



# TOWARDS BETTER ENERGY EFFICIENCY POLICIES

## Cost-effectiveness and financial aspects of EEOs

ENSMOV thematic webinar – Monday 22 March



This project has received funding from the European Union's Horizon 2020 Research and innovation programme under grant agreement No 840034. This document only reflects the authors' views and EASME is not responsible for any use that may be made of the information it contains.

- ✓ **10.40** Introduction from ENSMOV Coordinator, Vlasis Oikonomou, IEECP
- ✓ **10.45** Cost-effectiveness of EEOS, the perspective of the European Commission, Radoš Horáček, Energy Efficiency Unit, DG ENER
- ✓ **10.50** Global cost of the scheme and the Distribution of costs and benefits
- ✓ Synthesis of the French scheme
  - ✓ Grégory Chedin, ADEME, France
- ✓ Synthesis of the Italian scheme
  - ✓ Giuseppe Dell'Olio, GSE, Italy
- ✓ Round tables and experiences from other countries (Poland, Greece, Austria, Bulgaria, Ireland, UK)
- ✓ **11.45** The White Certificates market
- ✓ Impacts of zero-cost operations on the White certificates market in France
  - ✓ Nicolas Bourdel, ENEA, France
- ✓ Round tables
- ✓ **12:00** Interactive session

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ENSMOV 22 mars 2021 CEE - PowerPoint


Fichier Accueil Insertion Création Transitions Animations Diaporama Révision Affichage PDF Architect 7 Creator Dites-nous ce que vous voulez faire. CHEDIN Grégory Partager

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Affichages des présentations Modes Masque Affiches Zoom Couleur/nuances de gris

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Global cost and the distribution of costs and benefits of the energy savings certificates scheme in France

*Grégory Chédin*  
*Coordinator of white certificates at ADEME*

22/03/2021

Diapositive 1 de 9

Notes Commentaires





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# Global cost and the distribution of costs and benefits of the energy savings certificates scheme in France

*Grégory Chédin*

*Coordinator of white certificates at ADEME*

## Context and objectives of the assessment

ADEME carried out an assessment in 2019 on the white certificates scheme .

The objectives were:

- Carry out an in-depth evaluation of the scheme, highlighting its direct and indirect impacts; described the results and the changes observed;
- Carry out a cost-effectiveness analysis of the various production chains of the ESC;
- Formulate recommendations in order to improve the effectiveness of the ESC regards to the consultation for the 5th period (from 2022).



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# The key figures of the evaluation



## The key figures of the evaluation



**4 million** lines  
analyzed



**370** site  
visits



**40,000**  
questionnaires  
sent out  
**800** postman  
passages



**450 K€** : cost of the  
study



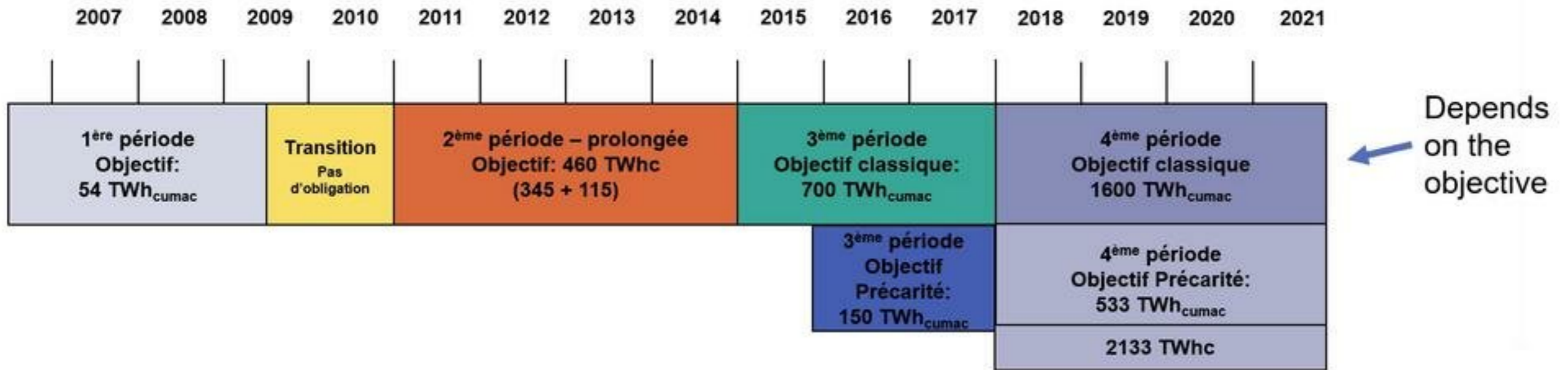
**70** interviews

# Global Cost

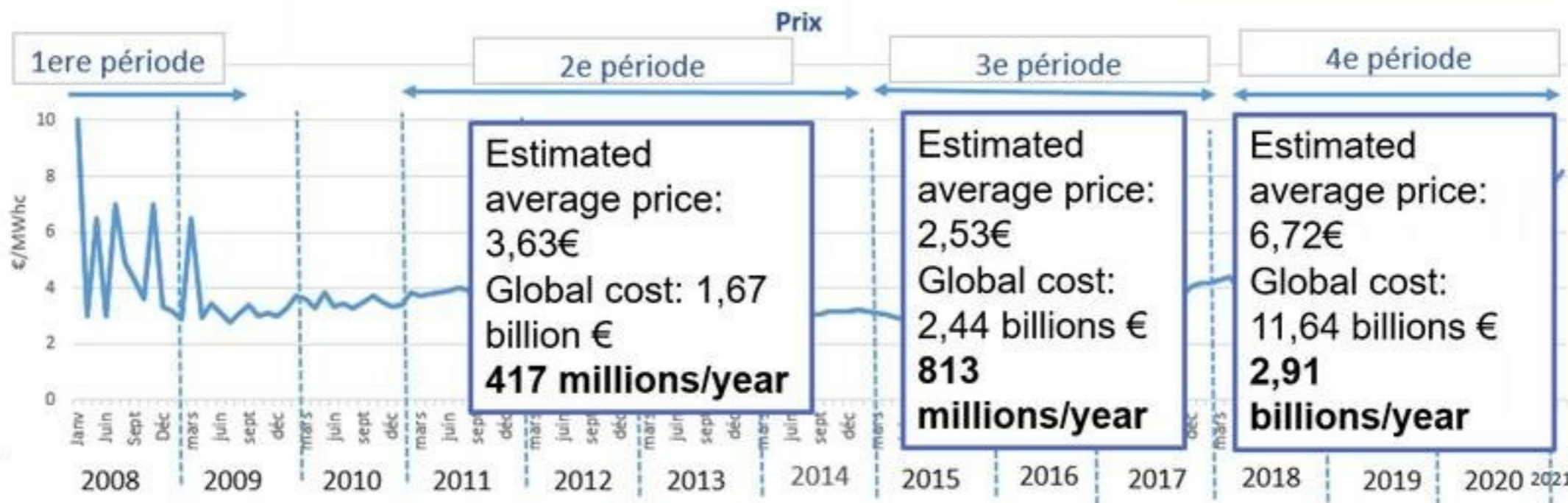
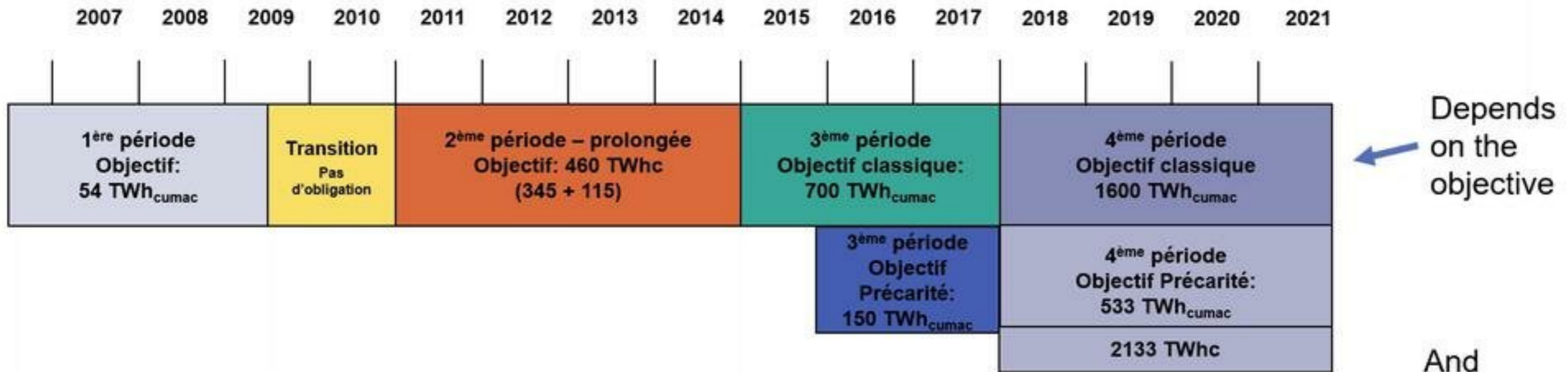
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on the  
objective



