

Energies POSIT'IF

*Low energy
refurbishment of
condominiums in the
Île-de-France Region*

Energy Efficiency Finance Marketplace
19 January 2017

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Société
d'Economie
Mixte Energies
POSIT'IF:

*Promoting,
organising,
supporting and
inventing energy
transition in the
Île-de-France
Region*



Cofinancé par le programme Énergie
intelligente-Europe de l'Union européenne



Rénovation énergétique et énergies renouvelables

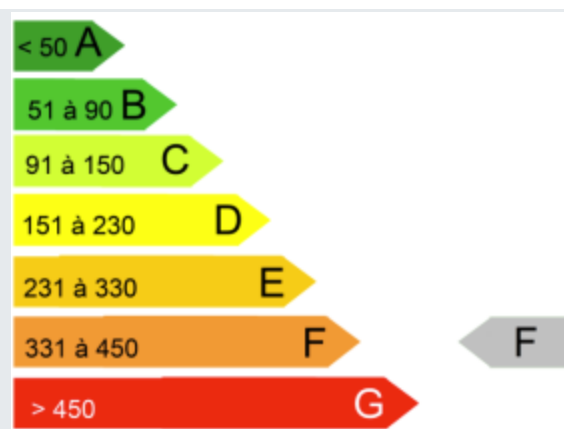
CONTEXT

In the Île-de-France Region

- **4.7M** dwellings of which **72%** are collective buildings
- → Priority target of **1M rated in** energy classes **E, F, G** (230 to 450 kWh/m²/annum)⁽¹⁾

Constraints impacting renovation programmes

- Non-professional management of buildings (co-owners)
- Long decision-making processes
- Lack of trust of companies
- Financing schemes not adapted to long-term payback investments (over 15 years)



⁽¹⁾ The average consumption of the housing stock is 220kWhpe/m²/y (heating and domestic hot water) and 330kWhpe/m²/y when including cooking and specific electricity.

ENERGIES POSIT'IF

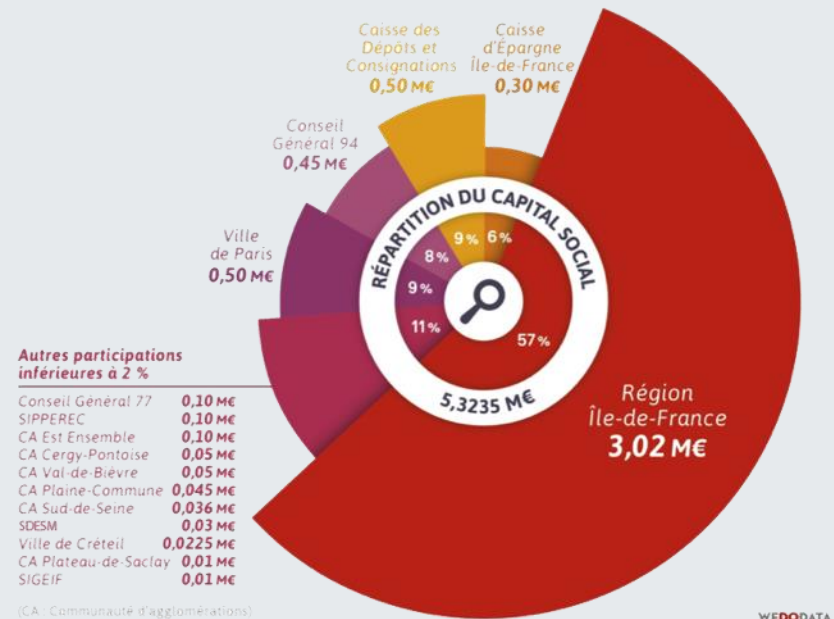
Shareholding

- **85% in public ownership:**
 - Île-de-France Region
 - Paris City
 - 12 other local authorities

- **15% in “private” hands:**
 - Caisse des dépôts et consignations
 - Caisse d'Épargne IdF (bank)

Main activity:

- Third-party financing of collective buildings (private and social)

