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How to accelerate renewable energies in France? The challenge of territorial integration and value sharing

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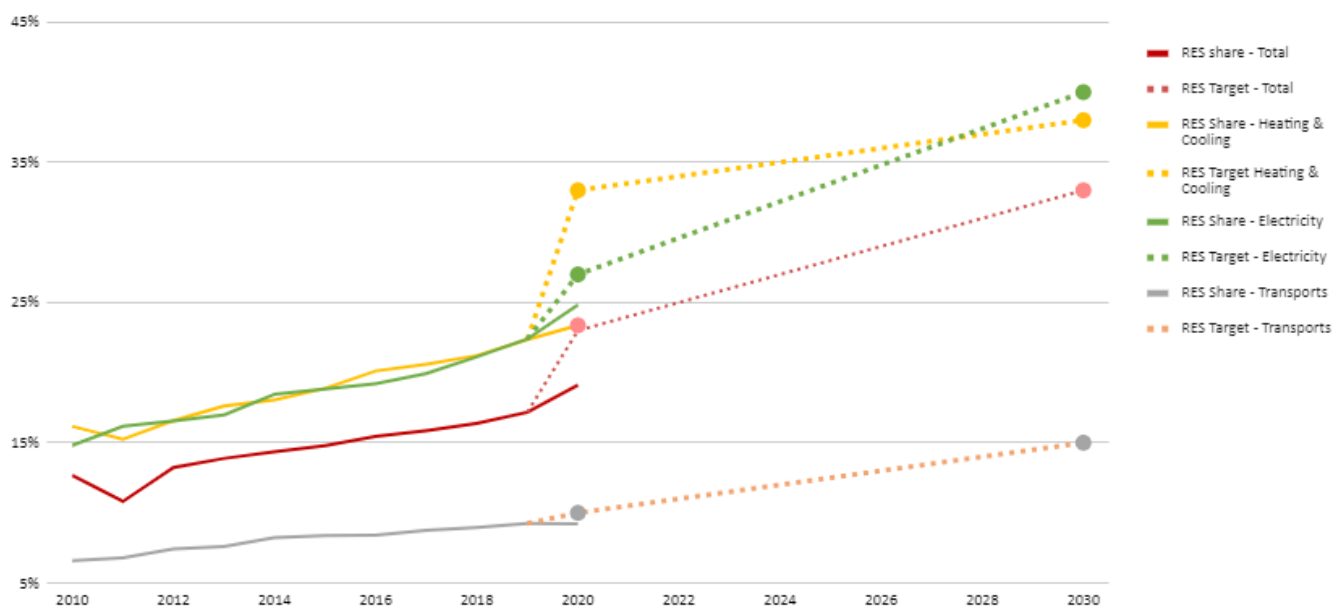
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Accelerating the deployment of renewable energies is an essential lever to respond to the energy crisis and the strong tensions on the French electricity system. The parliamentary debates on the corresponding bill (which began in the Senate in October and then in the National Assembly in mid-November 2022) have identified two key issues: the territorial integration of projects and the question of sharing the economic benefits. Based on recent work by IDDRI, this blog post aims to provide an overview of the associated issues as well as some recommendations, in particular to integrate the development of citizen renewable energy projects and renewable energy communities into the bill

France's delay in renewable energy is becoming increasingly expensive

A few key figures illustrate the importance of accelerating the development of renewable energies (RE) in the current context. At the European level, France is the only Member State to have missed its 2020 renewable energy target. The renewable share of gross final energy consumption reached 19.1% in 2020, against a target of 23%; the gap with the 2020 target is greatest for renewable heat. This delay has very concrete consequences: in total, at least 60 TWh of renewable energy are missing (see table below). And as many gas imports that could have been saved in the heat and electricity sectors mainly: for the year 2022 alone, this is equivalent to a loss of about 6 to 9 billion euros, or as much as all French investment in renewable energy in 2018¹. Not to mention the [potential €500 million in penalties](#) that France would have to pay for not meeting the target.