# Global Cost



# Global Cost





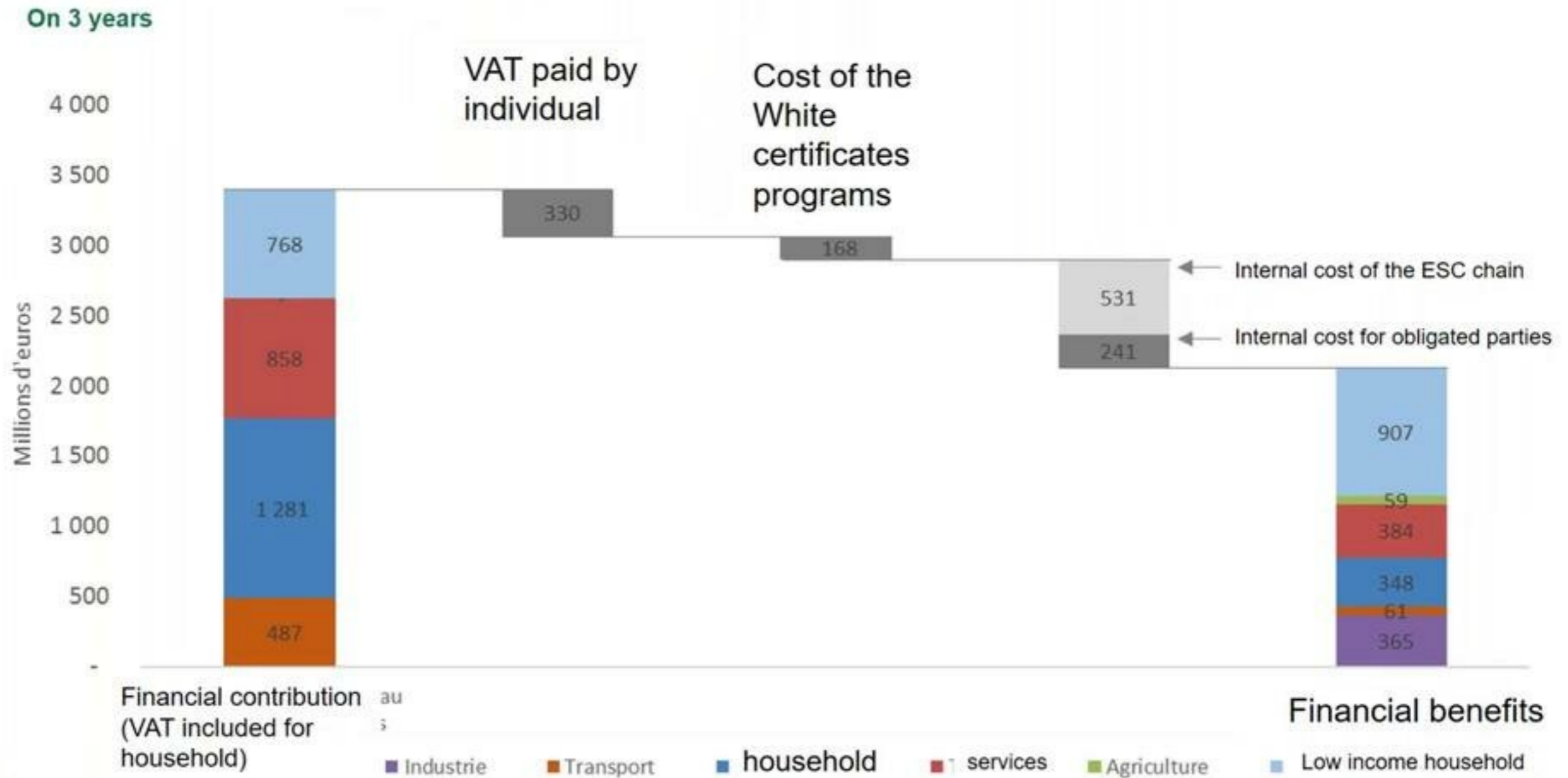
# Distribution of cost and benefits

(Analysis on the 3rd period but hypothesis of the 4th period)