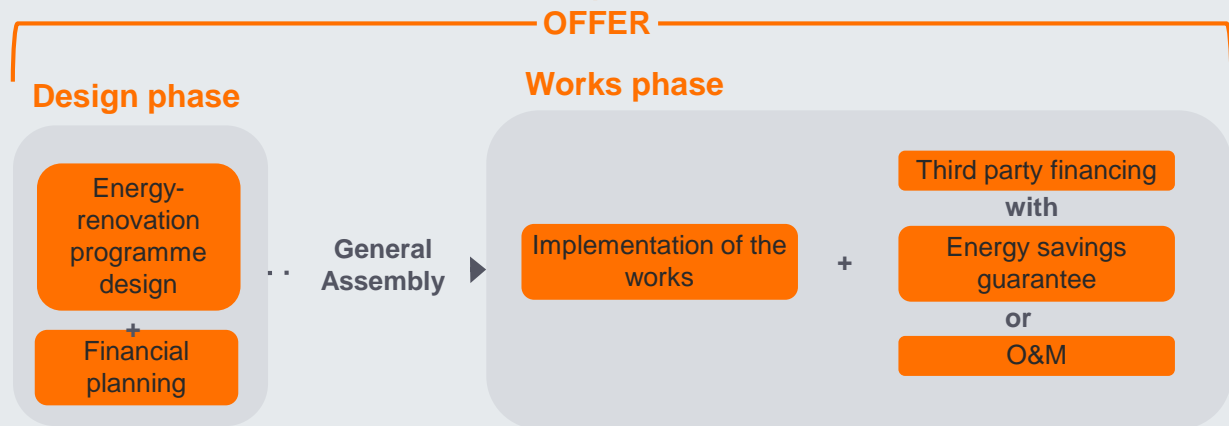


OBJECTIVES

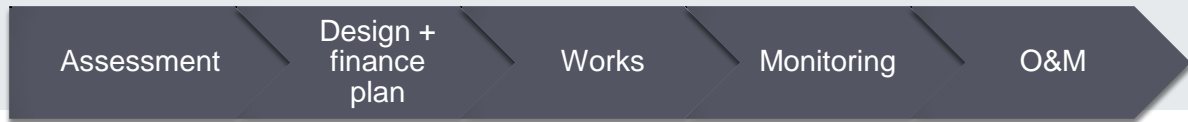
- **Increase condominium confidence and expertise**
 - Stimulate investment in renovation projects
 - Support high standards in thermal retrofitting: min. **40% energy saving**
- **Business based on 3 innovations**
 - One-stop shop for energy renovation
 - Guarantee on energy performance
 - Third-party financing



ENERGIES POSIT'IF OFFER TO CONDOMINIUMS



The process



G.A. : General Assembly
O&M : Operation and maintenance

IS THE RENOVATION OF A COLLECTIVE BUILDING PROFITABLE ?

How to finance the renovation project?

Energy savings

Payback time between 10 and 30 years
Average residency 7 years

IS THE RENOVATION OF A COLLECTIVE BUILDING PROFITABLE ?

How to finance the renovation project?

Energy savings

“Green value” of real estate

An A/B-rated apartment is worth an average of 12% more than a G-rated one.

This is an average € 30k increase in the value of a € 250k apartment.

HOW TO FINANCE IT ?

How to finance the renovation project?

Collective grants

- Region council subsidy (Copro durable)
- White certificates

Individual grants

- Tax credits
- Direct subsidies from national / local authorities, etc.

Remainder

- Soft loans
- **Third-party financing**

THIRD-PARTY FINANCING

- *Third-party financing consists of financing the cost of the energy retrofitting through the energy savings generated in the long run.*
- The third-party financing company realises the project and provides the investment needed to implement the renovation works. After the works, the condominium repays the company over the long term, making it possible to have almost zero extra costs for the household.



