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Energy renovation: what is the outlook for the recommendations of the French Citizens' Climate Convention after the recovery plan?

Auteur

Andreas Rüdinger

Coordinator for the energy transition in France

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The Citizens' Climate Convention (CCC) has put forward some particularly relevant and ambitious proposals concerning the need to strengthen energy renovation policies within a systemic approach. Going beyond the futile opposition of “positive” and “punitive” ecology, it has instead demonstrated the need to consolidate and articulate all tools to accelerate the path towards achieving France’s climate objectives for 2030 and 2050, which are the minimum to which the country is committed. As consultations begin on the action needed in response to the CCC recommendations, this issue is still the focus of discussions. The government has just announced new energy renovation measures in the framework of the recent recovery plan, and clarification of the challenges to come is therefore needed.

Strong proposals for a systemic approach to energy renovation

Without fundamentally “reinventing the wheel” in terms of the policy instruments to be mobilised, the CCC has made a major contribution to the policy debate on energy renovation in two respects.

First, by illustrating how far the existing levers need to be “pushed” to (finally) secure resources that are equal to the ambitions set at the national level.

- The establishment of a stronger renovation obligation for all housing, to be phased in over 20 years and aimed primarily at individual homes and poorly insulated buildings (*passoires thermiques*) (grades F and G). An important development is that the citizens' proposal provides for an obligation of result: achieving grade A or B after renovation (or C in some cases).
- The need to considerably increase state support, in line with the ambition set nationally and for each project (prioritising very high-efficiency renovations) and the importance of making demand financially possible. According to [the work of the legislative transcription committee](#), initial estimations suggest that minimising the remaining amount for households according to their income level would require a fourfold increase (compared to today) in public funding.
- The need to significantly strengthen assistance measures for households during all stages of the renovation project, including energy auditing, financing, technical engineering and selection of service providers, and monitoring and control of performance after work is completed.

Second, by showing that these building blocks form a coherent whole and cannot be dissociated: the social acceptance of a generalised renovation obligation depends on the provision of corresponding financing options, assistance measures and structured services, ensuring everyone has the capacity to act. And without the obligation, it seems illusory that the pace of renovation will achieve the objectives set by 2030.

Finally, it should be noted that the citizens' proposals are all strongly geared towards the generalisation of very high-efficiency renovations (equivalent to the French low-energy building (BBC) grade), thereby revealing the inadequacy of existing policies in this area.

Costly proposals, or cost-effective proposals?

Since the CCC submitted its proposals to the government in June, there has been much criticism of the potentially “disruptive” effect of these measures for households and the building sector and the huge public cost they would represent.

But it should not be forgotten that this was exactly what was asked of citizens: to define strong measures that would enable France to achieve its climate objectives, which implies a structural transformation of the French economy. This is the implicit message of all of the work by the CCC: a policy of small steps is no longer enough.

Where economic analysis is concerned, the growing number of calculations (see below) can lead to confusion, which should however not overshadow the global reasoning required: whether at the state level (for public support) or household level, it is not a question of “costs”, but rather of long-term investments that create jobs and value-added, and especially reductions in energy costs... and climate costs.^{[1](#)}

The recovery plan: a positive but insufficient signal?

When the economic recovery plan was published in early September 2020, the French government welcomed “unprecedented efforts” towards the ecological transition, for a total of 30 billion euros. Some 6.7 billion euros will be earmarked for energy renovations over two years, especially for public buildings (4 billion euros), social housing (500 million euros), and an increase of 2 billion euros for the “MaPrimeRénov” scheme aimed at private homeowners.

In the CCC progress report on the implementation of proposals published in late September, the government thus states that the recovery plan responds (totally or partially) to the citizens’ proposal to “massively increase support for energy renovations”, highlighting the extra 2 billion euros allocated to MaPrimeRénov’, in addition to the 740 million already provided for in the budget bill for 2021 (or an annual total of 1.74 billion euros for 2021 and 2022).

These figures can be compared with those given in the legislative transcription of the CCC proposals, established before the announcements of the French recovery plan.²

Amounts of public support and white certificates budgeted and required according to the CCC (in million €)

Scheme

Amount budgeted for 2021

Amount required

Additional amount

MaPrimRénov’ (including remaining CITE tax credit)

740

2,923

2,183

Habiter Mieux Sérénité

683

2,697

2,014

Eco-PTZ (public cost)

50

197

147

Total public subsidies

1,473

5,818

4,345

White certificates (work equivalent)

1,850

7,306

5,456

Total

3,323

13,278

9,801

Source: [CCC \(2020\)](#)

The analysis conducted for the CCC therefore projects public funding needs (excluding white certificates) of 5.8 billion euros per year, or around 4.3 billion euros more than the draft budget for 2021. In other words, the additional amount of 1 billion euros earmarked by the recovery plan covers less than a quarter of the needs identified by CCC.