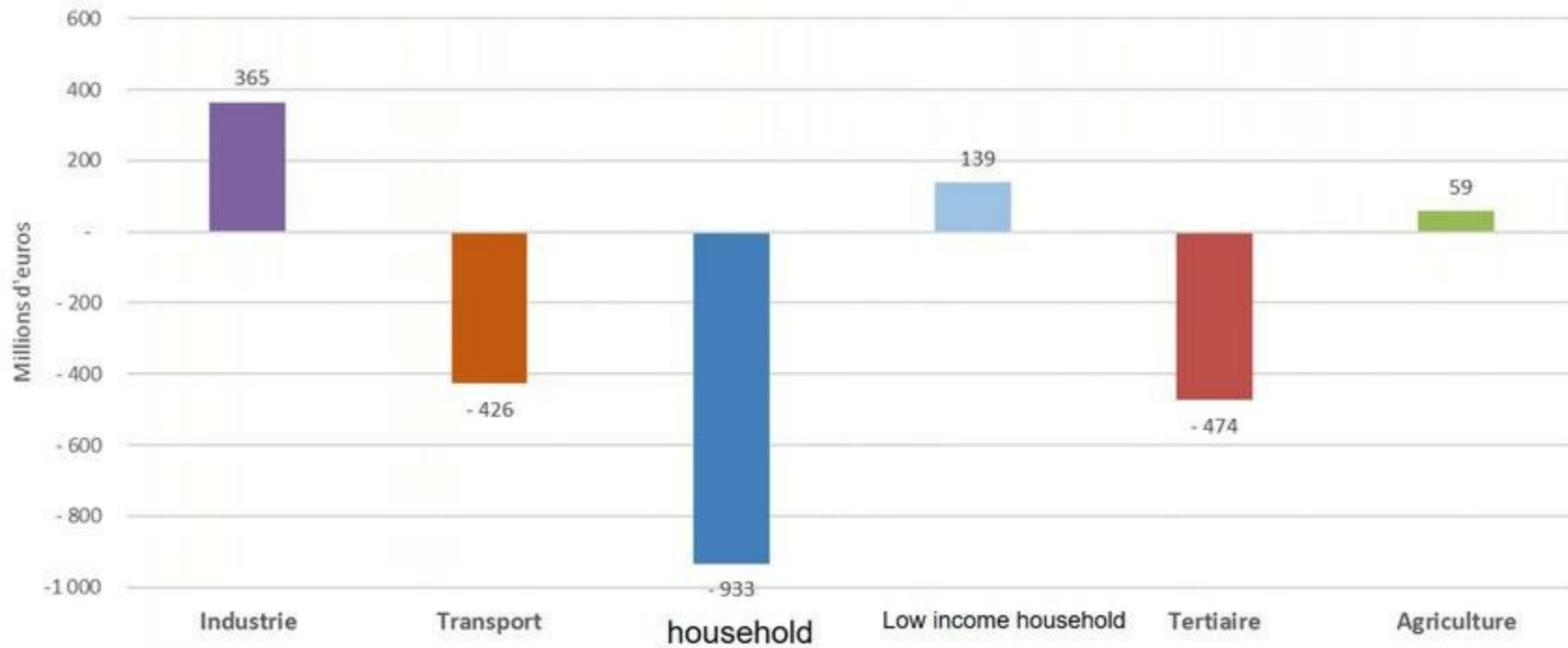
# Distribution of cost and benefits

(Analysis on the 3rd period but hypothesis of the 4th period)





## Distribution of cost and benefits (3<sup>rd</sup> period)





Injected by....

## Who pay, who win ?

Vision P3



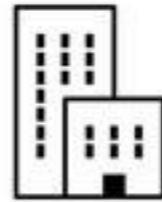
Injected by....

# Who pay, who win ?

Vision P3



household



Services



Transport

Is redistributed :

CL+PR	household	Low income household	Services	Transport
0,61	0,27	1,18	0,45	0,12
0,16	0,16	0,16	-	-
0,06	0,30	-	0,29	0,46
0,17	0,27	-	0,26	0,42
1,00	1,00		1,00	1,00



Comes back to them



VAT



ESC Programs + industry, agriculture and low income household



ESC chain



## Some conclusions....

- In the 4<sup>th</sup> period: an activity of about 4 billions per year. 70% goes to the beneficiary with 3 billions of financial support
- 3 billions € in energy efficiency work (versus a turnover of € 22 billions / year for energy renovation in household).
- 3,000 Full Time Equivalent / year directly created or maintained thanks to the white certificates (via the ESC production chain)
- Around 17,000 jobs / year in indirect jobs supported (installers sector).
- Since 2011, 1.5 million beneficiaries
- White certificates used by 1 local authority in 8, 1 household in 20 and 1 industrial site in 60

- Finally for 1 € included taxes paid for household on their energy bills...

0,61 €		Commes back to them
0,16 €		VAT
0,06 €		ESC Programs + sectors of industry, agriculture and low income household
0,17 €		ESC chain



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**Thank you for  
your attention**





EECP

EUROPEAN ENERGY AND CLIMATE POLICY



# ENSMOV Thematic webinar Cost-effectiveness and financial aspects of EEOs

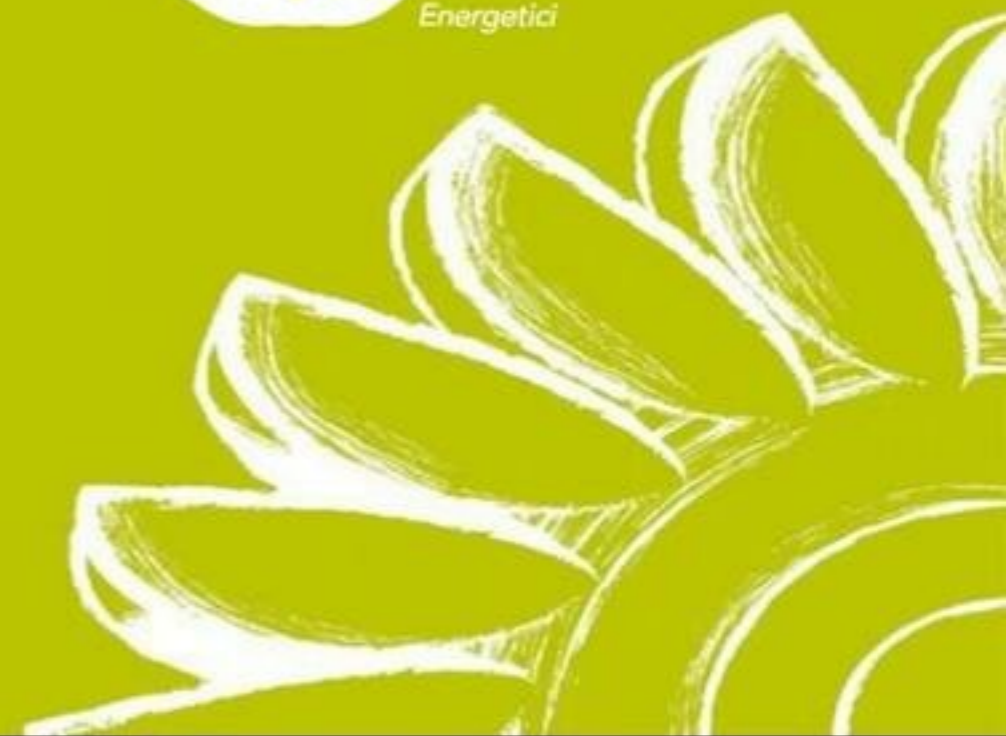


Giuseppe Dell'Olio, GSE  
March, 22<sup>nd</sup> 2021

Fare clic per inserire le note

# ENSMOV Thematic webinar Cost-effectiveness and financial aspects of EEOs

Giuseppe Dell'Olio, GSE  
*March, 22<sup>nd</sup> 2021*



# Italian White Certificates

The national Decree of 28 Dec. 2012 have set **national quantitative energy-saving targets** - incremental over time - for electricity and gas distributors:

**2017:** 7,14 Mtoe

**2018:** 8,32 Mtoe

**2019:** 9,71 Mtoe

**2020:** 11,19 Mtoe

Parties eligible to submit projects for accruing white certificates are:

- **electricity and gas distributors with more than 50,000 final customers (“obliged parties”)** and their controlled companies;
- **non--obliged distributors;**
- **companies operating in the sector of energy services (ESCOs);**
- **companies or organizations having an energy manager or an ISO 50001--certified energy management system in place.**



# Italian White Certificates: fulfillment of the obligations



# Italian White Certificates: eligible subjects

Obligated Parties - (Demand)

**Obligated**  
electricity and natural gas  
distributors

Volunteer Parties (Supply)

