

White certificates

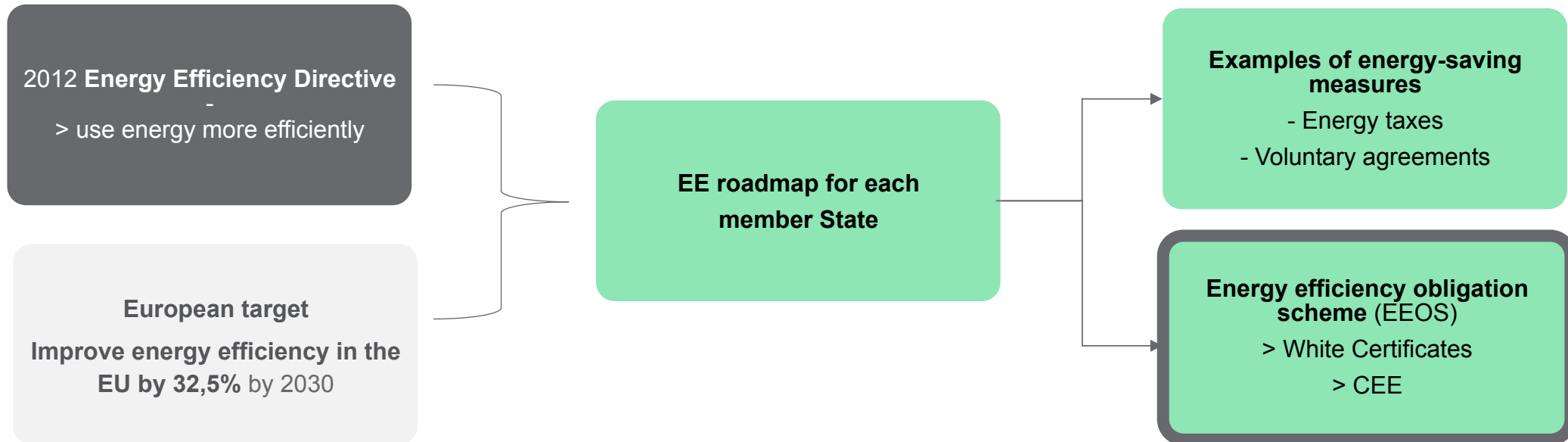
A business model to finance energy renovation in France

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“CEE”: a european creation



White Certificates and their use

15 member States currently use a white certificate mechanism.

1/3 of the final energy savings notified in the EU over 2014-2020 comes from EEO schemes.