Share of renewable energy in France - evolution and objectives for 2020 and 2030



Source : IDDRI, Eurostat 2022 Data.

Renewable energies in France: differences between the objectives and the realized share in 2020 (in % and TWh)

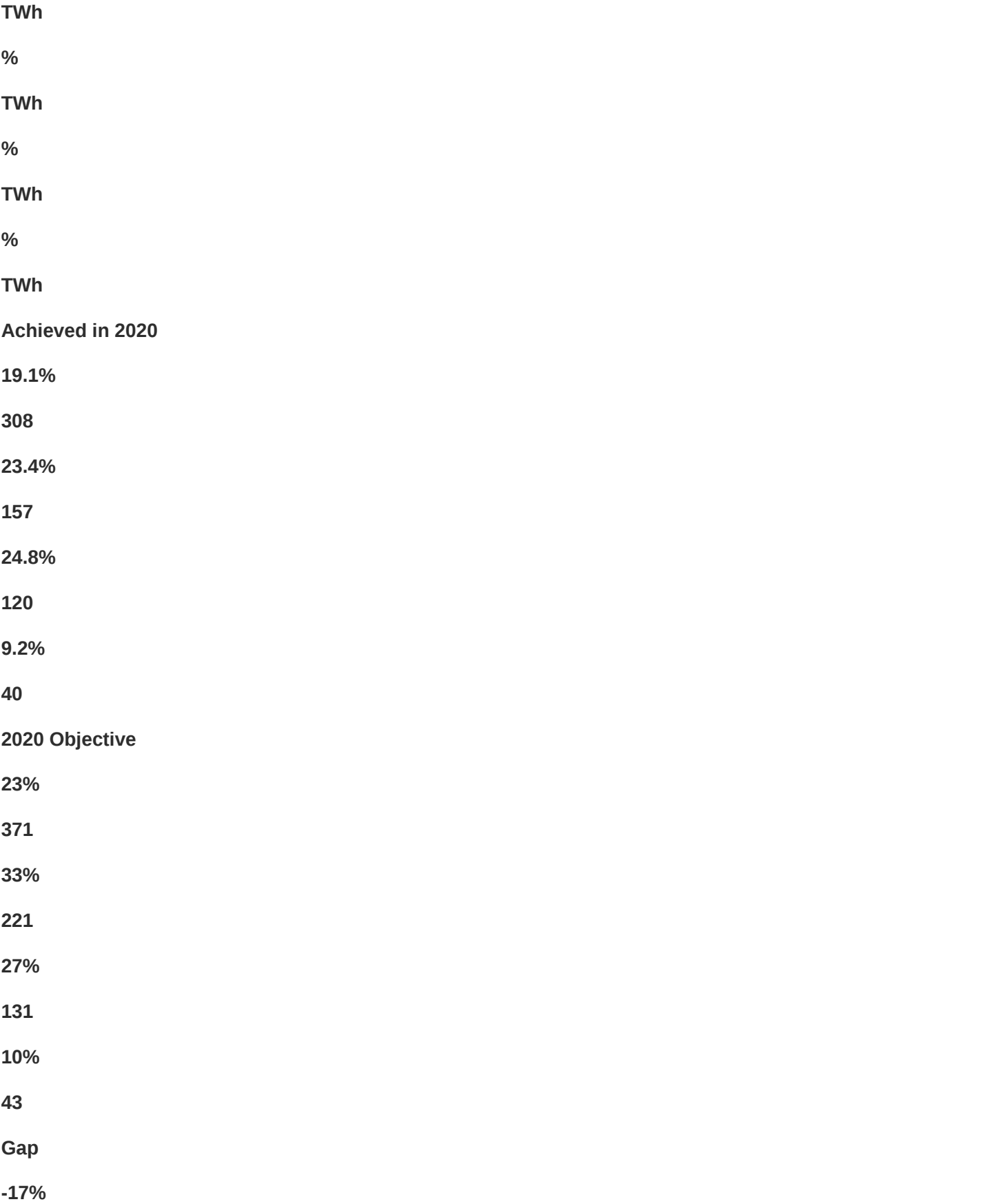
Gross final consumption

Heating & Cooling

Electricity

Transports

%



63

-29%

65

-8%

11

-8%

3

Source : IDDRI, SDES 2022 Data.