**Non-obliged**  
electricity and natural gas  
distributors

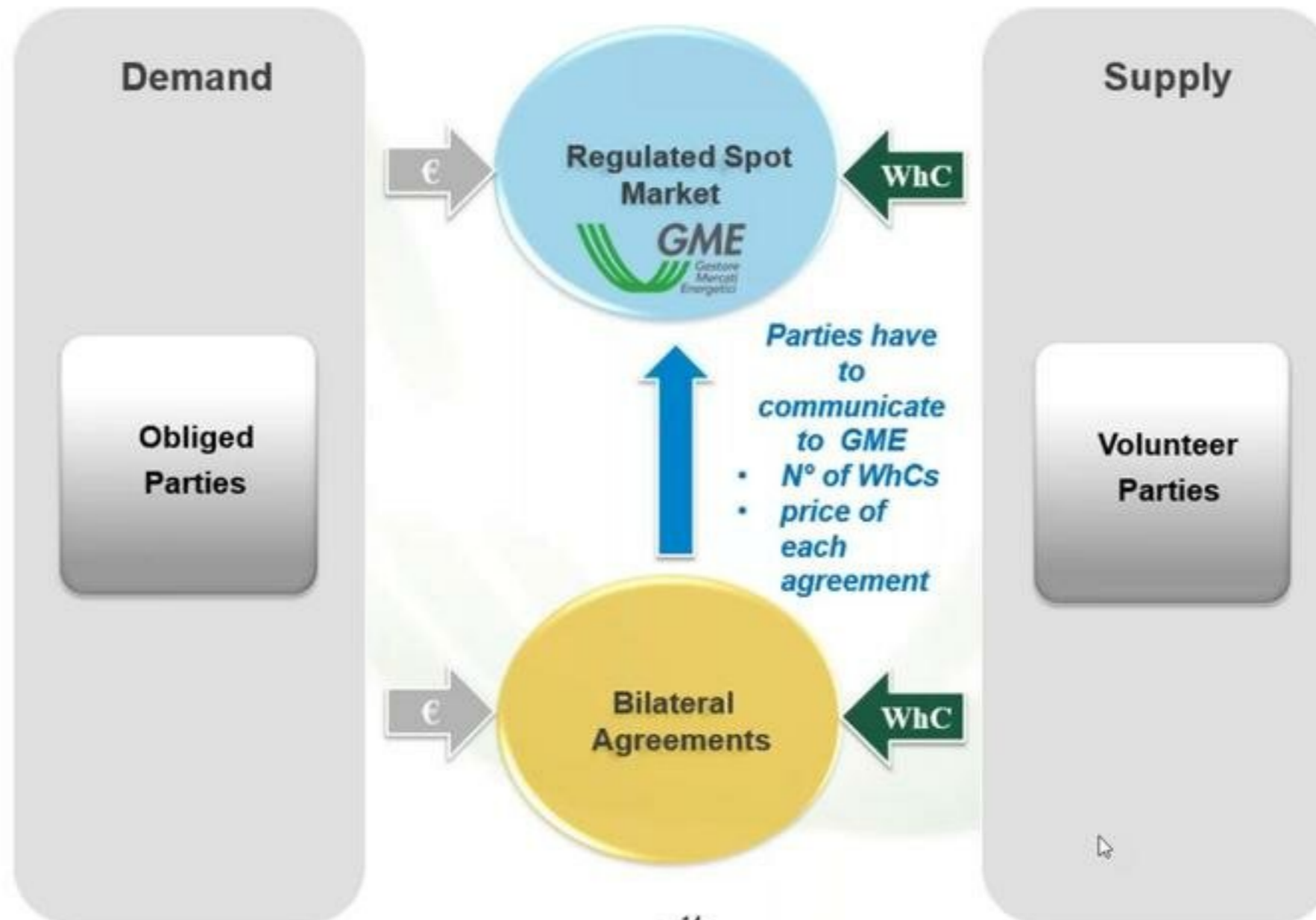
**E.S.Co**  
Energy Services Company

**Companies with an energy manager,**  
appointed according to Law 10/1991

**Companies with an energy manager,**  
appointed on a voluntary basis

**Companies certified ISO 50001**

# Italian White Certificate Scheme





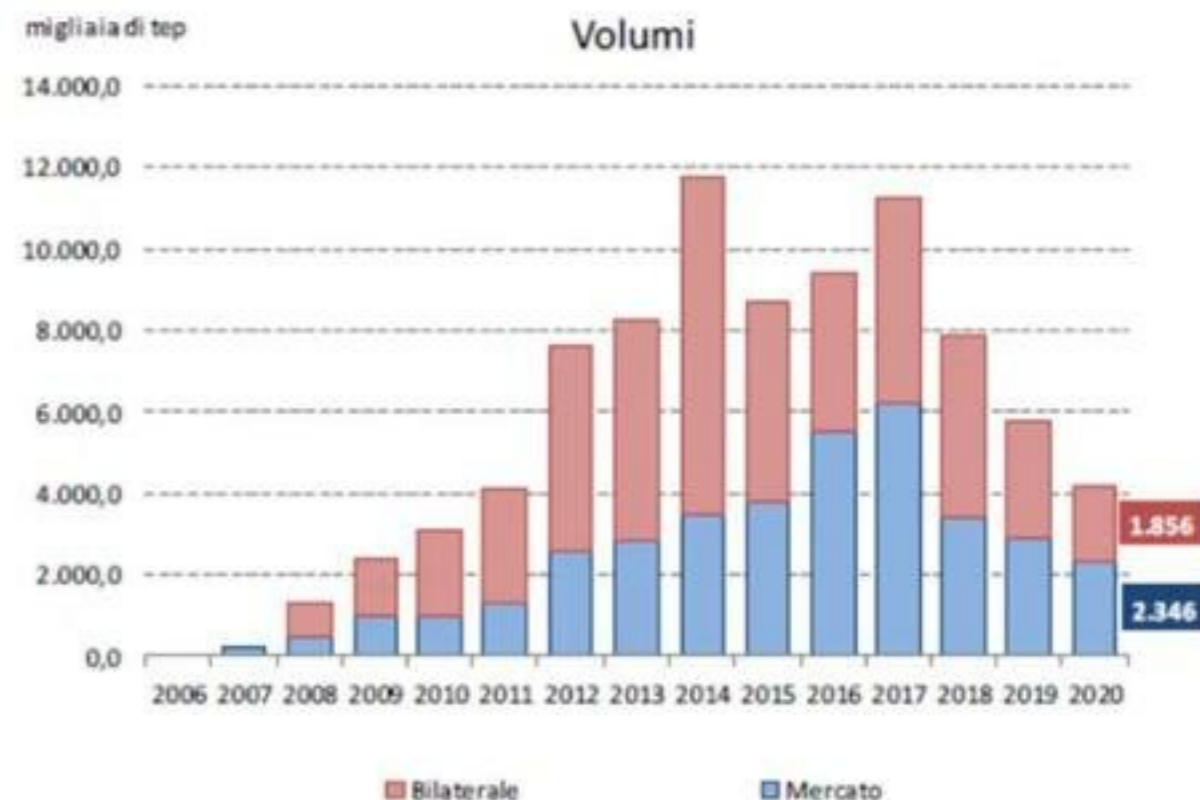
## EEO transactions in 2020

Yearly summary, 2020

Source: GME

		Price (Euro/TOE)			Number of EEOs purchased	Overall value  (Euro)
		Weighted average	Min	Max		
		A	B	C	D	E=A x D
Market	a)	262,26	256,50	268,00	2.346.464,00	615.383.648,64
Bilateral agreements	b)	239,86	0,00	280,00	1.856.375,00	445.270.107,50
TOTAL	c)=a)+b)				4.202.839,00	1.060.653.756,14