Among pioneers

 2002

 2004

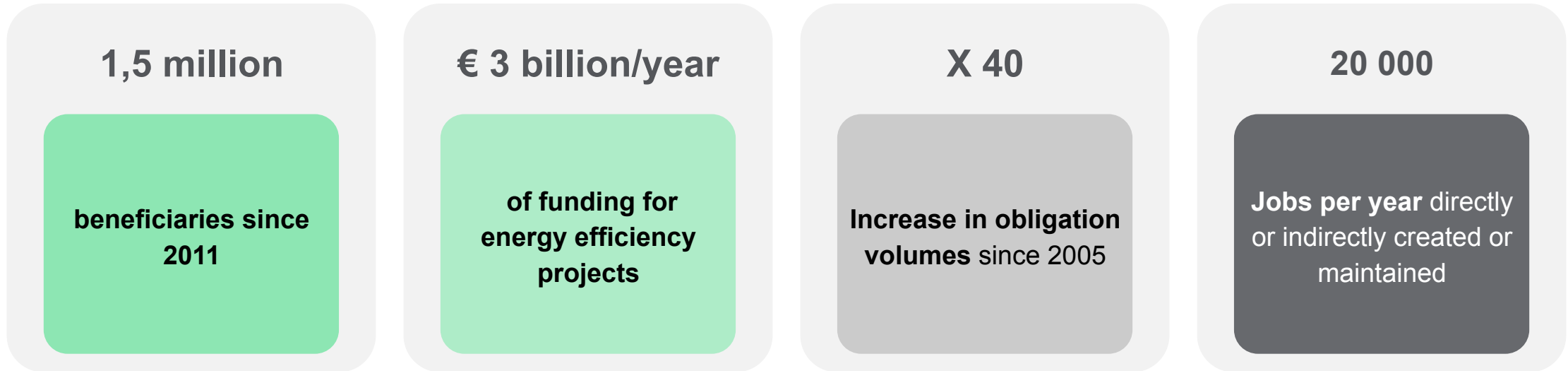
 2005

Other States, such as Germany, have favored **alternative measures**

French « CEE » in a nutshell

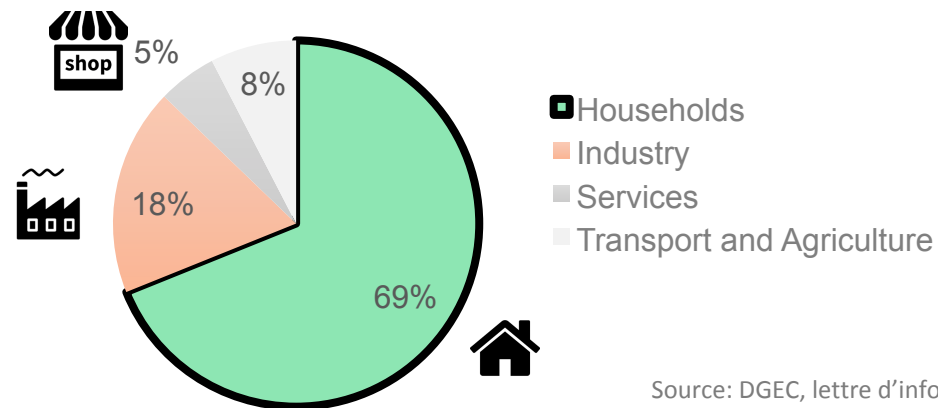
- **The State compels energy suppliers** to finance energy-saving works
- The more energy they sell in France, the more work they must finance (in France)
- If they do not fund enough energy-savings in a given period of time (3-4 years), **they must pay a proportional financial penalty**
- For an energy supplier, **financing works is cheaper than paying the fine**

CEE : figures in France



Source: ADEME, Evaluation du dispositif des CEE, 2019

Certificates issued per sector (2018-2020)



