Renewable Energy Policy Factsheet

October 2020

Summary

Main support scheme: RES-E is promoted through a feed-in tariff, a premium tariff as well as through tenders for the definition of the premium tariff level. The French government invites tenders for the construction of renewable energy plants in order to reach the target capacity set by a multi-annual investment plan. For RES-H&C the Heat Fund support is the main tool for collective buildings. For individual housing, a tax credit is the main support scheme for renovation. For new building RES technologies are put forward through the legal text RT2012. The promotion of biofuels in France is mainly provided through fiscal regulation mechanisms. On the one hand, the lower competitiveness of biofuels compared to conventional fuels is improved through a partial exemption of the domestic consumption tax. On the other hand, the tax on polluting activities prescribes higher rates for companies trading fuel for consumption, in case they do not respect the national quota of biofuels to be blended within conventional fuels, which is defined for each year.
**CURRENT RENEWABLE ENERGY POLICY**

**RES-E**

In France, electricity from renewable sources for large plants (hydro, wind or PV) is promoted through a premium tariff system. Some renewable energy producers may benefit from a premium tariff on top of the sale price they get on the electricity market, in order to cover the costs of their installations and ensure their profitability. For the smaller plants - (less than 500 kW - mainly individual PV plants or very small hydropower) sectors are promoted through a feed-in tariff. Furthermore, persons that install photovoltaic installations on buildings are eligible for a reduced VAT rate. For almost all RES technologies, The French government invites tenders for the construction of renewable energy plants in order to reach the target capacity set by the multi-annual investment plan (Programmation Pluriannuelle de l’Énergie - PPE) of which last version was validated in early 2020.

**RES H&C**

For heating and cooling purposes the Heat Fund, implemented to finance RES-H&C projects and which has been implemented in 2009 and is still the main supporting measure for RES application in collective buildings. Its budget has been increased in 2020 to reach €350 millions. Another important measure is Thermal Regulation reglementation (RT 2012) that began to operate at the beginning of 2013. It created restricting measures to promote energy efficiency and renewable energies in all new buildings. A new thermal reglementation should be implemented in 2021 (RE 2020).

For individual housing the main tool is a new premium called “MaPrimeRenov”. This tool took over to the tax credit measure that supported individual RES investment for nearly 15 years (implemented in 2005). MarPrimeRenov offers financial aids based on the earnings of the consumer. This measure covers almost all RES individual equipment (individual wood stoves or wood boilers, solar thermal collectors and ambient heat except air-air appliances). Moreover, lower VAT rates were implemented for RES-H&C materials and also zero rates eco-loan to improve overall energy performance of housing.

**RES-T**

The main support scheme for renewable energy sources used in transport is a quota system. This scheme prompts companies importing or producing petrol, gas or diesel fuels to ensure that biofuels make up a defined percentage of the company’s total annual sale of fuel. On the one hand, the lower competitiveness of biofuels compared to conventional fuels is supported through a partial exemption of the domestic consumption taxes. On the other hand, the tax on polluting activities foresees higher rates for companies releasing fuel for consumption, in case they do not respect the national quota of biofuels to be blended within conventional fuels, which is defined for each fuel type.
### OVERVIEW OF MAIN SUPPORTING POLICIES

**Table 1: Overview of support schemes to promote renewable energy in France**

<table>
<thead>
<tr>
<th>REGULATORY POLICIES</th>
<th>FISCAL INCENTIVE AND PUBLIC FINANCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium tariff</td>
<td>Capital subsidy, grants</td>
</tr>
<tr>
<td>Feed-in tariff</td>
<td>Tax regulation mechanism</td>
</tr>
<tr>
<td>(for &lt; 500 kW plants)</td>
<td>Loans</td>
</tr>
<tr>
<td>Tendering</td>
<td></td>
</tr>
<tr>
<td>Quota obligation with Tradable Green certificates</td>
<td></td>
</tr>
<tr>
<td>Quota obligation without Tradable Green certificates</td>
<td></td>
</tr>
<tr>
<td>Net-metering/net-billing</td>
<td></td>
</tr>
</tbody>
</table>