# EEO transactions 2006-2020



## Reimbursement to obligated parties

Yearly summary, 2020		
source: GSE data processed by author		
Tariff-based contribution (Euro/TOE)	Number of EEOs purchased	Overall value (Euro)
A	D	E=A x D
250,00	4.202.839,00	1.050.709.750,00



## EEOs issued in 2020

Yearly summary, 2020		Price (Euro/TOE)	Number of EEOs issued by GSE	Overall value (Euro)
source: GSE data processed by author		Weighted average		
		A	D	E=A x D
NON-CAR	a)	262,26	1.720.903,00	451.324.020,78
CAR	b)	262,26	1.089.829,00	285.818.553,54
TOTAL	c)=a)+b)		2.810.732,00	737.142.574,32

## GSE yearly cost for EEO

	Euro/(person*year)	Persons		Euro/year
	A	B		C=A x B
Manager	103.444	1		103.444
Employees	59.366	11		653.026
		<b>EEO-NON CAR</b>	<b>Total a)</b>	<b>756.470</b>
Manager	103.444	1		103.444
Employees	59.366	9		534.294
		<b>EEO-CAR</b>	<b>Total b)</b>	<b>637.738</b>
Manager	103.444	1		103.444
Employees	59.366	7		415.562
		<b>Auditing</b>	<b>Total c)</b>	<b>519.006</b>
			<b>GRAND TOTAL d)=a)+b)+c)</b>	<b>1.913.214</b>

4

## EEO transactions in 2021

Cumulative values from January, 1st, 2021

Update: February, 16th, 2021

Price (Euro/TOE)			Number of EEOs purchased	Overall value  (Euro)
Weighted average	Min	Max		
A	B	C	D	E=A x D
269	260	280	270.744	72.830.136



Thank you for your attention

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[giuseppe.dellolio@gse.it](mailto:giuseppe.dellolio@gse.it)

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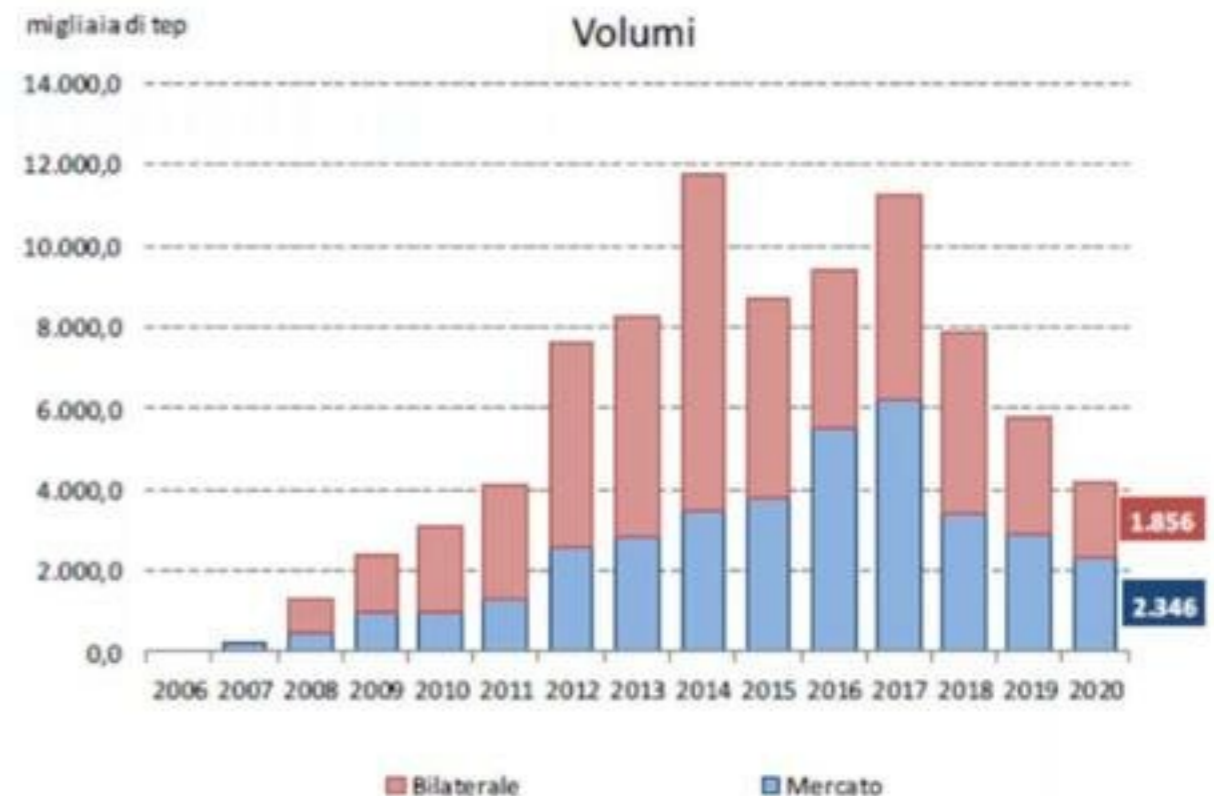
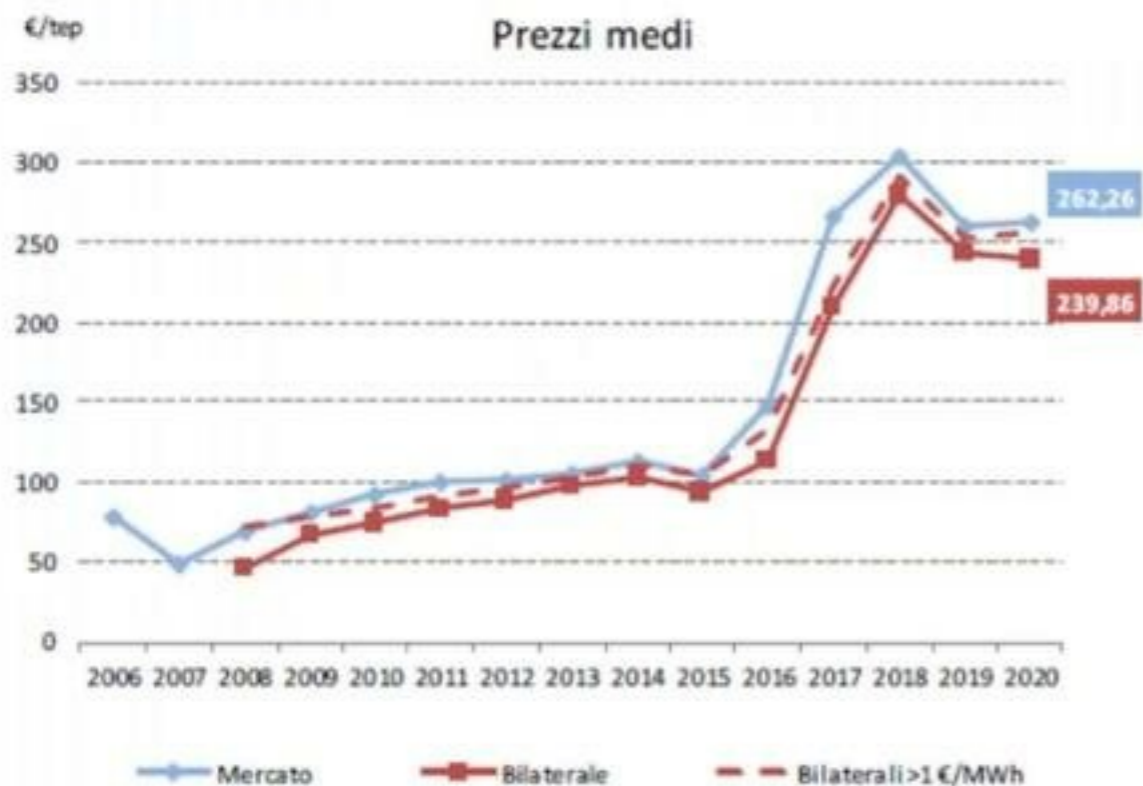
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# Cost-effectiveness of WC in Poland