Renewable energies as shock absorbers in the face of rising prices

In its [November 3, 2022 deliberation](#) on the re-evaluation of public service charges for energy, the French regulator (*Commission de régulation de l'énergie*) indicated that renewable energies could bring in up to 31 billion euros to the State budget between 2022 and 2023, largely financing the cost of the tariff shield (45 billion euros of public expenditure expected for 2023). Of these 31 billion euros, the much-discussed onshore wind power sector alone is expected to contribute 22 billion euros.

In the current context of exploding wholesale market prices for electricity and gas, the production of renewable energies thus plays an essential role as a shock absorber alongside the historical nuclear power. It should be noted that France has gone a long way in terms of capturing and redistributing the rents of decarbonized energies (nuclear and renewables), while measures concerning the “superprofits” in the fossil fuel sector remain rather timid for the moment².

An urgent need to respond to tensions in the French electricity system

The acceleration of renewable energies is also part of the context of strong tensions on the security of electricity supply, particularly marked this winter, but which are likely to recur in the years to come, due to the intensification of work related to the extension of the life of existing reactors.

Nuclear power generation is thus expected to represent 280 TWh in 2022 and 300 to 330 TWh in 2023, i.e. up to 100 TWh less than the historical average. This lower availability will also have an impact on the passage of consumption peaks for the winter of 2022-2023 and probably those to come. As of mid-November 2022, nuclear capacity reached 31 GW (10 GW below historical minimums for this period), while projections for January have been [revised downwards by the French transmission grid operator \(RTE\)](#), from 45 to 40 GW, compared to a consumption peak that could reach 80 to 85 GW. This reinforces the importance of the rapid deployment of renewable energies and of massive and coordinated effort on energy conservation and demand response, which could represent the equivalent of 10 nuclear reactors (9 GW) to address this winter's peaks of consumption, [according to RTE](#).

Planning for the territorial integration of projects: the importance of enhancing existing tools rather creating new ones

The issue of territorial integration is omnipresent in the parliamentary debates on the [Renewable Energy Acceleration Bill \(PJL ENR\)](#). The issue is mostly considered from the perspective of "opposing" powers, i.e. the ability of local authorities to veto a project, or new planning tools, which would be added to the already existing burden of administrative procedures and plans.

Conversely, two considerations should guide any effort to revise planning rules from the perspective of accelerating projects:

- **Building on what already exists and avoid creating new planning tools** that would add to the existing patchwork by creating new barriers and regulatory uncertainties;
- **Empowering territories in a constructive approach:** for example, by setting up a mandatory quota of "priority areas for wind power" per territory, allowing to operate on a very accelerated authorization procedure, similar to what Germany has put in place [since summer 2022](#) with the 2% rule. This quota could of course include already existing projects, thus ensuring a better distribution of projects throughout French territory.

Locally-governed renewable energy projects, the big omission in the effort to accelerate renewable energy?

Another major oversight of the bill in terms of territorial integration: citizen energy projects and "renewable energy communities", which have been subject to a national working group coordinated by the Ministry of Ecological Transition over the whole year of 2021, are not even mentioned in the current bill.

Yet, by involving local communities and citizens directly in the governance and funding, local projects are a powerful lever to enable in-depth consultation with local stakeholders from the earliest phases and throughout its implementation, in order to promote public acceptance and territorial integration in the broadest sense, including with regard to impacts on biodiversity, another issue at the heart of current debates.

