FRANCE

Energy Efficiency Obligation scheme

Responsible authority: Ministry for the Ecological and Solidary Transition
Managing authority: National Pole for White Certificates (part of the Ministry)

History, current targets and results

The scheme started in **July 2006**, with targets usually set for 3-year periods expressed in kWh cumac (lifetime cumulated-discounted final energy savings). The current target is **1,600 TWh cumac** for **2018-2020**, of which 400 TWh cumac to be achieved for households at risk of fuel poverty.

Issued certificates from 01 January 2018 to 31 October 2019 amount to **569 TWh cumac** (including **258 TWh cumac** issued for the **"fuel poverty" target**).

The fourth period (2018-2020) is planned to be **extended** to 31 December 2021, with an overall obligation of 2,133 TWhc cumac for 2018-2021 (same annual target applied to 2021 as in 2018-2020).

Key actors, roles and options

The Ministry (**DGEC**, General Directorate for Energy and Climate) sets the rules, targets and penalties. A dedicated service of the Ministry (**PNCEE**, National Pole for White Certificates) administers the scheme. The French Energy Agency (**ADEME**) provides a technical support.

The obligated parties (OP) are the **energy suppliers of electricity, natural gas, oil products, heat** (district heating) in the **residential** and **service** sectors and in **transports**.

They can achieve their targets by directly gaining energy savings certificates (CEE) or by buying CEE on the market (OTC **trading** scheme – price mid-2019: 0.67 c€/kWh cumac or 0.80 c€/kWh cumac for "fuel poverty"). Overachievements in previous periods can count for the next period.

Local authorities, national agency for housing and social housing authorities are also **eligible** to get CEE.

An **official registry** monitors the certificates issued and traded. It is directly used to verify the target achievements at the end of the 3-year period. In case of non-achievements, OP must pay **penalties** in full discharge (1.5 c€/kWh cumac).

There are now around 120 obligated parties.

Scope and focus

Actions are eligible **in all end-use sectors** (recently including consumption covered by the EU ETS), under **performance and/or quality requirements. 199 standardised operations** are currently eligible (85% of CEE issued). **Specific operations** can be assessed according to an **official methodology** including an energy audit (mostly used for large actions in industry or services).

Specific programs selected by the Ministry (based on given policy objectives) are also eligible with a fix rate of kWh cumac per euro invested in these programs.

A bonus is granted for actions for **"very low income" households** to meet the "fuel poverty" target.

Monitoring, Reporting and Verification

The justifying documents are kept (for 10 years) by the party applying for certificates, at disposal for control purposes. Obligated or eligible parties submit **standard files** to the PNCEE that issues the certificates **once for the whole lifetime energy savings** (hence the 4% discount rate).

For specific operations, the technical part of the file submitted is reviewed by ADEME experts.

In addition to controls realized by OP and/or third parties, the PNCEE performs controls on sample of files. In case of non-compliance, the certificates are cancelled and sanctions may be applied (3 c€/kWh cumac).

In case of frauds related to CEE, the Ministry may forbid the sanctioned party to submit files for CEE for a given period (in addition to cancelling the CEE subject of the fraud and to financial sanctions). Other frauds or complaints (e.g. due to bad installers) are dealt with by DGCCRF (General Directorate for Competition Policy, Consumer Affairs and Fraud Control).

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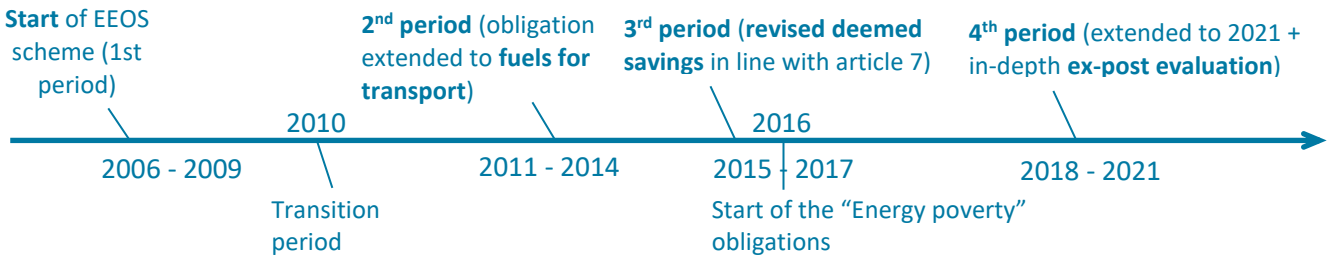
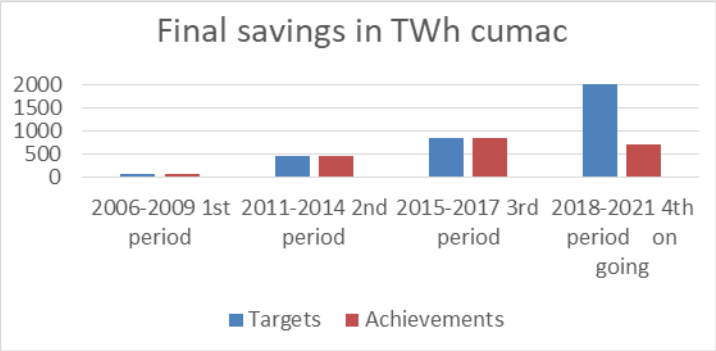
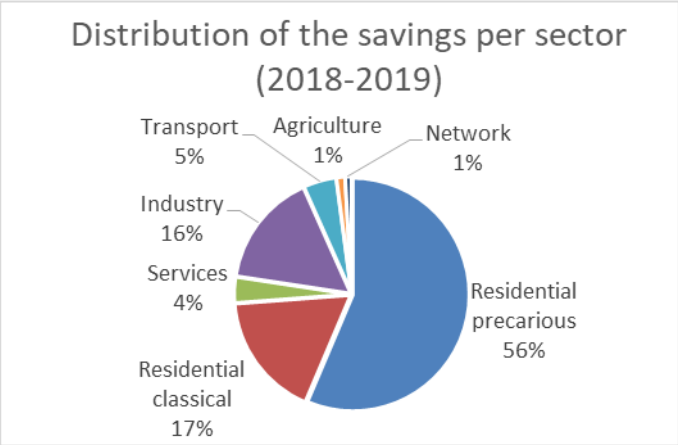