Data availability and planned changes

Wojciech Stańczyk, KAPE  
ENSMOV Thematic Webinar 22.03.2021



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## Project side

- Scarce data (available in audits not analysed or presented)
- Not a part of the reporting parameters

## Market side

- Systematic reporting
- Detailed and clear

## Institutional side

- Resource limitations
- No detailed public reporting

## Current situation



Figure 1 Market prices of White Certificates in Poland; source: recalculation from TGE

## Planned changes

Stabilisation of the market (expiration of impact from transition period regulations)

Increasing the obligation (liquid fuels)

Organisation of support programmes by obligated parties



**Current situation**

**Obligated parties**

- Can reclaim costs in tariffs
- Buy-out option limits the spending

**Energy regulatory office**

- Limited resources

**Related Ministry**

- Limited resources
- Focuses on direct implementation of EED

**NFOŚiGW**

- Manages the funds from buy-out option

**Planned changes**

**Obligated parties**

- New way for obligation fulfilment

**Energy regulatory office**

- Changes deemed as neutral for the budget

**Related Ministry**

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- Small changes in reporting
- Buy-out funds used for setting a register for projects

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Fichier Accueil Insertion Conception Transitions Animations Diaporama Révision Affichage Aide Antidote

Partager Commentaires

Coller Nouvelle diapositive Réutiliser des diapositives Disposition Rétablir Section

Police Paragraphe Dessin

Remplissage Contour Effets

Rechercher Remplacer Sélectionner

Editer

Voix

Idées de conception

Concepteur

1

2

3

4

5

6



# ENSMOV - Cost-effectiveness and financial aspects of EEOs

## Impacts of zero cost operations on the white certificate market

Webinar  
22 / 03 / 2021





Présentation

- 1
- 2
- 3
- 4
- 5
- 6

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# Agenda



Download available (in French) on [Enea-consulting.com](http://Enea-consulting.com) or [ATEE.fr](http://ATEE.fr)



## Today:

- ▶ Present the objectives and methodology of the study (5 minutes)
- ▶ Present the main results (10 minutes)
- ▶ Present the recommendations (5 minutes)

## Keep contact :

- ▶ ENEA Consulting: [Nicolas.Bourdel@enea-consulting.com](mailto:Nicolas.Bourdel@enea-consulting.com)
- ▶ ATEE: [Marc.Gendron@atee.fr](mailto:Marc.Gendron@atee.fr)



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- 1
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- 3
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# Before the revision of the Coup de Pouce mechanism, the objective of the study is to better understand the impact of the "1€" operations (zero remaining cost)

## Background (end of year 2019)

- ▶ The new Coup de Pouce was implemented in 2019
- ▶ We therefore sought to answer the following questions:

1. Did the "free" operations contribute to the increase in the number of worksites?
2. To price inflation?
3. Who captured the value injected by the Coup de Pouce?
4. Did the 1€ operations lead to a possible degradation of the quality of the work for the final clients and, if so, why?

## Objectives

- ▶ The objective of this study was threefold:
  1. Help the sector to better understand the impacts of the Coup de Pouce and the €1 operations on the CEE market and on the value chain
  2. Understand the sensitivity of players to potential future regulatory or market changes
  3. Propose recommendations for the revision of the Coup de Pouce and/or for future periods 5 and 6

## Perimeter

- ▶ The study covers 4 "CdP" operations for individuals:
  - BAR-EN-101: lost attics insulation
  - BAR-EN-103: floor insulation
  - BAR-TH-104 and 106 : replacement of an oil or gas boiler by a heat pump or an efficient gas boiler
- ▶ Impact was assessed in 4 areas:
  1. Volume of CEE generated and price of CEE
  2. Costs of the work, value distribution
  3. Quality of work/customer satisfaction
  4. "Additionality" i.e. importance of the free of charge / Helping hand in the choice of the final customers to carry out or not the work



- 1 Présentation
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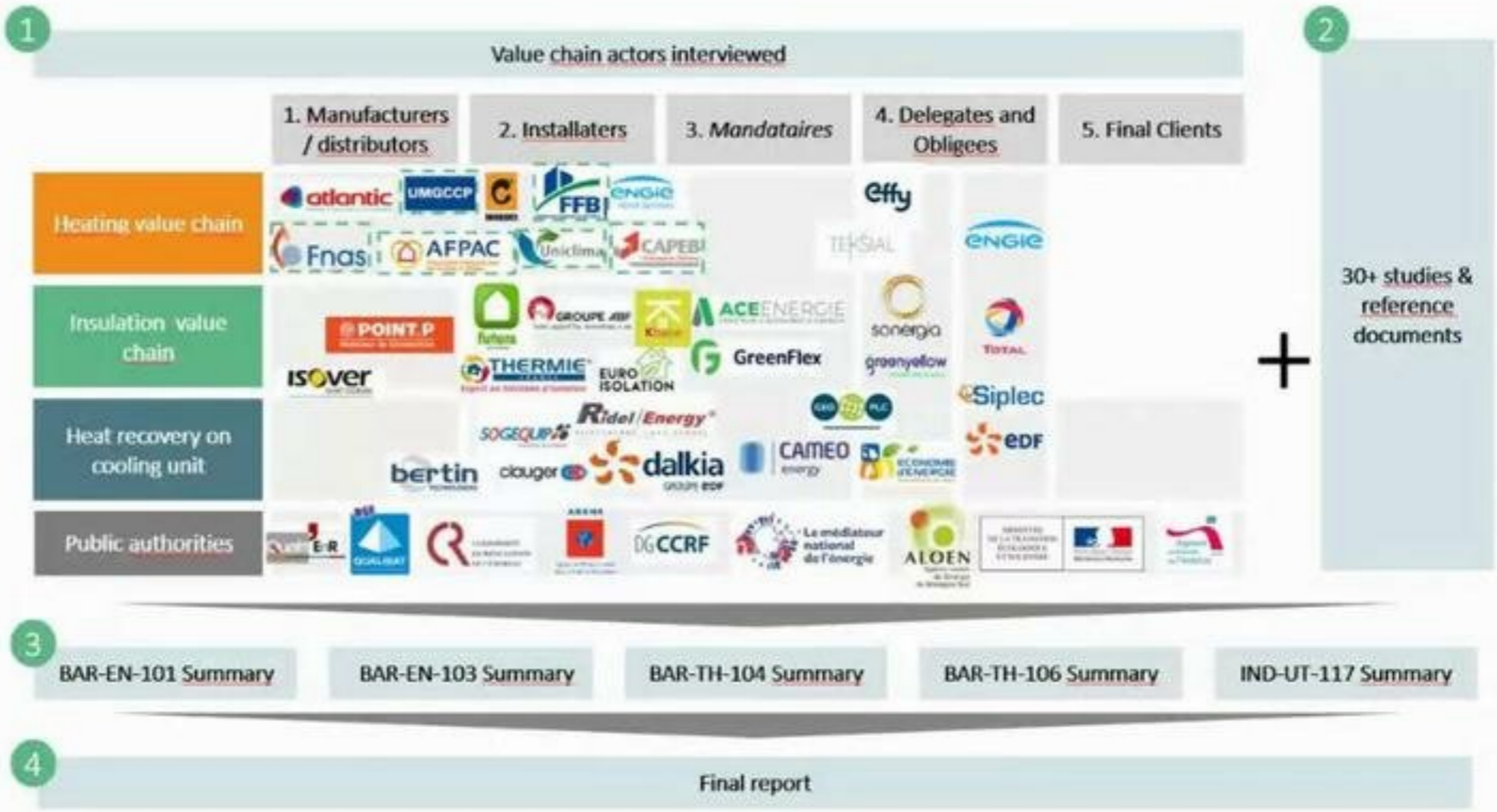
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 Document confidentiel 4