The 2021 working group resulted in an action plan and [10 key measures for the development of citizen renewable energy projects](#), including the adoption of an ambitious national target: to develop 1,000 new locally governed projects by 2028, compared to 290 existing so far.

Do not reduce the issue of "value sharing" to the granting of blank cheques

The chapter on "measures to promote territorial sharing of the value of renewable energy" in the current project law includes an astonishing proposal in Article 18: to grant direct financial compensation to citizens and local authorities located in the vicinity of renewable projects (onshore wind power being the primary focus) in the form of a reduction of their electricity bill, ranging from 250 euros per year for households to up to 6,000 euros for local authorities.

This "value sharing" proposal is surprising (and potentially counterproductive) for at least three reasons:

- by providing direct financial compensation, it reinforces the idea that these projects would be "disadvantageous" and would thus require "financial compensation," without even opening up the possibility for local actors to become active stakeholders in these projects themselves. This could be exploited by opponents as an attempt to "buy social peace", with the risk of triggering the exact opposite of the desired effect: a surge in opposition to the projects;

- even though the article aims to share the value of the projects, the mechanism would not be financed by the project owners, but by the contribution to the public service of electricity (CSPE), i.e. the State budget;
- considering an energy bill reduction seems to be a good idea in the current crisis, but it would be much better to encourage project owners to finance energy transition (energy renovation, clean mobility) and ecological (biodiversity, agriculture) projects, allowing to create virtuous circles for the ecological transition in these territories.

Maximizing local economic benefits through local governance

Existing work on citizen energy projects points to an interesting alternative: according to a [study conducted by Energie partagée](#) in 2019 with the support of Ademe, a project controlled and financed by local stakeholders can generate between 2 and 3 times more economic benefits for the territory than a conventional project.

However, we must face the facts: despite their considerable potential (50% of all renewable energy projects are owned by citizens and local actors in Germany, representing 100 billion euros of investments) and their high added value in terms of economic benefits and acceptability, locally governed projects are still very difficult to develop and financial support is needed to massify this movement.

What is lacking are measures to simplify, encourage and then generalize the direct participation of local communities and citizens, rather than "negative" competencies that would facilitate opposition to future projects. The 2021 national working group had thus identified several concrete avenues that could serve as inspiration for amending the bill:

- Massively finance local engineering and the development of renewable energy projects at the local level;
- Developing preferential financing mechanisms for renewable energy communities and broadening the access to support mechanisms granted directly without prior participation in competitive auctions;
- the need to develop alternatives to the current "participatory bonus" in the national tenders, which has been largely abandoned by industrial developers;
- Providing tax incentives for citizen investment;
- Generalizing local participation (citizens, communities, companies) in the governance and funding of new renewable energy projects through new incentives and obligations.
- Allowing a modulation of the levels of financial support to take into account the differentials of RES potential between territories, in order to ensure a better geographical distribution of projects;
- Financing communication and training campaigns to raise awareness among all stakeholders about setting up local governance projects.

¹ Assuming that all the additional renewable generation would have replaced natural gas in the electricity and heat sectors, with an import gas price of between €100 and €150 per MWh in 2022. Investments in renewables reached €8.6 billion in France in 2018 according to Chiffres clés des ENR, SDES 2022 Issue: <https://www.statistiques.developpement-durable.gouv.fr/chiffres-cles-des-energies-renouvelables-edition-2022>

² Amendment n°I-2890 to the Finance Bill tabled by the government (pending discussion) provides for the creation of a "temporary solidarity contribution" on fossil fuels, which is expected to bring in 200 million euros, representing 1,1% of the 17.3 billion dollars in profits earned by the Total group in the first three quarters of 2022. Another illustration: according to the information provided by the CEO of Total Energies at a hearing at the National Assembly, the cost of the rebate on fuels by the group amounts to 176 million euros, barely 1% of the group's record profits over the first three quarters of 2022.

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