Source: DGEC, lettre d'information des CEE, juin 2020

Examples of works

Wall insulation



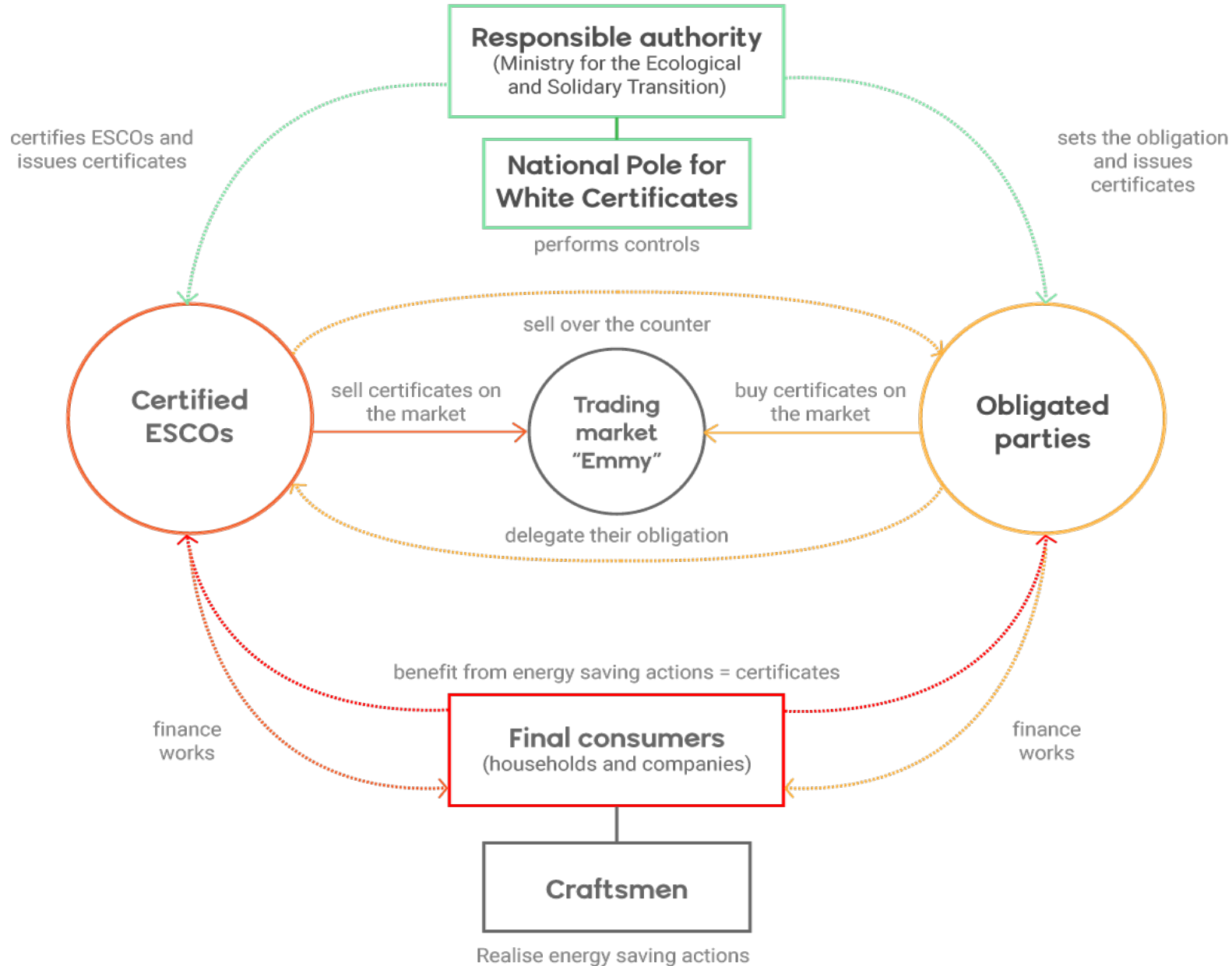
Loft insulation



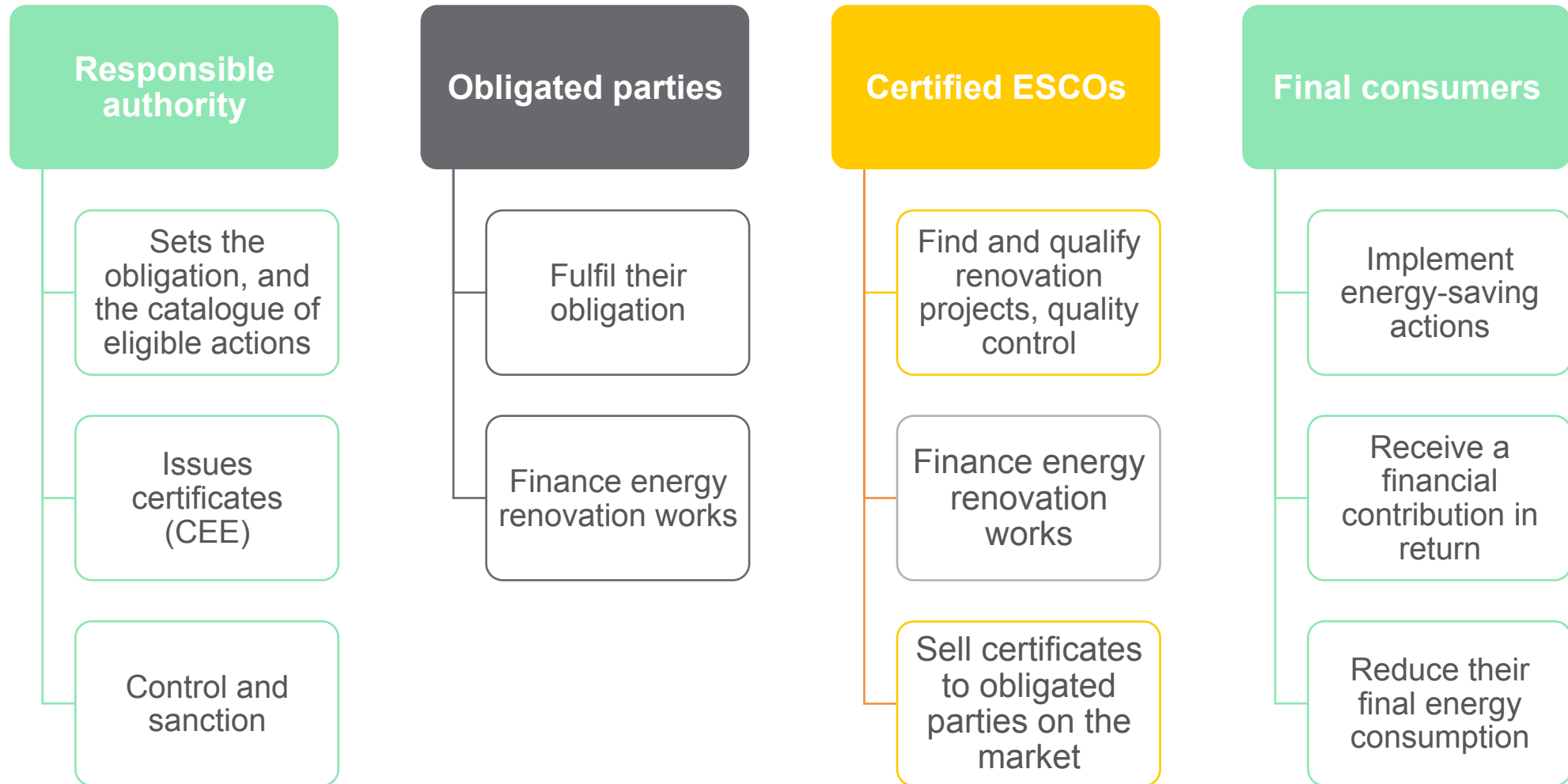
High-performance heating system



CEE mechanism



Stakeholders involved in the mechanism



CEE market

Putting a fair price on energy conservation

If the market price is high...

- That means France is not renovating enough
- Buying certificates is more expensive for energy suppliers
- Financial incentives are higher for consumers, which encourages them to renovate.
- The forward price will drop down



RISKS:

- A price on the bill too high over time
- Energy suppliers could prefer to pay the fine

If the market price is low ...

- That means France is renovating "too much"
- Buying certificates is cheaper for energy suppliers
- The sector will slow down the pace of renovations
- The forward price will rise up



RISKS:

- Sector downturn
- Kill off consumer interest

Weaknesses

Reliability

- **Fast acceleration** and therefore **an appearance of unscrupulous actors**
- Criticism of the ratio of **real vs. theoretical savings**

Administrative and regulatory complexity

- **(Too) quick changes in regulation**
Stop and go effects between periods
Another tool among others

Social acceptability

- **The price of certificates is reflected in the final consumer's bill**
(less than 3%) = an issue if high price persists

A tool yet to be improved



Monitoring : a need for a long-term vision

Increase the timescale of regulation to avoid abrupt changes



Control: reduce the risk of defects and frauds

Reinforce the obligation for *a priori* and *a posteriori* controls by an independent control office



Communication: a little-known and insufficiently mobilised system

Reinforce the communication of the eligibility criteria and **the articulation** of each financial incentive

Strengths

**Deployable on a large scale,
cost effective**

- **A global, multi-sectoral and now highly regulated tool**
- Low cost for public finances (€1 M/year for €3 Bn generated)

Social and inclusive

- **A tool to tackle fuel poverty** (at least 1/3 of operations are aimed at people in precarious situations + financial bonus for these operations)