THIRD-PARTY FINANCING

Towards the implementation of the third-party financing

March 2014 - **Third-party financing** approved under French law



May 2015 - **IEB framework programme of € 400 million loan to support TPF vehicles** in the context of the Juncker Plan: € 400 million for French regions of which **€ 100M** to renovate 8000 to 10 000 dwellings over the next four years in Ile-de-France



August 2015 - The Energy Transition law allows third-party financing companies to operate thanks to an **exception to the banking monopoly**

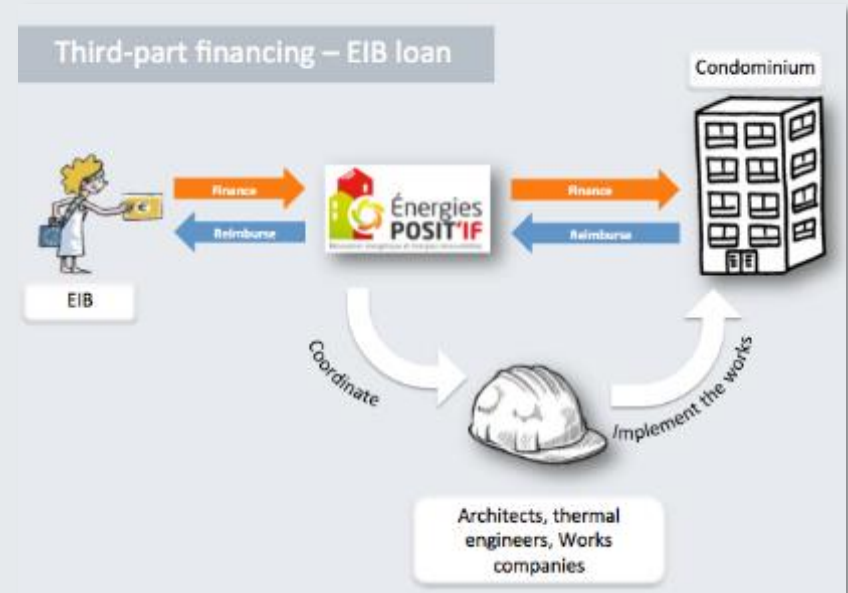


The next steps

- Finding a **surety company**
- Obtaining **ACPR** (bank and insurance regulator) **authorisation**

FOCUS ON EIB LOAN

- Transaction feasible thanks to the guarantee provided by the EFSI to EIB
- Amount: **€ 100 million**
- Maturity: **22 years**
- Tranches (draw-down): **Max 32 (minimum € 0.5 million)**
- Eligibility : thermal retrofitting projects in condominiums and social housing sectors
- Project size: **up to € 25 million (total project cost)**
- Financial contribution of the EIB credit line: **up to 75% of the project cost**



MAJOR ACHIEVEMENTS



- **6** condominiums have started the works phase (1500+ apartments)
- Energies POSIT'IF is **a reference** for several French regions → 4 out of 13 regions have created a public / private third-party financing company
- New expertise in “Financing engineering” for condominiums has been developed



- **34** contracts signed, corresponding to 5000 apartments and more than **€ 110 million in works value (equivalent to 1760 jobs/year)**
- **78%** reach the “low energy building” label performance

LESSONS LEARNT, WHAT WE SUCCEEDED ON

- Very good to be a public private company on the condominium sector: it brings trust
- Good to work with other companies when the expertise already exists (subcontracting of studies)
- Very important to offer the condominiums a single contact point during the whole project (5 years!)
- Strong political support from the left wing regional government that initiated the project...and the right wing government that won regional election in Dec 2015.
- Our company is small: we need to network, share experiences and possibly share services

LESSONS LEARNT, WHAT WE DID NOT –YET- SUCCEED ON

- Third party financing has been long to implement because the legal national framework, check it
- TPF is still hard to implement because of surety obligation
- Decision making process is very long in condominiums: we still need to find way to shorten the whole business cycle (3 years of studies, 2 years of works)
- We have solutions for TPF financing on the medium term (4 years)... but we need to find
- Doing that have never been always takes longer than you think
- If private sector does not address certain sectors, this is often because it is not a mature market yet...