**RES-E**
- Offshore wind       ○ ○ ○
- Onshore wind        ○ ○ ○
- Solar               ○ ○ ○
- Hydro               ○ ○ ○
- Geothermal          ○ ○ ○
- Solid biomass       ○ ○ ○
- Biogas              ○ ○ ○

**RES-H/C**
- Solar thermal       ○ ○
- Geothermal          ○
- Biomass             ○ ○
- Biogas              ○
- Small scale installations, e.g. solar thermal collects, heat pumps, biomass boilers and pellet stoves ○ ○
- Others, i.e. aerothermal, hydrothermal ○

**RES-T**
- Bio gasoline        ○
- Biodiesel           ○

Sources: EurObserv’ER, French National Climate and Energy Plan, RES-Legal Europe (2020)
Table 2: Brief description of key policy instruments aimed at promoting RES in the France

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Description</th>
</tr>
</thead>
</table>
| Premium tariff  
*Complément de 3 emuneration*                 | Premium tariffs are allocated through a quasi-tendering process, where energy producers compete against each other for feed-in premium support. For all RES technologies, FiP are reachable through calls for tenders auction published by Authority. The aim is to pilot the technologies growth as close as possible to the RES investment program define by the government in October 2018. Website: [http://www.ecologique-solidaire.gouv.fr/index.php/dispositifs-soutien-aux-energies-renouvelables](http://www.ecologique-solidaire.gouv.fr/index.php/dispositifs-soutien-aux-energies-renouvelables) |
| RES-H building obligations  
*Réglementation thermique*                          | The thermal regulation 2012 obliges new buildings to comply with minimum energetic performance requirements as defined by the label BBC-Effinergie. Since 2012, the use of renewable energies in order to reach energetic performance requirements (including the use of sanitary hot water and heating devices) is mandatory for single-family houses (Art. 16 arrêté du 26 octobre 2010). The thermal regulation 2012 applies for new buildings as follows:  
- For service sector buildings and residential buildings situated within a national renovation programme area: from 28 October 2011  
- For residential buildings situated within 500 meters of a national renovation programme area: from 1 March 2013  
- For other residential buildings: from 1 January 2013  
As far as existing buildings are concerned, buildings of the service sector and public service sector are obliged from January 2012 to improve their energetic performance by 2020 (Art L 111-10-3 Code de la construction et de l’habitation), including renewable energy plants for heating purposes.  
Except single-family houses, there are no RES-H building obligations directly supporting the use of heating systems from renewable energy sources. However, RES-H can be required indirectly through the energetic performance obligations. |
| Heat Fund scheme  
*Fonds chaleur*                                      | The Heat Fund, managed by ADEME since 2009, is dedicated to renewable heat production in collective housing, communities and businesses. The fund can participate to a project financing up to 30% of its total amount. During the period 2009-2018, the heat Fund allocated 2.17 billion euros to support nearly 4,820 projects and a total production of 2.38 million toe. Website: [http://www.ademe.fr/expertises/energies-renouvelables-enr-production-reseaux-stockage/passer-a-laction/produire-chaleur/fonds-chaleur-bref](http://www.ademe.fr/expertises/energies-renouvelables-enr-production-reseaux-stockage/passer-a-laction/produire-chaleur/fonds-chaleur-bref) |
| RES premium  
*MaPrimeRenov*                                     | MaPrimeRenov is a new public support tool that simplifies aid for energy renovation. It can finance a wide variety of insulation, ventilation or heating changes including RES equipment, ‘To be eligible for MaPrimeRenov , you need : be the owner of a home built for more than 2 years; occupy it as a main residence; not exceed the resource limit and have the work carried out by a RGE labeled company. Website : [https://www.maprimerenov.gouv.fr](https://www.maprimerenov.gouv.fr) |
| Investments for the Future programme  
*Programme investissement d’avenir*                  | The Investments for the Future programme is intended to support projects fostering innovation and the creation of non-relocatable jobs in sectors with strong potential for the French economy. It is a matter of strengthening France’s strategic competitive advantages. The implementation of the Investments for the Future programme is steered by the General Investment Commission (CGI). It is supported by several operators, including ADEME, which is responsible for innovation for energy and ecological transition. RES technologies and smart electricity grids are eligible to this programme. Website: [http://www.ademe.fr/en/investments](http://www.ademe.fr/en/investments) |
| Training programmes for Installers  
*Référencement RGE*                                     | The association Qualité’EnR was established in 2006 as an initiative of five national professional organisations in order to promote quality installations in the field of solar thermal energy, photovoltaic, biomass as well as heat pumps and geothermal probes. The association was established for private households willing to install a renewable energy plant, with the aim to ensure them a quality installation. |
| Biofuel quota  
(Réduction de la taxe générale sur les activités polluantes TGAP) | The act on energy transition of 2015 sets a target of 10% renewable energies in the total energy consumption of the transport sector by 2020 and of at least 15% by 2030. In order to reach these targets, the quota of biofuels to be blended within conventional fuels is defined for each fuel type. In case companies releasing fuel for consumption do not respect the biofuels quota, they are submitted to a higher rate of the tax on polluting activities (TGAP). |
For further information:


