

Progress in the building sector and its contribution to the ecological transition in France

Introduction

Before I start telling you all about the efforts made by France to achieve the impossibly ambitious goals Adrian's just reminded us of, allow me to express how deeply honoured and very excited I am to be here with you today for this Renovate Day event. Believe it or not, it is my very first time at the European Parliament and being born in a family for which Europe isn't a mere concept but a way of life, it means a lot to me, and I would like to thank Bendt Bendtsen and Adrian Joyce and his team for giving me this opportunity and you all for your kind welcome.

As I am new around here, I think it safe to say that you have no idea who I am, so allow me to take a few more seconds to explain to you how I came to be one of France's current political specialists on Building Renovation, why I decided to focus my action as an MP on the transition of the building sector and on its contribution to the ecological transition in France, why I am a member of the Executive Council for Construction and Energy Efficiency or why I was appointed Co-Chair of the Building Renovation National Plan by former Minister Nicolas Hulot, in November 2017. In a word why this subject became such a passion that occupies most of my days.

My career

I started off my career as a teacher and I loved it, but after a few years I became restless teaching children things I could only hope they would use when they grew up and so I decided to turn into a grown-up myself and I started using the things I used to teach about to try and make my own little difference in the world in a more straightforward manner. I thus created my own business and became a strategy consultant for small businesses. Somehow, I had changed my life completely and yet I had come right back to coaching people into becoming the better version of themselves they were aiming at. I took that as a sign, and in 2016, I was convinced by Emmanuel Macron's call for action, one thing led to another, I got more and more involved in politics and I got elected as a member of the French Parliament in June last year.

As to my interest in the buildings sector, it is even simpler than that. I got married to a craftsman and fell in love with his work (or maybe the other way around) and I got intimately familiar with the challenges met by an entrepreneur in the building renovation business. Besides, the place I live and got elected in (which is between *Lyon and Grenoble*) is home to the research headquarters of Vicat and Lafarge, which as you probably know, are international leaders on cement and other building materials. Their geographic proximity created a very fertile environment for other companies to spring from. And so, a lot of the research and testing currently undertaken in France on the sector shift towards sustainable technologies is done in my home region, Auvergne Rhône-Alpes.

Finally, and this is probably the most basic explanation of all, I have seen the alarming reports on climate change and being the mother of two children I sometimes get scared out of my wits thinking about the world we are preparing for them. You know the data as well as I do, we need to keep global warming below 2°C and we are running out of time to do it. Even French vineyards are threatened! So, we need to achieve substantial energy savings and greenhouse gas emissions reductions and the buildings sector is one of the ways to get there.

What's happening in France?

In France, the buildings sector represents about 45% of energy consumption and it causes about 25% of the greenhouse gas emission.

The numbers as you can see are higher for energy consumption in France than they are in the rest of Europe where this sector is known to account for 40% of global final energy use and lower for greenhouse gas emissions which in Europe represent 36%. This can be explained by our production of decarbonised nuclear energy, which is probably not ideal in the long run, but which has a positive effect on emissions of greenhouse gases. What you also need to know is that in France, around 55% of the current residential building stock was built without energy building codes. So of course we have corrected that since yet, it remains that the average

performance of the French building stock in terms of energy consumption per square meter is one of the worst in Europe.

Only 1 to 2% of the French building stock has already reached the A performance level (on our A to G scale) that we aim to generalise to the other 98% of the stock by 2050. There's a long road ahead, but let's convert that into good news and say that the potential for energy savings is so significant that it led the buildings sector to become one of the top priorities in France's energy efficiency policy roadmap!

As you know, most of the building-related energy saving goals pursued today have been inherited from the 2015 Energy Transition Towards Green Growth Act, which constitutes the legal basis of France's commitment to implement the Paris Agreements :

And we can sum them up with these 4 goals:

- Near zero energy building standards extended to 100% of the French building stock by 2050. As I mentioned, that's still 98% of our stock.
- No more F or G rated houses by 2027 (we pushed back that goal by two years compared with the original deadline which was 2025 for political coherence as it now coincides with a full presidential mandate and gives this government 10 full years to achieve it.) That represents about 20% of our stock.
- A fully decarbonised building sector by 2050.
- 500,000 renovations per year.

Our national building renovation plan also focuses on fighting fuel poverty which concerns 3.8 million households. In France, about 20% of people complain about being cold in their homes in the wintertime and we are also starting to see the effects through health costs of excessive warmth on the elderly or the children in the summertime.

The goals are very ambitious and to achieve them we all realise that we need to intensify and rationalise our approach to buildings retrofits. We need to accelerate what works and quickly change course on what doesn't.

One of our strengths is that the goals we have set for France are unanimously accepted and a large number of stakeholders are not only aware of the emergency we are faced with but also committed and passionate about finding the ways to success.

The downside of such raw energy is that not only do we have a large number of measures, but we also have many public and private actors advocating for different solutions and it causes some confusion on the renovation market. We call that French creativity ...

That is why we launched in September a global brand which serves as a common signature and will help clarify how all actors and devices all serve the same purpose. We call it "FAIRE", which is a call to action and it will set everyone to work together. That campaign also recognises that energy savings or cost reductions are not the only triggers or maybe even no triggers at all in individuals' decision to renovate their homes – comfort is probably more important. But we decided that rather than lecturing people on their possibly reasons for action, we would take them as they are and rather encourage them to take further action towards global renovation.

Today, only 40% of works can be considered as deep renovation. Indeed, our 500,000 renovations per year target doesn't specify a minimal improvement level. So, our system allows for partial or step-by-step renovations which is a good thing as it touches a wider range of people, but we need to convince that wider range of people to continue after that first step. That is why the French government is now discussing the possibility of offering a full renovation roadmaps to anyone entering one of our renovation programs. Every home should eventually get its own, individual roadmap.