CASE STUDY

LANÇON, PARIS 13^{ÈME}

© Equateur



Paris 13

- 1960
- 31 apartments

Current consumption 239 kWhpe / m²/year

After-works consumption 99 kWhpe / m²/year
(BBC Renovation)

Renovation programme

Ventilation and heat distribution improvements

- Renovation of the boiler rooms
- Fuel system -> highly condensing gas system
- Solar thermal panels for hot water
- Renovation of the heat distribution system
- Humidity-sensitive ventilation type B

Insulation and architectural improvement

- External thermal insulation
- Roof insulation
- Double glazing of windows and shutter replacement
- Balcony creation

LANÇON, PARIS 13^{ÈME}



Consortium leader and
financial engineering

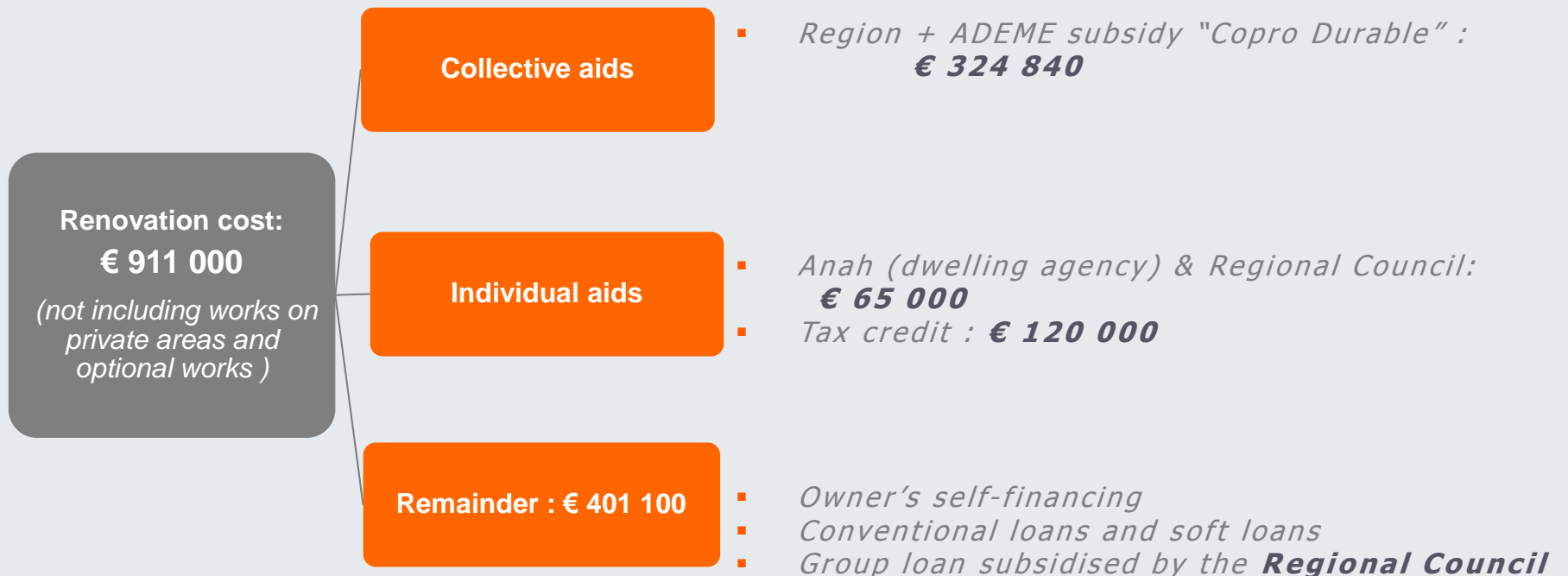
EQUATEUR
SAS D'ARCHITECTURE

Architect



Thermal and fluid
engineering agency

FINANCING PLAN

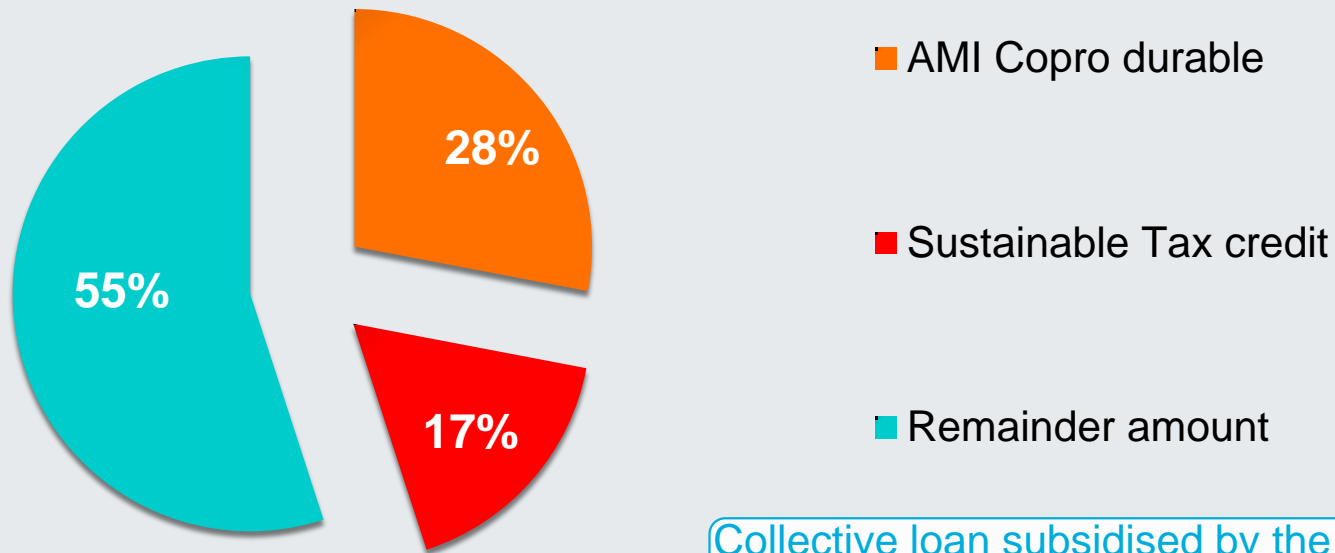


