The ups and downs of the French EEO scheme: Positive and negative impacts on the building renovation market

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General outcome of the French EEO scheme

2006-2020: how to become the major scheme for energy efficiency
1. French EEO: the current period 2018-2021

An increase of obligation level and of EEO price → 4 billion€/year

The delivering is lacking of standard EEOs and oversupplying low-income EEOs

Volume of EEO

- Standard EEO obligation
- Low-income EEO obligation

EEO price index

Source: MTE, Powernext
1. French EEO: the current period 2018-2021

- 1.2 millions of EE measures engaged in dwellings in 2019
- Dedicated residential programmes to increase EEO delivering targeting low-income households
  - w/ bonus (x2 – x6)
  - Average incentive:
    - air-to-water heat pump: €3,900
    - Gas boiler: €890
    - Roof insulation: €1,500
    - Floor insulation: €1790
- Expected 50,000 retrofit/month

Source: MTE
Impacts on the retrofit market

How to try to increase the number of retrofit and change the market
2. Impacts on the retrofit market

The “1€ free” retrofit for low-income households:

- Insulation (roof, floor)
- Efficient gas boiler
- Air-to-water heat pump

- Energy savings bonus
- EEO price index (from <€2/MWhc in 20017 to >€8/MWhc in 2019)
- + Additional supports (National Housing Agency, tax credit)

Source: Powernext
2. Impacts on the retrofit market

**Increase of EE measures implemented**
- Air-to-air heat pump market: +83% in 2019

**Modification of technical solution implemented**
- blown-in insulation in lost attic space at a very low cost (< €20/m²) vs. unrolled insulation
- “In three years, the French market for blown wool has tripled“

**The value chain**
- increase of the skilled installer/craftsmen
- industrialisation of the value chain (installation, manufacturing and distribution, commercial contacts)

**Impact on market price**
- Decreasing price for insulation (technical solution)
- Increase price of space heating equipment → capped incentive (Housing agency)

**Fraud and quality issues**
- “€1 offers” are incentive but sometimes to the detriment of quality (around 15% ?)
- From overestimation of insulated area to fake retrofit (5% ?)

Source: Uniclima, ATEE, ENEA, Batirama, ADEME
Conclusion and policy implications
what we can learn
3. Conclusion and policy implications

- “Imperfect“ calibration of the obligation level in the 2018-2021 period?

- Subsidised incentive programme with implemented EE measure exceeding expectations

- Enabled low-income households to carry out retrofit

- Retrofit market was subject to wide fluctuations

- Low price and volume vs. quality

- Revision of the EEO scheme in 2021:
  - incentive programme termination (mid-2021 ?)
  - Incentive programme only for deep retrofit
Thank you