For this study, about fifty key actors of the sector were interviewed in addition to the analysis of bibliographic sources



# Agenda

1. Context, objectives and method of the study

## 2. Main results

- Le Coup de Pouce and « zero remaining cost »
- Positive impacts
- Negative impacts

3. Recommendations



# Agenda

1. Context, objectives and method of the study

## 2. Main results

- Le Coup de Pouce and « zero remaining cost »
- Positive impacts
- Negative impacts

3. Recommandations



5

6

7

8

9

10

The "coup de pouce" was designe...



The "coup de pouce" was designed to meet specific objectives over an initially short period of 2 years

Specific objectives

1. Create CEE volume on P4
2. Direct this volume according to government priorities:
  - by « scaling up » some targeted opérations
  - Especially with the « precarious » households
3. Secondly, the regulator hoped this additional volume would lower the market price of CEE

Specific modalities

1. Classic and Precarious bonuses
  - Significant
  - Allowing "zero remaining cost"
2. Dezoning (abolition of climate zones)

4 Key success factors

Two characteristics that resulted from this

3. A significant portion of the value of bonuses is captured by commercial players
4. Strong communication around the 1€ opérations



The "coup de pouce" was designed to meet specific objectives over an initially short period of 2 years

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Specific modalities

1. Classic and Precarious bonuses
  - Significant
  - Allowing "zero remaining cost"
2. Dezoning (abolition of climate zones)

Two characteristics that resulted from this

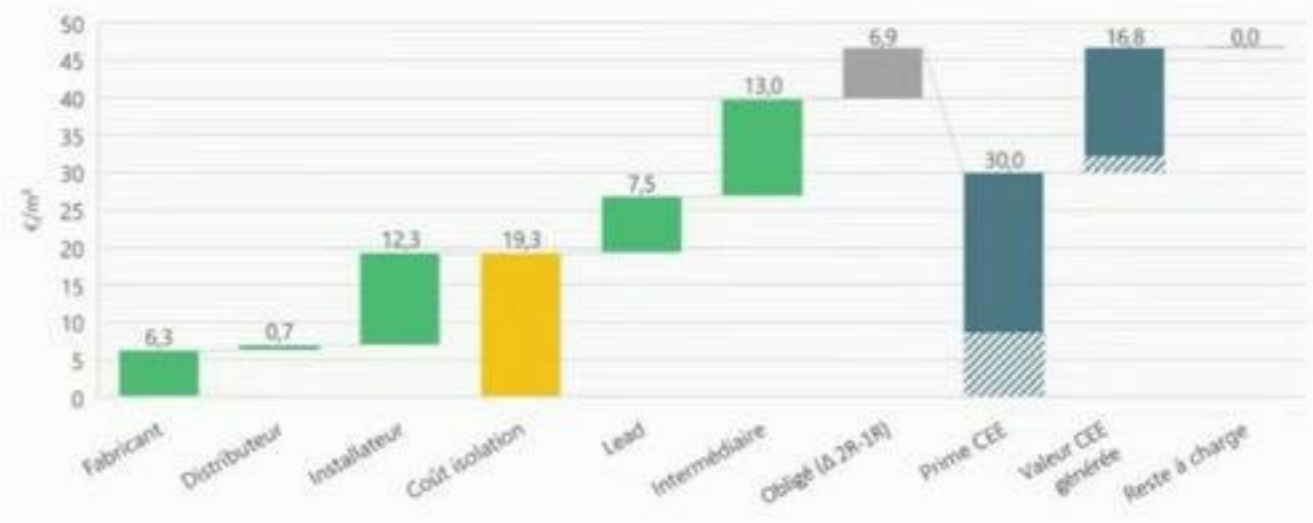
3. A significant portion of the value of bonuses is captured by commercial players
4. Strong communication around the 1€ opérations



# Value distribution (2/2): ...and were very significantly captured by the intermediate players; and this in turn fuelled growth.

- ▶ On average over 2019, commercial actors (CEE intermediaries) captured between 100% (for the BAR-EN-101 PR) and 33% of the value of the bonuses.
  - 100% for BAR-EN-101 (precarious & classic)
  - Between 60 and 78% for BAR-EN-103 (classic and precarious)
  - ~ 33% for heating operations (classic and precarious)
- ▶ In fact, a significant part of this value was reinvested, notably in marketing, which in turn fuelled volumes

Figure 12 : Répartition de la valeur captée par les acteurs de la filière CEE isolation – Planchers bas (polystyrène) hors Île-de-France (ménages précaires - 80 m²)





These four factors combined have led to the success of the mechanism regarding its initial objectives, with exceptional growth in the heat pump and insulation sectors, and a high volume of CEE generated, in large part by the precarious

A triple success:

- In terms of the number of projects completed
  - >100% growth over one year in heat pumps and even more in insulation
  - Maintaining the volume of gas boilers sold with a larger share of Very High Energy Efficient boilers
- In terms of volume of CEE generated: minimum 184 TWhc out of the 403 TWhc delivered in 2019
- In terms of its orientation towards precarious households