French Energy investment program, [http://www.ecologique-solidaire.gouv.fr/sites/default/files/PPE%20int%C3%A9gralit%C3%A9.pdf](http://www.ecologique-solidaire.gouv.fr/sites/default/files/PPE%20int%C3%A9gralit%C3%A9.pdf)


Individual RES investment support scheme, [https://www.maprimerenov.gouv.fr](https://www.maprimerenov.gouv.fr)

**What is meant by ...?**

### Auctions for granting renewable energy support
An auction is a process of granting production or investment support to renewable energy projects based on the lowest bids by eligible project developers.

### Feed-in tariff (FiT)
A support scheme which provides for a technology-specific remuneration per unit of renewable energy payable to eligible renewable energy producers. A proper, periodic review of FiT rates is often undertaken with the aim to prevent both too high FiTs so as to minimise regulatory rents, i.e. supra-normal returns and too low FiTs to preclude below-target market uptake because of FIT levels that are perceived by market participants to be less attractive. In addition, feed-in tariffs often include "tariff depression", a mechanism according to which the price (or tariff) ratchets down over time.

### Feed-in premium (FiP)
A scheme which provides for a support level per unit of renewable energy to eligible renewable energy producers, typically for a period of 10-20 years, at a pre-set fixed or floating rate. The premium is typically adjusted periodically to exactly offset change in the average energy wholesale market price, based on a pre-specified benchmark market price. A floating FiP may move freely or may only be allowed to move within a pre-set interval.

### Grants
Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a non-profit entity, educational institution, business or an individual. (Source: Wikipedia.org)

### Green public procurement
In Green public procurement contracting authorities take environmental issues into account when tendering for goods or services. The goal is to reduce the impact of the procurement on human health and the environment. (Source: Wikipedia.org)

### Renewable quota scheme (RQS)
A RQS mandates certain market actors (typically retail suppliers or large energy end-users) to respect a pre-set minimum share or amount of their total energy procurements from renewable sources of energy. Typically a tradable green certificate (TGC) scheme is operated to enable the obligated parties to prove their compliance with the prevailing renewable quota target by means of TGCs.

### Sliding feed-in-tariff
A FiT scheme which pre-sets technology-specific declining feed-in tariffs for certain prospective vintages in line with the technology-specific learning curve, as projected by the National Regulatory Agency (NRA). Often a degression rate is used indicating the %/annum decrease in the rate level.

### Soft loans
Loans at concessional (below market-based) terms, for example at sub-market-conform interest rates, made available in several Member States to stimulate certain renewable energy technologies.

### Tax credits
These are amounts a tax paying entity is allowed to deduct when declaring payable taxes, for example company tax or income tax, to the tax authorities, for example the producer tax credits (PTCs) used in the United States to stimulate among others wind energy deployment.

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