**Promoter of the energy
efficiency sector**

- **Emergence of new players remunerated by energy savings**
 - **Skill improvement** in the building sector
 - **Involvement of energy suppliers**

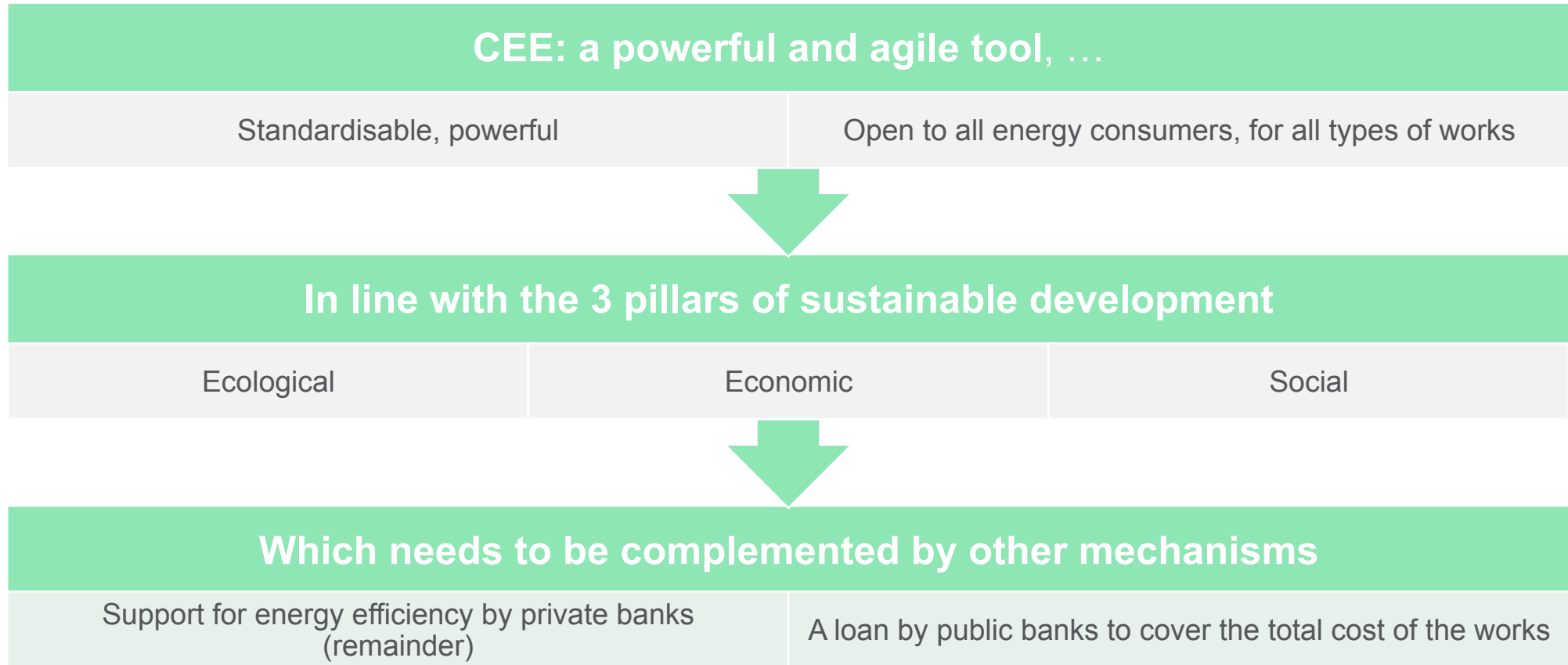
No offset

- **National market**, which makes each State responsible for its own actions

A tool that fits the German model

- **Germany's is one of the European leaders** in energy efficiency
- However, the volumes of energy renovation are **limited**
- **White certificates would enable to**
 - **Boost renovation**
 - **Comply with the BBC standard eligibility requirement**
 - **Complement KfW subsidies** for low-income households
 - **Strengthen actions on behavioural patterns**, well developed in Germany
 - **Meet the high proportion of tenants** (48% compared to 36% in France), a challenge in Germany

To conclude



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