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Energy renovation in France: the challenge of implementing the national objectives

Auteur

Andreas Rüdinger

Coordinator for the energy transition in France

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The building sector is the leading final energy consumer in France (accounting for 42% of total consumption), making thermal renovation one of the priorities of France's energy transition strategy. It is worth noting, considering its rarity, that it is also one of the only energy policy issues whose importance seems to find a consensus among the presidential election candidates, who have made many proposals on the subject. Jean-Luc Mélenchon thus proposes to increase the renovation rate to 700,000 homes per year and to end energy insecurity. Benoît Hamon is aiming for a 100 billion euro investment plan over five years for the renovation of housing. Emmanuel Macron wants to create a 4 billion euro fund for the renovation of public and private buildings, particularly targeted towards very poorly insulated buildings and the most disadvantaged households. François Fillon proposes to redirect funds from the public electricity utility to

thermal renovation and the reinforcement of the existing support measures, while Marine Le Pen wants to make the insulation of housing a budgetary priority of the quinquennium. While there remains an implementation challenge, and in view of these proposals, what are the issues that would enable the move up to a higher gear in terms of efficient thermal renovation?

Very ambitious objectives, but a modest dynamic in reality

The 2015 Energy Transition for Green Growth Act (TECV Act) gives a leading role to energy efficiency and savings, which are the cornerstones of the national effort. The key objective of halving final energy consumption between 2012 and 2050 requires a 4 to 5 factor improvement of the energetic performance of the total housing stock (32 million homes) and commercial building stock (850 million m²).^[1] The scale of the challenge can be measured by the objectives. The TECV Act sets an objective of 500,000 renovations per year, which is split into 380,000 private homes and 120,000 homes in the social housing sector. This ambitious objective is nevertheless surpassed by a second one, which has gone relatively unnoticed: the Act states that by 2025 all “poorly insulated buildings” consuming more than 330kWh/m² (F and G energy classes) must be subject to energy renovation. However, according to the [Phébus 2013 survey](#), there are 10 million poorly insulated buildings in France, which would require an increase in the pace of annual renovations to... a minimum of 1 million housing units per year, which is twice the initial target! At present, this level of ambition is not particularly reflected in practice: according to the [Ademe OPEN survey](#), out of a total of 3.5 million projects, only 288,000 “highly energy efficient” renovations were completed in 2014. [The BBC observatory](#), for its part, indicates that a total of 110,000 housing units (98% in social housing) were awarded the “BBC-renovation” label since 2009, i.e. about 15,000 housing units per year, a rate that has been stable since 2011, but very far from the stated objective. These findings make it possible to formulate a first observation: **it is not the objectives that are lacking, but rather the alignment and reinforcement of political levers (support, regulation, training)** that could really accelerate the dynamics of building renovation in France, and position the country on a trajectory that would be compatible with the energy transition objectives.

How can existing tools be improved?

The majority of candidates in the 2017 French presidential election propose the establishment of new “financing plans” for renovation. However, as [an IDDRI analysis](#) has shown, the issue of a massive increase in the number of projects undertaken goes beyond the question of additional funding and concerns first and foremost the adjustment and alignment of the regulatory mechanisms to guarantee the efficiency of public support tools. This efficiency first involves the necessary harmonization and simplification of existing tools. [A comparison of the energy renovation schemes in France and Germany](#) shows that the recommendations published by IDDRI in the 2013 National Energy Transition Debate are more relevant than ever:

- Creating a unique technical reference framework for the thermal regulation (RT) of new and existing buildings, from which would also derive the eligibility requirements for financial support. The move towards RT 2020 and the overhaul of regulations for existing buildings could soon provide a window of opportunity.
- Standardizing financial support: the complexity of the multiple support tools (tax credit, interest free eco-loans, support from the French National Housing Agency (ANAH), regional aid, etc.) which all have different criteria, is regularly cited as one of the weaknesses of the French system. The TECV Act (Article 14) had already highlighted the need to replace existing support by “an overarching support mechanism contingent on a comprehensive renovation project”.^[2]

- Encouraging high-efficiency renovations, by adjusting the level of support according to the energy performance achieved following the work, in order to raise the bar of what is offered on the market.
- Supporting energy renovation can generate benefits for the community, creating new resources for public budgets, providing that the leverage effect of public subsidies is improved. This observation was recently confirmed in [a new study by the “Rénovons” group](#), focusing on the renovation of poorly insulated homes.

Establishing a coherent roadmap for the next 10 years

Implementing the above-mentioned measures would entail a structural transformation of the existing schemes, which is why these measures have often been described as “desirable but not feasible”. It therefore seems essential that regulatory developments should be based on two complementary approaches. Firstly, by encouraging experimentation at the regional level, which is already very engaged. Through the combination of the harmonization of regulatory and incentivizing mechanisms, inspired by the German model, and innovative third-party financing models initiated by the French regions, France could promote the broadening of very ambitious renovations. Secondly, in view of the depth of the required changes, it seems essential that a roadmap should be established that not only details the quantitative objectives but also the progressive development of the regulatory and support tools over a period of 5 to 10 years, to ensure that this is sustained over time and to give all stakeholders concerned the necessary visibility to anticipate these transformations. Further IDDRI reading:

- [Thermal renovation of buildings in France and Germany: what insights can be gained for the energy transition debate?](#) [in French]
- [The British Green Deal: what insights can be gained for the policy on energy efficiency retrofits for housing in France?](#) [in French]
- [How should we finance the energy transition? Elements of analysis for a strategic approach](#) [in French]

[1] The average energy consumption of homes is about 240 kWh of primary energy per m² per year, while the low-energy consumption building label (BBC) requires a maximum consumption of 50 kWh/m²/year for new buildings, and 80 kWh/m²/year for existing ones. [2] This [study](#) was launched in November 2016 and plans, in particular, to draw on the experience gained from the energy renovation support scheme in Germany.

This blog post is part of a series on energy transition in the French presidential election:

- [2017, a pivotal year for French energy transition](#)
- [Four scenarios for understanding the energy programmes of the Presidential candidates](#)
- [Financing the energy transition: it's not just about the money](#)
- [What is the citizen participation in the energy transition?](#)