rules are meant to ensure free flows of (protected) data conceived as one of the fundamental drivers for the growth and development of the European Single Market. Therefore, various, and parallel legislative initiatives can be mentioned, which are directed to create incentives (and in some cases obligations) to the secure sharing of raw data, in particular those collected by public sector institutions. In this category fall the Directive (EU) 2019/1024 (the "PSI Directive") and the proposed Data Governance Act. Hence, we believe that these data-driven initiatives are not only allowed by laws and regulations, but also encouraged by the EU institutions and policymakers.

## 4. Examples of good EPC practices across Europe

France, with its 'ADEME' database, is leading the way together with the Ministry of Housing in the United Kingdom, as well as Italy in Lombardy with the CENED reporting solution. The reason being that all above mentioned EPC datasets are available open access and updated on a regular basis.

## 5. Suggested amendments to the text of the EPBD proposal review

Moreover, EDW has further comments on the proposed Article 19 focusing on databases for energy performance of buildings. Please see the EDW proposed amendments below in bold and between brackets:

1. *Each Member State shall set up a national database for energy performance of buildings which allows data to be gathered on the energy performance of the buildings and on the overall energy performance of the national building stock. The database shall allow data to be gathered related to energy performance certificates, inspections, the building renovation passport, the smart readiness indicator and the calculated or metered energy consumption of the buildings covered.*

2. *The database shall be publicly accessible "**with the EPC information available open access**", in compliance with Union and national data protection rules. Member States shall ensure access to the full energy performance certificate for building owners, tenants, and managers, and to financial institutions as regards the buildings in their investment portfolio "**and for financing the renovation wave**". For buildings offered for rent or sale, Member States shall ensure access to the full energy performance certificate for prospective tenants or buyers.*

3. *Member States shall make publicly available information on the share of buildings in the national building stock covered by energy performance certificates and aggregated or anonymised data on the energy performance of the buildings covered. The public information shall be updated at least twice per year. Member States shall make anonymised or aggregated information available to public and research institutions such as National Statistics Institutes, upon request.*

4. *At least once per year, Member States shall ensure the transfer of the information in the national database to the Building Stock Observatory.*

5. *The Commission shall, by 30 June 2024, adopt an implementing act with a common template "**and consistent format**" for the transfer of the information to the Building Stock Observatory. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 30(3).*

6. *For the purpose of ensuring coherence and consistency of information, Member States shall ensure that the national database for energy performance of buildings is interoperable and integrated with other administrative databases containing information on buildings, such as the national building cadastre and digital building logbooks.*

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The rationale of the EDW comments is based on the evidence that most of the national and regional databases currently make the EPC available for single dwellings to qualified certifiers and a limited number of stakeholders. The financial sector is currently building solutions to match internal credit data with cadastral data. However, such IT solutions require the use of multiple EPC at once together with other sensitive information such as the address of the property, the year of construction and other key characteristics. IT area solutions with specific non-disclosure agreements can be used to mitigate the GDPR concerns.

Given that the address information is reported in many ways (for example under the Securitisation Regulation according to the NUTS3 classification of Eurostat) it is not always possible to find an EPC (as it is sometimes simply not available) and so estimates should also be used with comparable buildings in similar areas. To mitigate the GDPR concerns, it would also be useful to introduce in the EPC an upfront legal clause where homeowners can agree or disagree to disseminate the relevant documentation via a dedicated website or database (e.g. like an “opt-out” clause).

Financial institutions need to include the EPC in their databases to finance the renovation wave particularly for buildings with a low score. Without the EPC information the reduction of energy poverty will be very difficult to achieve.

Finally, a clarification would be mostly welcome if the European Securities and Markets Authority (ESMA) could include in its Questions & Answers (Qs & As) on the Securitisation Regulation related to the interpretation of Annex 2: Underlying exposures – residential real estate a clarification on whether it would be possible to report proxy or estimated EPC under the field RREC10 in case the EPC is not available. For example, ADEME in France currently gathers more than 8 million EPC against an estimated dwelling stock of 36 million. The ESMA Qs & As<sup>5</sup> are updated on a regular basis.

EDW remains at the disposition of the EC in case of any queries related to its response.

Yours sincerely,



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cc: Marco Angheben, Head of Business Development and Regulatory Affairs

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<sup>5</sup> For more information please see the latest Version 9 as of 19 November 2021.