We already have Energy Performance Certificates that help buyers situate a building's performance and that tool is gradually becoming an element of patrimonial value. We now know that A-graded buildings can be sold for an extra 10% or that F or G buildings lose about 10% of their value on the market.

That is already something, but it remains only a sort of picture of where the building stands and it offers absolutely no information on how to take the buildings to the A-level. So, the individual renovation roadmaps need to gradually complete the Energy Performance Certificate and become something that is mandatory for any building just like the Energy Performance Certificates.

Likewise, we know that tenants change houses every 7 to 8 years on average, which means that the roadmap needs to remain accessible or be passed on to the following tenants. That is why I am happy to say the long-awaited building logbook, or passport or *carnet numérique* or digital notebook (however you wish to call it) has been approved in our latest law on Housing called ELAN. I know it has been experimented in several countries and I will gladly take any advice you may have on that subject.

Finally, along with our brand "FAIRE" we continue to offer and develop a comprehensive advisor service centre for free. They were called PRIS for "Point Renovation Info Service", they will now be included in the FAIRE brand and become FAIRE advisors to continue harmonising the names of our services in all French territories. But the idea remains the same: overcoming the information barrier and making sure that citizens are aware of the availability of public support for energy renovation. There are some 450 local centres across the country and they are key if we want the building sector transition to stop being the concern of a handful of people and start being a global public concern. The solution must be bottom-up and not only top-down.

I could ramble on and on about what we are doing to accelerate building retrofits in France, but I don't want to take up too much of your time and will just list up some of the other efficient devices we have:

We have labels and grants for high energy performance retrofit offered by some regions in France. (Created to tackle the step-by-step problem our system allows and which I mentioned earlier on)

We have an Energy Transition Tax Credit for the residential sector. It's a tax credit of 30% without income conditions to assist tenants purchasing efficient materials and equipment to limit energy consumption. That tax credit was actually so popular that we now need to rethink it as it largely exceeded the budget we had intended! In 2015, 1.2 million households used it to help financing their renovation work. So, it is undergoing some modifications as we speak but it will hopefully remain one of our most effective devices.

Since 1999, we have a reduced value-added tax (VAT) for the residential sector. It reduces the normal 20% VAT rate to 5.5% for renovation work. This is much appreciated by professionals.

We have a zero-interest rate eco-loan scheme for the residential sector (*eco-prêt à taux zero* in French). Since 2009, landlords get a loan at 0% to fund energy efficiency works. (insulation, heating or water heating using renewable energies) for their main residence. The maximum amount per building of this loan is €30,000 with loan repayment extending over 10 years. It is granted by banks which must meet specific agreements established by the government.

We have the Energy Saving Obligation scheme (called White Certificates) for both residential and non-residential sectors, using the same principles as the European Union's Emissions Trading Scheme. It obliges energy retailers and fuel suppliers to meet specified energy saving targets. Obligated parties meet these targets by encouraging their customers, mainly in the buildings sector (with a special focus on energy poverty), to reduce their energy consumption, if they don't, they have to pay a fine. This is a clever scheme as it adds up to represent some €5 billion used only for direct or indirect energy savings. I'll admit, the fact that the obligated parties must pay a substantial liberating fee in case the energy saving goals aren't met even though they have little to no influence on these goals, does tend to create some tension.

But it is a good thing as it puts a significant pressure on the system to be effective. Besides, it's a huge amount of money that does not weigh on the government's budget which is also much appreciated as you can imagine. Truth be told, we need to work on making that scheme more effective and the attribution of white certificates more transparent.

For example, one of the most efficient programs we have to tackle energy poverty in France called *Habiter Mieux* (Living better). It finances renovation in private housing and strives to achieve an impressive number of 250,000 dwellings retrofitted per year.

Last but not least, our national renovation plan also accompanies the training and qualification of practitioners. We have a Quality label (certification scheme for professionals) that we are reinforcing to make sure that while we are improving on quantity we are not degrading our quality standards. There is for example a specific 40 million budget to accompany the professionals into finding innovative means of increasing our efficiency.

Conclusions

To wrap it up, as I have talked too long already, our national plan can be summed up in 4 great goals:

- 1. We want to make building renovation a national priority. To achieve that, the total budget for this plan is 14 billion euros over 5 years.**
- 2. We want to intensify housing renovation and have a special focus on reducing fuel poverty (so 1.2 billion will be directed towards that aim only)**
- 3. We need to boost the energy renovation in the tertiary sector (as you've heard most of our existing tools are meant for the residential sector). So, we will dedicate 4.8 billion to renovating the public sector buildings (starting with schools where kids will learn about energy savings)**
- 4. Finally, we want to reinforce skills and innovation which is why 200 million euros will be oriented in the next 3 years towards the professionals.**

So, this is our ambitious plan, and I can say that we are moving forward, but truth be told we are not on track yet. We need to intensify this good work and soon. But I am confident, if we work together, if we share best practices and move forward methodically we can still reach our objectives, and by 2050 when we meet again, we will all allow ourselves a moment of pride, maybe a glass of wine from the Rhone Valley which we will STILL be able to enjoy because it will NOT have disappeared because of global warming.

Besides, as the original hosts of the Paris Agreements, and under the leadership of our President whose mind is set on "making our planet great again" and no less, France cannot afford not to be exemplary when it comes to fighting climate change. But it's okay, me and my team we can take the pressure and you can count on us.

Marjolaine Meynier-Millefert

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