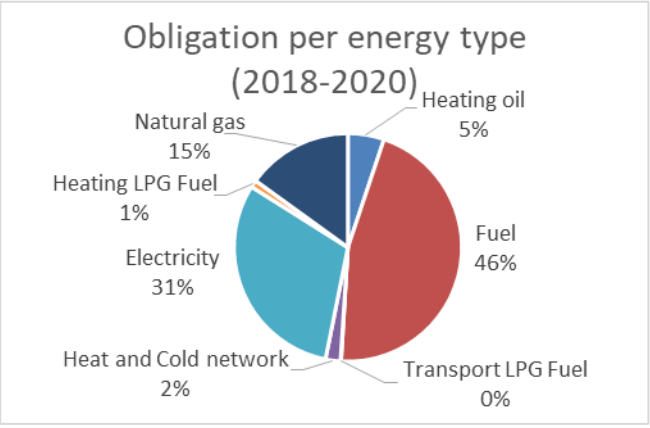


Since the beginning of the EEOS, starting with the 1st period to the current 4th period, the volume of obligations has been multiplied by 30. Today, the ecosystem around EEOS is mature and allows to consider ambitious objectives for the coming years.



These actions represent **75% of final energy savings** :

Attic or roof insulation
Floor insulation
Heat recovery system on a cold production group
LED Lamp (A+ or A++)
Insulation of a heating or domestic hot water network
Wall insulation
Individual boiler with high energy performance
Isolation of singular points



The actions with the largest energy savings are still insulation and heat recovery operations. They are concentrated in the residential and industrial sectors that represent 80% of the total number of EEOs delivered.

NOTE: the data shown above are based on data in the unit used at the national level (TWh cumac, i.e. lifetime-cumulated and discounted savings). They also include savings that are not eligible to EED Article 7, but eligible to white certificates (due to national objectives or priorities). The data on savings eligible to EED Article 7 can be found in the annual reports to the European Commission (where 'non-Article 7' savings are removed).

Costs for obligated parties

Data of costs for obligated parties for recent years: around 3 bn€ per year. Recovered through energy pricing.

Other information about costs and benefits

About 2.5 mn€ per year of administration costs for the public authorities (including controls).

Interview with Loïc Buffard

Deputy Head of the Energy Efficiency and Air Quality Division
DGEC, Ministry of Ecology, Sustainable Development and Energy

1) What have been the main changes and lessons learnt since 2017?

The "fuel poverty" target has been increased and now represents 400 TWh cumac for 2018-2020 (a quarter of the existing annual target). Consequently, some dedicated operations have been developed by obligated parties to tackle fuel poverty.
In addition, in order to improve household information a contribution framework is required since last year to demonstrate the incentive and active nature of the actions carried out.

At last, we made sharp progress on the issue of controls.

2) And more specifically about monitoring, verification and controls?

The obligated parties, third parties (accredited control offices) and the Administration carry out more and more controls.

The new climate and energy law introduces an obligation for EEO applicants to perform or have third party controls carried out for a given share of certain energy saving actions.

As a result of the continuous efforts that are being made on this subject, in last August (2019), the Administration contracted an order to carry out on-site inspections of more than 3000 energy saving operations, the first results of which will be available by the end of 2019.

3) What are the main interactions with other policies?

In addition to being a tool as such, directly (through EEOS' operations) or indirectly (through EEOS' programmes), for the purpose of energy efficiency, EEOS can also support certain public policies.

Thus, within the framework of the energy renovation plan for buildings, the EEOS is involved and State aids are added to it to accelerate certain actions of energy renovation of buildings (tax credit for energy transition; reduced VAT rate of 5.5% for energy renovation works; eco-loan 0%-rate scheme; the ANAH subsidies).

Another example is that manufacturers subject to the European ETS system, as part of the fight against GHGs, will soon be able to use the EEOS to improve the energy efficiency of their processes.

4) Are there challenges or changes foreseen for the coming years? (especially after 2020)

The main stake is to further accelerate the energy savings pace in order to meet the ambitious targets for 2020 and 2030.
The scheme has proved to be well designed to deliver actions in the residential and service sectors. The energy savings potential in buildings and transport remains large.
A key challenge will be to trigger energy savings in a macroeconomic context where private actors are still relatively reluctant to invest, and with relatively low energy prices.
The new article 3 and article 7 objectives defined in the framework of the revised EED seem ambitious enough to keep a European leadership in energy efficiency.

5) If you could go back in time, what would you do differently?

The question is difficult because many improvements could have been implemented from the beginning (IT systems, more precise legal framework, third party controls, etc.) but the scheme was completely new, so it seems inevitable to make progress only with accumulating experience.

Regarding the obligation level, the 2015-2017 period could have been more ambitious. Indeed, the overperformance during that period led obligated parties to dramatically slow down their actions and created a "stop and go" with many negative effects.