It should also be noted that the public funds allocated to MaPrimeRénov' for 2021 and 2022 (1.74 billion euros per year) remain on a par with the funds previously allocated to the tax credit for the energy transition (1.7 billion on average between 2015 and 2018), which also tempers the argument of “unprecedented efforts”.

Schemes are moving in the right direction in terms of quality

As [previously noted](#), over and above the additional amounts of support, the structure of schemes remains a key question, with a dual challenge:

- What can be done to ensure support schemes are socially just and give all households the capacity to act?
- How can support be better earmarked for high-efficiency renovations and, ideally, low-energy building (BBC) renovations?

On the first point, simplification efforts are to be commended, consisting in reintegrating all households (including landlords and co-owners) into the MaPrimeRénov scheme, with variable rates of support depending on income levels. According to the information published by the government, combined support could thus amount to as much as 90 % of the total investment for very modest households, reducing the remaining amount to 10 %, as advocated by the CCC.

On the second point, the integration of several bonuses aimed at encouraging households to undertake energy renovation projects is a positive signal, albeit too weak to truly scale up BBC renovations, with:

- the “low-energy building (BBC)” bonus, of between 500 and 1,500 euros;
- the bonus for poorly insulated buildings (passoires thermiques) (grades F and G), of between 500 and 1,500 euros;
- and “global energy renovation” bonuses for middle- and high-income households, of between 3,500 and 7,000 euros, requiring an energy efficiency improvement of at least 55 % after work.³

The simplification and consolidation of schemes is still a priority

Simultaneously, examples of projects provided in the [press pack for the new MaPrimeRénov scheme](#) show that alongside MaPrimeRénov, the white certificate (CEE) scheme will continue to finance a significant share of support for renovation.

The juxtaposition of schemes (not forgetting the interest free eco-loan, the other French national housing agency (ANAH) support schemes, support from Action Logement,⁴ or regional and local support), which are primarily focused on one-off renovation projects, remains a key source of complexity for all stakeholders. In this respect, the objective set in 2015 in the Energy Transition for Green Growth Act, to replace all existing schemes with a “support package” for whole-house renovations, is more pressing than ever.⁵

The changes set out in the recovery plan are a step in the right direction, in terms of the desire to both simplify and strengthen (tentatively for the time being) the incentive to undertake high-efficiency renovations.

But as the members of the CCC have rightfully pointed out, a true “surge” in energy renovation policies is needed today to set France on the path to meeting its climate commitments. And this surge can only be achieved if a strong regulatory signal (such as the obligation to renovate prior to property transfers) is associated with support and assistance schemes that are substantially reinforced and earmarked for very high-efficiency renovations. Finally, a truly strategic vision is needed regarding the evolution of schemes over the next 5 to 10 years.

It remains to be seen whether policymakers have heard the message sent by citizens. More will be known shortly, with the publication of the highly anticipated bill on the CCC proposals.

¹ Since the work of the French national debate on the energy transition in 2013, numerous studies have demonstrated the high overall cost-effectiveness of investments in the energy transition in general, and in the building sector in particular. The impact study commissioned by the French High Council on Climate on the macroeconomic impacts of an economic recovery plan strongly geared towards the ecological transition provides another illustration. See, for example, the Scénario Rénovons 2020, analysis, which estimates that 93,000 net jobs will be created over the period 2020-2030. Another example, with regard to the long-lasting debate on the resources allocated to energy renovation policies by the state, is the research conducted in Germany demonstrating a direct return on investment from state support for energy renovation for the public accounts. According to the impact studies conducted by KfW, every euro of public funds invested in support for energy renovation generates a return of between 1 and 2.4 euros for the state in the form of tax revenues and avoided costs linked to falling unemployment.

² This table does not take account of the reduced VAT rate (5.5 %) for energy renovations, which represents more than 1 billion euros of public funding per year (p. 14), for an incentive effect that nevertheless remains low. The 2017 report by the French Inspectorate General of Finances and the General Commission for Sustainable Development (CGDD) thus proposed withdrawing this scheme altogether (p. 31).

³ These amounts can be compared to support for high-efficiency renovations proposed in Germany: according to the level of energy efficiency achieved after work, this support amounts to between 25 and 40 % of the total investment, for a maximum of between 30,000 and 48,000 euros, in addition to a preferential loan (rate of 0.75%) of up to 120,000 euros over a maximum of 30 years.

⁴ Action Logement, which manages the “1 % housing” initiative, announced in 2019 a new scheme with 1 billion euros in funding, aimed in particular at financing energy renovations of up to 20,000 euros.

⁵ See, for example, the “climate bonus” proposal for an illustration of a similar scheme, associating within a single instrument a subsidy for whole-house renovations, dependent on household income, and a preferential loan: <http://primeclimat.fr/> .

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