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French PV Market on the Brink of a New Boom?

Less is More : October 2018


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The French Government has launched the initiative #PlaceAuSoleil (literally "a way for the sun") and Total and EDF have both announced massive investment in the PV sector in the coming years. The future seems bright for the PV market in France, yet some complications and hitches must still be ironed out.

A few weeks ago, during an eagerly awaited speech putting an end to the working group organized by the Ministry of Environment, former French Secretary of State at the Ministry of Ecological and Solidary Transition Sébastien Lecornu unveiled a package of 30 measures intended to spur the development of PV projects in France. Among these measures are the following:

- Confirmation of the increase of the overall volume of capacity to be allocated through tenders from 1.45 to 2.45 GW per year;
- Renewal of tax exemption for prosumers;
- Reduction of regulatory burdens on so-called "collective self-consumption projects";
- Allow third party investors to finance individual or collective self-consumption projects;
- Launch of a new tender for collective self-consumption projects and increase in the capacity allocated through tenders to self-consumption projects;
- The French military forces undertook to put more than 2,000 hectares at the disposal of PV projects before 2025;
- France's biggest supermarket chains pledged to massively develop solar projects on the rooftops of their supermarkets and logistics centres;
- Simplification of provisions of the Land-Planning Code to facilitate the installation of PV modules on car-parks as well as the development of solar greenhouses;
- The French public railway company pledged to put at least 200 hectares at the disposal of solar projects within 5 years and to develop self-consumption projects;

- Launch of specific, multi-annual tenders in French overseas territories;
- Insertion of a minimum surface of rooftop to be equipped with solar modules in newly built commercial facilities;
- Increase in the allocation of capacity for solar projects combined with an agricultural project and more generally for solar projects located in farms.

Perhaps even more spectacular were the announcements by the two main players in the French energy sector. First, leading French utility EDF unveiled on mid-December 2017 that it plans to achieve some 30 GW of PV projects in France until 2035, against only 200 MW at the date of this writing. According to EDF's CEO, the implementation of EDF's PV plan would cause the share of solar electricity in the total production of electricity on the French territory to quadruple. Some commentators have noted that the overall power capacity of this PV plan would correspond to half of the global power capacity of EDF's nuclear power plants on the French territory. A major paradigm swift for EDF, which shall invest massively in the French PV sector as from 2020. To do so, EDF would expect from the French Government that it raises the celling (from a mere 17 MWp now to 100 MWp) of the maximum power capacity to be allocated for a single PV project throughout the tenders. This would also imply that EDF should find some 25,000 to 30,000 hectares of land to develop its projects, which will be the biggest challenge for the French utility giant.

In the wake of the governmental plan, Total announced that it intends to install PV plants in France with a total capacity of 10 GW within 10 years. Total's CEO pointed out that the overall capacity was lower than EDF, but would be installed at a quicker pace. Total owns a lot of brownfields that could be converted quite easily into large PV plants. It is also looking into the possibility to use its wide range of gas stations for roof-mounted projects. It should be reminded that, following the acquisition of SunPower, Tenesol, Off Grid Electric, Powerhive and, more recently, Direct Energie the mother company of renewable energy pioneer Quadran, Total has become an undisputable force in the renewable energy sector on a global level.

On October 17th, Engie and a subsidiary of a leading French supermarket chain (GreenYellow, Casino Group) launched a JV company named Reservoir Sun, which aims at developing roof-mounted solar projects for companies and local authorities with an objective of a global power capacity of 100 MWp and an investment of 100 million euros, both each year.

Yet, these announcements have to be translated into realities on the ground. The challenge faced by the operators is huge, as some legal and regulatory constraints that were not mentioned by the French Ministry remain, among other:

- Promoters shall put out their projects to tender as long as their power capacity is 100 kWp or more per project for building-integrated pv and 500 kWp or more for ground-mounted solar plants. Despite repeated calls by the representative organisations of the French PV sector, the Government refused to raise these thresholds, impeding the development of solar energy.

- Tender rules require that the promoter provides a financial collateral amounting to 30 € per kWp. Small and mid-cap operators in the PV sector are sometimes unable to meet this requirement, or, if they manage to meet this requirement, it will reduce the projects' return on investment sharply.

- The development of the solar energy in France ultimately depends on self-consumption, especially in collective housing or commercial buildings. Over the last few months, the French Energy Regulator ("Commission de Régulation de l'Energie") has sent very mixed signals about the development of this new consumption model. Lately, it has established a segregating, though only optional, *"fee for the use of the public electricity system"* (*"Tarif d'Utilisation du Réseau Public d'Electricité"*, *"TURPE"*). The main characteristics of this "TURPE" is an increase by 15 % compared to the traditional "TURPE" for the electricity used by prosumers in addition to their solar electricity. Besides, the "TURPE" shall also be paid for the use of the electricity produced by the PV installation and supplied to the group of consumers. By doing so, the Energy Regulator imposed the idea that self-consumption would have a bad effect on the balance of the electricity system.

- The feed-in tariffs (or the strike price in the "contract-for-difference" scheme) are set by the French Government at a national level, notwithstanding the differences in the potential output of solar energy between Northern and Southern France. There should be "regional" tariffs to encourage the harmonious development of PV projects on the whole French territory.

- The tax framework could be improved again for the prosumers.

Despite these reservations, a sense of optimism is back in the French PV sector. It is now the task of policy makers who currently discuss the energy path of France in 2030 and beyond within the *"multiannual Programming of Energy"* (*"Programmation Pluriannuelle de l'Energie"*, *"PPE"*, announced for early November 2018) to be up to the mark.