

*Energy renovation of housing in Picardy, France*

## On bill financing



### Background

On bill financing is an investment method that allows residents to carry out energy renovation projects without having to invest in them. Thus, although projects reduce energy consumption, the resident energy bill does not decrease as much, so that the investment done can be gradually reimbursed.

### Objective

The main objective of on bill financing is to enable owners to carry out a global and efficient energy renovation, by financing the work thanks to the future energy savings generated by the work.

### Description of the funding opportunity

In Europe, on bill financing consists of carrying out energy renovation works without having to afford any one-off investment. It is an approach that relies on different actors (visible in figure a). After an initial phase of energy analysis by a third party, the work is financed by a public fund. The refund is simply made thanks to the savings generated on the energy bill.

The owner of the property therefore does not have to make a heavy and one-off investment and the repayment method means that his financial situation does not change as a result of the energy renovation of his property. On the other hand, it does benefit from a more thermally comfortable home and will generate financial savings following the repayment of the investment of the works.

While soft loans and subsidies are often limited to low income households, on bill - third party financing is a way to renovate dwellings to an extent made necessary by the energy and climate policies in Europe

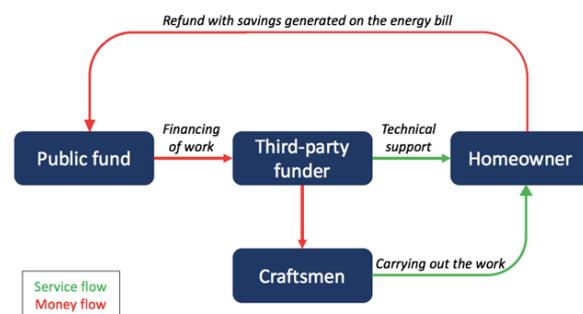


Figure a. On bill financing actors

### Pros and cons of the on bill financing

The main advantages of on bill financing are:

- Improving the thermal comfort of homes
- Reduce environmental impact
- Local communities to benefit from increased economic activity, including job and wealth creation
- If the resident moves, therefore no longer benefits from the improvements, then he/she stops paying for them
- Helps utilities meet state and federal government requirements

However, it has also some cons, like:

- In order for the third-party funder to be reimbursed, the savings generated as a result of the energy renovation must be significant (more than 50%)
- If transferability is not allowed, homeowners may have some problems repaying on bill financing, which would have an impact on the financial savings generated by improved consumption being realised

**Picardie Pass Rénovation, a technical and financial instrument for the energy renovation of housing, Picardie, France**

Summary Table	
City & country	Picardie, France
Investment project	Energy renovation and REs
Sector of SECAP	Housing
Year	2018
Funding opportunity	Picardie Pass Rénovation
Energy saving	Nearly 50% per house
Cost saving	N/A
Green energy produced	N/A
Impact on the environment	N/A

Private period property in the Region of Picardie accounts for 15% of its greenhouse gas emissions. To rise to the challenge of energy renewal across its property portfolio, the region of Picardie has launched a pilot project with the Public Service for Energy Efficiency (PSEE) named Picardie Pass Rénovation.

Picardie Pass Renovation takes over the main phases of an energy renovation project:

- An initial step consists of providing technical support to the owner: information, personalised advice, thermal diagnosis of the housing, definition of the work schedule.
- Secondly, Picardie Pass Renovation advances the amount allocated to the renovation work (on average €44,000) and manages the work: consultation and selection of partner companies by invitation to tender, site monitoring, management and payment of invoices from the companies responsible for the work.
- Finally, the owner has a personalized follow-up for 5 years after the renovation of his home: support for the use/maintenance of the equipment, monitoring of energy consumption, training in ecology.

Then the owner repays the public body an amount less than or equal to the post-renovation energy savings (on average 49% of savings, for a posted target of 46 to 75%-reduced final consumption). This advance on energy savings is granted at a rate of 2.5%, given over a period of 15 years for equipment, and up to 25 years for building insulation works.

In addition to the benefits that the project brings to homeowners for the energy renovation of their homes, the actors of the territory also feel positive effects. Indeed, the demand for energy renovation work is increasing considerably, which allows for a massive development of the study and renovation sector. In 2018, 650 construction jobs were created and nearly 7 000 contracts were signed (for a financial contribution of around EUR 37 M).

To finance this project, Picardie has allocated a financial envelope of EUR 8 M to cover the costs of the first renovation works and the contribution of an ELENA (European Local ENergy Assistance) subsidy of EUR 1.8 M to cover overhead costs. The European Investment Bank is also lending EUR 23.5 M for the project (as a soft loan).

**Measures eligible for on-bill financing**

- Investment in energy efficiency (equipment and building insulation works).



*Picardie Pass Rénovation*

Other examples of on-bill financing in Europe:

- *Energie Posit'IF, Ile de France Region, France for collective housing*
- *ARTEE, Nouvelle Aquitaine, France*
- *Caisse des Dépôts, Intracting – on bill financing for local authorities' assets*
- *Delft, the Netherlands*
- *Stuttgart, Germany - Third-party Investment & Energy Supply ContractingSources:*

*This fact sheet is part of a series on funding opportunities, which can be found here: [html-link](#)*