The secondary objective (lowering the price of CEE) is partially achieved

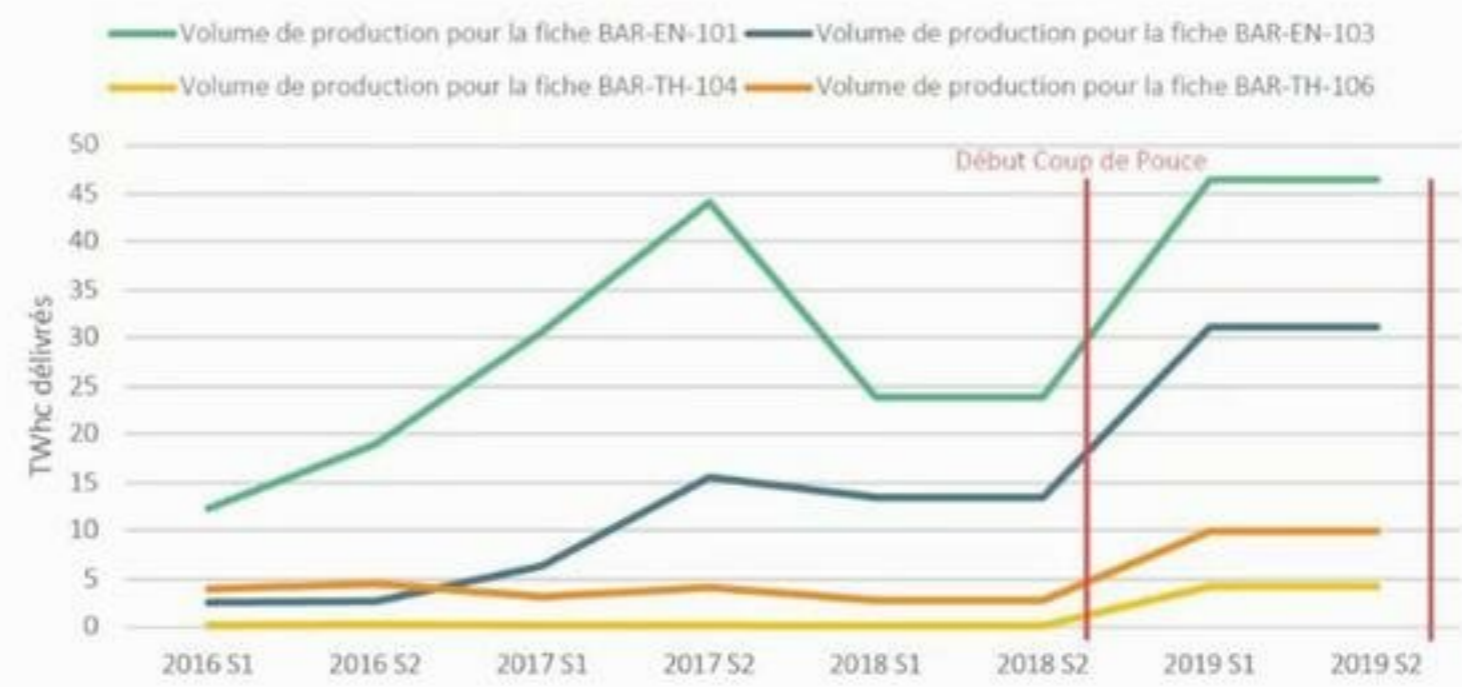
- This volume generated has helped slow the increase in CEE prices; roughly stabilized over the second half of 2019 at €9/MWhc for the conventional CEE spot price.

Emmy CEE prices evolution over 2015-2020



## Focus on the volume of CEE generated: The four BtoC operations concerned have increased from 80.7 to 184 TWhc per year minimum

CEE delivered per semester from 2016 to 2019 for the files concerned by the Cdp bonuses



\* Pour S1 et S2 2019 = extrapolation d'après la lettre d'information du MTES au COPIL CEE de janvier 2020 qui donne le total de CEE générés pour 2018 et 2019 et leur répartition. Des données précises sont disponibles pour S1 2018 sur le site du MTES permettant d'extrapoler 2018 (en considérant les semestres 1 et 2 identiques) et ainsi de déduire les valeurs pour 2019



## Moreover, this dynamic has had positive consequences on the sectors concerned

1. The sharp increase in the number of trained professionals, particularly in the heating sector (Qualit'ENR went from 1,500 to over 5,500 trainees between 2018 and 2019) ;
2. The industrialization of the value chain, making possible some economies of scale. Notably in the installation, manufacture and distribution of materials and equipment, in the generation of commercial contacts and ex-post audits in insulation for example.
3. The massification of targeted renovations with approximately 700,000 insulation projects and 250,000 heating projects generated (one in thirty French households in order of magnitude), most of which are for households in precarious situations.
4. Moreover, the massive communication deployed has made it possible to raise the awareness of a very large part of the population to the issue of energy savings through insulation and the renewal of their heating system.





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○ However, these positive effects will probably not survive the end of the Coup de Pouce, which will not have encouraged a perennial structuring of the sector...

Positive effects only in the short terms...

- ▶ The CdP mechanism was not intended to last.
- ▶ The decrease in the Coup de Pouce BAR-EN-103 bonus aligned with the BAR-EN-101; the end of telephone canvassing, the end of the current Coup de Pouce bonuses (planned for summer/end of 2021) is likely to result in a very significant decrease in the volume of worksites; of the same order of magnitude as their growth in 2019

...that do not contribute to the sustainable structuring of the sector

- ▶ Companies and newly trained professionals are planning to downsize, or redeploy to other activities, without visibility
- ▶ This uncertainty jeopardizes the sector's achievements and encourages players to behave opportunistically and under-invest in quality and professionalization

However, these positive effects wi...





## The mechanism has also contributed to an increase in the number of "non-quality" worksites in the broad sense

The study highlighted a lack of quality data monitoring in the sector: the data is diluted amongst a large number of actors:

	Plaintes précontractuelles	Plaintes chantier	Audits RGE	Audit CDP	Demandes de SAV	Usages détournés
DGCCRF	P					
Obligé/Délegataire				P	P	
Mandataire/Poseur				P	P	
Réseau FAIRE	P	P				
Asso.de conso.	P	P				
PNCEE				T		P
Orga. Cofrac				P		
Certif. RGE			P/T ?			
Ademe? Autres?						

### The level of non-quality in the broader sense was high...

- ▶ The level of non-quality (pre- and post-contract) was at a high level, probably around 10-15%, and the number of non-quality sites in absolute terms has increased considerably with the growth of the sectors.
- ▶ The main reason is the lack of anticipation/adaptation of existing control and sanction bodies, in a context of very strong growth in the sectors concerned.
- ▶ This level has also been high in insulation, despite the introduction of ex-post audits in the sector.

### ...and widely publicized

- ▶ The high media exposition of the Cdp scheme has also worked against the Coup de Pouce on the issue of quality, creating a reputational risk for these sectors

# Finally, several inefficiencies were identified

## Focus on two key inefficiencies :

- ▶ The Coup de Pouce of the BAR-EN-103-Précaire, enabled during 18 months to generate in CEE the value of almost 2,5 times the price of the installation (materials included): approximately 46 €/m<sup>2</sup> in market value for a cost of around 19 €/m<sup>2</sup>.
- ▶ A vast majority of the nearly one million Coup de Pouce worksites in 2019 were single-operation projects, i.e. without customer acquisition cost sharing (estimated at €0.5-€1.5/MWhc), and without taking into account the medium- and long-term needs of homes (national goal of 100% BBC renovation by 2050)



# One main recommendation: include this one-time mechanism in a long-term vision

## Observation

- ▶ The short-term objectives of the Coup de Pouce (24 to 36 months), without taking into account the inertia of the sectors and the stakeholders' own motivations, carries the risk of putting the support structures in difficulty and encouraging opportunistic behavior
- ▶ On the other hand, a long-term perspective would allow to perpetuate the Positive impacts of the Coup de Pouce on the sectors: the massification of the building sites, the industrialization and the professionalization

## Recommandations:

A. Provide long-term visibility to the sector, from the CdP mechanism design stage, with:

- Clear industrialization objectives for the renovation segments targeted
- A visibility of minimum three to four years for the Coup de Pouce, with a progressive rise and fall
- "Relay mechanisms" to take over (incentives, regulatory...) and keep the pace after the CdP

## B. Besides:

- A. Adapt quality management systems to the high growth situation created by the Coup de Pouce
- B. Increase volume and quality monitoring efficiency
- C. Optimize the mechanism efficiency by promoting multiple-operations works and setting the right bonification level