FINANCING PLAN

- Case study
- Family of 4: 1 couple & 2 children
 - Living in a 3-bedroom apartment
- Changing their windows
- Cost (all taxes included): **€ 29 400**

FINANCING PLAN - EXAMPLE

Household without ANAH subsidy



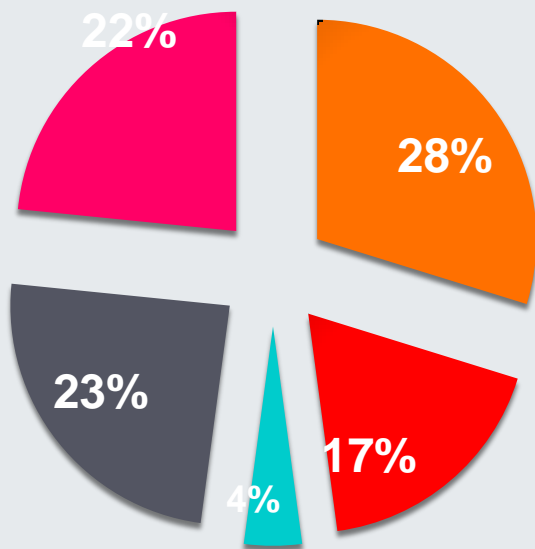
Collective loan subsidised by the Regional Council (2.31% TEG / 15 years):

Net cost = € 25/month*

* After energy savings deduction

FINANCING PLAN : EXAMPLE

Household with ANAH subsidy (low-income family)



- Copro Durable subsidy
- Sustainable development tax credit
- Habiter Mieux (Region subsidy)
- Habiter Mieux (ANAH) subsidy
- Remainder amount

Collective loan subsidised by the Regional Council (2.31% over 15 years): **net profit of € 38/month***

* After energy savings deduction

THANK YOU FOR YOUR ATTENTION

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