

"French experience and projects in facilitating the access to private financing"

Core theme 4

WG 4.5



1. The zero-rate eco-loan scheme

- Principles and objectives
- Results and feedbacks
- The “new” eco-loan

2. Local initiatives and impact of the EEO

- Local initiatives
- The guarantee fund for energy refurbishment
- Dedicated banking

3. Addressing barriers to private financing

1. The zero-rate eco-loan scheme (1/3)



Principles:

- **0%** loans, up to **30 000€** paid off over a period from **3 to 15 years**
- Distributed by **commercial banks** involved in the scheme
- Available for **owners**, whether occupying the dwelling or renting it
- To implement **comprehensive energy refurbishments**
- On dwellings used as **main residence** and built before 1st January 1990
- Could be cumulated with the tax credit until the end of 2010...

Objectives:

- ➔ Increase the number of comprehensive energy refurbishments in the residential sector to:
- **200 000 dwellings** refurbished over the **2009-2010 period**
 - **400,000 dwellings** refurbished per year from **2013**

1. The zero-rate eco-loan scheme (2/3)

Results :

Eco-loans	2009	2010	2011	2012	2013	TOTAL
Objectives	200,000		240,000	320,000	400,000	1,160,000
Results	70,000	80,000	85,000			235,000

- Average spending: 19,200€
- Cost for the State: 75M€ over the 2009-2011 period

Feedbacks:

- **Reticences on the demand side:** Households rather have a tax credit than a loan...
- **Reticences on the offer side:** Banks not trained to assess EE projects' technical viability + risky projects with low profitability
- **Interests on the public budget side:** A measure that is much cheaper than others...

1. The zero-rate eco-loan scheme (3/3)

The “new” eco-loan:

■ RGE label eco-conditionality

Since September 2014, only refurbishments implemented by RGE certified professionals are eligible to the eco-loan

⇒ Objective: Ensure a high quality work and the achievement of the foreseen energy savings

■ Responsibility for the technical viability of the project

Initially, banks proposing eco-loans were responsible for assessing the technical viability and eligibility of the project to the scheme

⇒ *Lack of skills resulting on a lack of interest for these risky loans*

From January 1st 2015, the RGE certified installers carrying on the refurbishment take over this responsibility

⇒ Objective: Remove some of the barriers encountered by banks

2. Local initiatives and impact of the EEO



- **Local public-private companies providing third-party financing for EE project**
 - ⇒ Financing up-front costs and reimbursed following energy savings
 - ⇒ Attached to a local authority, in partnership with private actors (incl banks)
 - ⇒ Subject to the same requirements as credit institutions

- **Guarantee fund for energy refurbishment project - €10 million**
 - ⇒ To accompany the creation of local third-party financing companies
 - ⇒ Guarantee for individual projects for low-income households
 - ⇒ Guarantee for multi-apartment buildings projects
 - ⇒ Partly funded by obligated parties

- **Low rate loans offered by obligated parties own banks**

3. Addressing barriers to private financing



- **Numerous and dispersed projects**
 - ⇒ Create aggregators of projects - *obligated parties within the French EEO*
 - ⇒ Create a sustainable demand for refurbishments through strong sustainable mechanisms – *EEO, tax credit*
- **Projects' technical complexity**
 - ⇒ Responsibility for the projects viability and eligibility carried on by installers
- **Projects' (perceived) high risk profile**
 - ⇒ Label RGE required, energy performance requirements checked
 - ⇒ Guarantee fund for refurbishment projects
- **Long term financing and refinancing issue**
 - ⇒ Associate the eco-loan offer to a saving offer - *Sustainable Development Saving Account*

Thank you for your attention!



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