

COALITION FRANCE POUR L'EFFICACITÉ ÉNERGÉTIQUE

BANKS AND INSURANCES : HOW TO CREATE A MARKET FOR RENOVATIONS IN FRANCE AND STIMULATE IT IN GERMANY

TESTIMONIALS FROM FRENCH AND GERMAN STAKEHOLDERS

Minutes of the seminar organised by the european
Commission, DENEFF and CFEE

19th of january 2016

Permanent Representation of the european Commission in France,
Paris 7^{ème}

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Engaged in the promotion of energy efficiency in both sides of the Rhin, DENEFF (Deutsche Unternehmensinitiative Energieeffizienz) and la Coalition France pour l'efficacité énergétique (CFEE) share the idea that France et Germany have a lot to learn from each other.

In order to identify concrete avenues for cooperation, DENEFF and CFEE together with the european Commission organised a seminar the 19th of january in Paris dedicated to the financing of energy efficiency.

Introduction - Carsten Müller Member of the Bundestag and president of DENEFF

“DENEFF is the first german industries federation advocating for energy efficiency. Even if the subject is being discussed in Germany for a long time, the debate recently evolved due to the recent drop of energy prices and the refugees crisis : it is not simple for Germany to give priority to energy efficiency when it has to provide accomodation to more than 1 million people. However, this crisis is also due to climate change. It underlines the importance of the COP21 deal struck in Paris and the geopolitical importance of energy efficiency. Contrary to renewables, energy efficiency is not easily visible, therefore it is important to use the right words such as « energy productivity » which is better understood by stakeholders.

As a member of CDU it is not always simple to convince decision makers that energy productivity is an asset for industrialized countries like France and Germany where it is possible to develop smart and long lasting products.

Since 2014, a Commission inside the Bundestag is entirely dedicated to energy efficiency. Its work is politicaly neutral and productive : it led to the adoption of the national energy efficiency action plan where innovative approaches such as energy efficiency call for tenders are included.”

! session n°1 – the value of cooperation between energy experts and bank advisors – M. Ferenc Ellermann, Head of private customers at Energy Engineers / TÜV Nord Group

“Energy advisors are essential in the process of providing security to consumers who face the complexity and uncertainty of a renovation project. Beyond having a trusted expert that can follow the client through the whole process. Information that are provided to the consumers must be clear and understandable. Energy Engineers / TÜV Nord Group stands between the consumer, the energy advisor and the craftsman by managing an independent network of energy experts who are subjects of quality requirements. Those advisors are closely working with banking ones who are most of the time the first point of entry of the consumer willing to finance works in his house. The banking advisor informs his client that energy efficiency works which are eligible to subsidies and that will lower his energy invoices could be added to his initial project. The energy advisor can then provide individual advice. Quality is key: 6 to 12 months are needed to build an energy efficiency project.

Experience proves that consumers need to be supported all along their renovation projects and that they must get what they were promised in terms of energy savings. On those conditions only the word of mouth will clearly work in favour of energy efficiency.”

! session n°2 – the development of insurances which cover energy savings – M. Christoph Tatje, Sales and Development Manager at Klimaprotect

“KlimaProtect is a start-up supported by the Hannover Re insurance company. The company provides solutions which guarantee energy savings in the private customers market. It protects the final customers against the non-achievement of the promised energy savings. The positive effects of those contracts are numerous: it provides trust and confidence to the customers who will be inclined to invest more

(he is also protected against the bankruptcy of the provider). As a commercial argument, it gives the provider who proposes the insurance to his clients a competitive advantage. It also allows him not to build financial reserves.

The « energy efficiency Protect » contracts are eligible to all the professionals of the energy efficiency sector – consultancies, architects or craftsmen, and can cover different types of projects : insulation, HVAC, cogeneration, comprehensive retrofitting projects, etc.

Inspired by contracts available in the US, Klimaprotect already sold several thousands of products in Germany which can cover up to 500 000 euros.”

! session n°3 – How third-party financing schemes are developing in France, José Lopez, Director of SEM Energies Posit'if

“SEM Energies Posit'if is a third-party financing company and a joint creation of both public and private stakeholders in order to address the condominium market which was left without any comprehensive renovation offers. The company proposes to co-owners a package which includes both a technical support (technical studies, definition of the program of works, site supervision) and a financial package (integration of national and local subsidies into a comprehensive loan proposal). The specific aspect of the contracts proposed by Energies Posit'if is that they take into account the energy savings in the financing plan. The company also has in its contracts portfolio products which cover the risk of not reaching the planned energy savings amount but it is rarely required by its customers for the moment.

As a new object on the market, SEM Energies Posit'if encountered several administrative barriers to its development like the definition of what is a third-party financing scheme as well as specific provisions in the building code and the monetary code. It is also having trouble obtaining proper insurances (which is a hot topic right now) and financing from a market that is having trouble adjusting to the

specifics of the SEM and has yet to identify energy efficiency as a segment to investigate.

In 2015, the EIB earmarked 500 millions euros to French third-party financing companies, 100 millions going to Energies Posit'if.”

! session n°4 – The development of local renovation platforms in the Brittany region, Dominique Ramard, delegate for the energy transition, Regional Council of Brittany

“Officially recognized in the energy transition law, the housing renovation local platforms have been identified as a key tool by the Brittany Region : 6 local platforms are now operational which cover 3/4 of the regional territory.

Their mission is to streamline the renovation process for consumers: energy advisors, local authorities services and workers are already in the loop, the coordination being done by the « Espace Info Energie » network (one stop shop providing advice on energy to individuals and financed by both the French energy agency and local authorities) . Some banking networks are willing to join the platforms: bank advisors could be trained on energy matters whereas local platforms could cover the entire Brittany territory so that they could better support the banks.

Currently funded by public money, the economic model of a platform remains to be found : as a business finder, platforms could be supported by the beneficiaries like the craftsmen and/or the banks.

The Region identified two areas of improvement:

- ! there is a problem of know-how : the quality of the works must improve not only from the craftsmen side but also from the architects one;

- ! Financial questions such as individual solvability, loan guarantees must be answered. The Region is currently working on those questions together with local banks.”

Conclusion - Sabine Buis Member of the National Assembly

“Building renovation is closely related to the right to live in a decent and affordable house. It is also directly linked with job creation and the fight against climate change. There is currently a fight between conservative lobbies and their reargard actions and entrepreneurs of the new climate economy.

Since the 70's, France and Germany have followed different energy policy paths. Both must today increase their building renovation rate. In that perspective, the French market is less suffering from money availability than complexity and lack of transparency.

Three actors can solve those problems:

- ! banks must be proactive, propose tailor made offers and cooperate with independent experts ;
- ! insurances which have understood the cost of inaction against climate change must put on the market products that cover the risk gaps between projected energy savings and reality ;
- ! politicians must be more involved in energy efficiency discussions especially when it comes to raising public awareness

Several improvements remain to be made: improve the energy market regulation and increase competition in the energy efficiency segment, better regulate the relationship between SMEs and big companies, create a national energy transition financing company and simplify the energy renovation financing tools for consumers.

The complete proceedings of the seminar (in french) can be found here :

<http://www.coalition-energie.org/actes-du-colloque-banque-et-assurances-creer-le-marche-de-la-renovation-energetique-en-france-le-dynamiser-en-allemande/>