



# FRANCE



## KEY TRENDS IN THE RES SECTOR

The main instrument to promote RES-E in France is a technology-specific feed-in tariff. Onshore and offshore wind, PV, geothermal, biogas, hydro power, tidal and wave, and solid biomass installations are eligible for support. An automatic degression formula is in place. In the case of PV, the amount of electricity to be remunerated for every power plant is capped at 1,500 full load hours annually. Any electricity production above this limit will be remunerated at a reduced tariff. In addition, tenders are held at irregular intervals, awarding promotional tariffs to wind, PV, geothermal, hydro power, biogas and solid biomass installations. France already produces significant amounts of hydro power and according to its NREAP plans to focus its further RES-E growth on onshore and offshore wind, as well as solid biomass.

RES-H installations are supported by investment grants,

which are allocated to large biomass plants through a tendering procedure, and to heat pumps, biogas, biomass, geothermal and solar thermal installations via a programme to support homeowners with modest incomes. A zero-interest loan for RES installations in the course of building renovations is available for private homeowners or companies. Tax incentives are also being applied. The French NREAP puts a strong emphasis on solid biomass. Around a third of the households in France apply electric heating systems.

In the transport sector, support is mainly provided by a quota regulation on biofuel blending. Fuel suppliers who meet the annual quota are subject to a reduced pollution tax rate. The French NREAP foresees the largest part of biofuel demand to be covered by biodiesel.

## POLICY RECOMMENDATIONS



### ELECTRICITY SECTOR

Avoid exposing RES producers to legal and regulatory uncertainty such as caused by the recent law suit concerning state aid against French wind power producers. This could have been prevented through a different policy design and/or the timely notification of the scheme to the European Commission. The uncertain situation has severely undermined investor confidence.

Avoid changes in the tax regime which retroactively affect RES projects, such as the significant increase of the IFER tax<sup>17</sup> especially for solar and onshore wind installations.

**Improve planning and permitting procedures:** Ensure better coordination between the involved authorities and their respective time schedules. The ideal solution would be a one-stop-shop which can be approached by developers to handle all procedures and decrease waiting times. Speed up court procedures regarding complaints against planned wind farms. Simplify the adaptation of land use plans for large PV installations and ensure better coordination between those authorities responsible for planning wind farm development and those for military safety restrictions.

**Grid connection and access: Provide reliable long-term RES policies,** so that grid operators are able to anticipate RES deployment in their area and can plan accordingly. Reduce the generators' participation for future grid expansions. Consider simplifying grid connection procedures and reducing the proportion of connection costs borne by RES producers. Apply compensation payments in case of curtailment due to local grid congestion.

**Ensure a smooth transition to a new regulatory regime** (currently under contemplation by the French government), with an adequate transition period from the FIT regime and absolutely no retroactive effects that may impact plants in operation and in advanced development.



### HEATING AND COOLING SECTOR

Consider encouraging investments into small RES-H installations. The most important support instrument at

present, the investment grant allocated through tenders, is mainly targeted at larger installations. Administrative processes under the scheme are also too complex for owners of small installations.

**Introduce a RES-H building obligation for new and renovated buildings** as required by the RES Directive.

**Improve the energy efficiency of CHP plants:** When tendering CHP plants, the tender design often focuses on electricity production. Consider the possibility of including heat production, in connection with heat demand on site, as a criterion in the tendering process.

**Address the lack of awareness among building owners and installers,** for instance regarding the possibility of installing a solar-thermal system when replacing an old boiler. Monitor and review existing awareness campaigns for the public and for professionals in the sector to improve their effectiveness.



### TRANSPORT SECTOR

**Ensure the reliability of biofuels policies:** France is a big producer of biodiesel. Investors in first generation biofuels experienced unstable support and are now reluctant to invest in second generation biofuel facilities. Barriers also include unclear EU rules and definitions on double-counting of biofuels towards official RES shares. However, these issues are only partly within the control of national decision makers, as they are governed by EU legislation.



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<sup>17</sup> Wind and solar energy installations with an installed capacity over 100 kW are subject to a flat-rate tax on network businesses called IFER, which currently amounts to 7,210€ per MW.