

## Research RES LEGAL – Promotion system

Country: France

### 1. Overview of promotion system

<b>Overview of promotion system</b>	In France, electricity from renewable sources is promoted through price regulation in terms of a feed-in tariff and fiscal regulation. On the regional level, renewable energy is promoted through subsidies.
<b>Statutory provisions</b>	<ul style="list-style-type: none"><li>• Loi n°2000-108 (Loi n°2000-108 du 10 février 2000 relative à la modernisation et au développement du service public de l'électricité – Act on the modernisation and development of public electricity supply)</li><li>• Loi n°2005-781 (Loi n°2005-781 du 13 juillet 2005 de programme fixant les orientations de la politique énergétique – Act on a strategic energy policy)</li><li>• Loi n°2004-1484 (Loi n°2004-1484 du 30 décembre 2004 de finances pour 2005 (1) – Budget Act establishing financial guidelines for 2005)</li><li>• Loi n°2004-1425 (Loi n°2004-1425 du 27 décembre 2004 de finances pour 2005 (1) – Budget Act establishing financial guidelines for 2009)</li><li>• Loi n°99-1172 du 30 décembre 1999 de finances pour 2000 (1) – Budget Act 2000)</li><li>• Décret n°2000-1196 (Décret n°2000-1196 du 6 décembre 2000 fixant par catégorie d'installations les limites de puissance des installations pouvant bénéficier de l'obligation d'achat d'électricité – Decree on capacity limits for different categories of systems for the generation of electricity from renewable sources that are eligible for the feed-in tariff)</li><li>• Décret n°2009-252 (Décret n°2009-252 du 4 mars 2009 modifiant le décret n° 2001-410 du 10 mai 2001 relatif aux conditions d'achat de l'électricité produite par des producteurs bénéficiant de l'obligation d'achat – Decree establishing detailed conditions for the recipients of the feed-in tariff)</li><li>• Décret n°2002-1434 (Décret n°2002-1434 du 4 décembre 2002 relatif à la procédure d'appel d'offres pour les installations de production d'électricité – Decree regulating tenders for the construction of renewable energy systems)</li><li>• Décret n°2004-90 (Décret n°2004-90 du 28 janvier 2004 relatif à la compensation des charges de service public de l'électricité – Decree on compensation for the additional costs of public electricity supply)</li><li>• Arrêté du 17 novembre 2008 (Arrêté du 17 novembre 2008 fixant les conditions d'achat de l'électricité produite par les installations utilisant l'énergie mécanique du vent – Order on the conditions of eligibility of wind power stations)</li><li>• Arrêté du 10 juillet 2006 soleil (Arrêté du 10 juillet 2006 fixant les conditions d'achat de l'électricité produite par les installations utilisant l'énergie radiative du soleil – Order on the conditions of eligibility of solar energy systems)</li><li>• Arrêté du 10 juillet 2006 géothermie (Arrêté du 10 juillet 2006 fixant les conditions d'achat de l'électricité produite par les installations utilisant l'énergie des nappes aquifères ou des roches souterraines – Order on the conditions of eligibility of geothermal energy systems)</li><li>• Arrêté du 10 juillet 2006 biogaz (Arrêté du 10 juillet 2006 fixant les conditions d'achat de l'électricité produite par les installations qui valorisent le biogaz – Order establishing conditions for the purchase of electricity generated from biogas)</li><li>• Arrêté du 1er mars 2007 (Arrêté du 1er mars 2007 fixant les conditions d'achat de l'électricité produite par les installations utilisant l'énergie hydraulique des lacs, cours d'eau et mers – Order on the conditions of eligibility of hydro-electric power)</li></ul>

	<p>stations)</p> <ul style="list-style-type: none"> <li>• Arrêté du 9 février 2005 (Arrêté du 9 février 2005 pris pour l'application des articles 200 quater et 200 quater A du code général des impôts – Order on the Code Général des Impôts)</li> <li>• Arrêté du 13 novembre 2007 (Arrêté du 13 novembre 2007 pris pour l'application de l'article 200 quater du code général des impôts – Order on the Code Général des Impôts)</li> <li>• Instruction fiscale 5 B-26-05 N° 147 (Instruction fiscale 5 B-26-05 N° 147 du 1er septembre 2005 b – Tax regulation)</li> <li>• Instruction fiscale 5 B-17-07 N° 88 (Instruction fiscale 5 B-17-07 N° 88 du 11 juillet 2007 – Tax regulation)</li> <li>• Instruction fiscale 5 B-10-09 N°38 (Instruction fiscale 5 B-10-09 N°38 du 6 Avril 2009 – Tax regulation)</li> <li>• Instruction fiscale 3 C-2-01 N° 119 (Instruction fiscale 3 C-2-01 N° 119 du 3 juillet 2001 – Tax regulation)</li> <li>• Instruction fiscale 3 C-7-06 N°202 (Instruction fiscale 3 C-7-06 N°202 du 8 décembre 2006 – Tax regulation)</li> <li>• Code Général des Impôts, Art. 200 quater (Tax code)</li> <li>• Code Général des Impôts, Art. 279-0 bis (Tax code)</li> </ul>
Promotion system	<ul style="list-style-type: none"> <li>• <b>Price regulation.</b> In France, electricity from renewable sources is promoted through price regulation in terms of a feed-in tariff. Operators of renewable energy systems are contractually entitled against the distribution grid operator to the payment for the electricity fed in. The distribution grid operator is obliged to enter into a contract on the purchase of electricity at a statutorily set price ("obligation to conclude a contract"). The French government invites tenders for the construction of systems that generate electricity from renewable sources in order to reach the target capacity set by the multi-annual investment plan (Programmation Pluriannuelle des Investissements PPI). Successful tenderers may receive a higher amount of payment.</li> <li>• <b>Fiscal regulation mechanisms.</b> Electricity generated from renewable energy sources is promoted through several fiscal regulation mechanisms. Persons investing in renewable energy systems by 31st December 2009 are eligible for an income tax credit (Crédit d'Impôt). Furthermore, persons that install photovoltaic systems on buildings are eligible for a reduced VAT rate. Under certain conditions, persons installing a renewable energy system on a new building may also be eligible for exemption from real estate tax.</li> <li>• <b>Subsidies.</b> In France, there aren't any federal subsidies for electricity from renewable sources. However, this promotion instrument is widely used on the regional level.</li> </ul>
Technologies	In general, the French promotion instruments apply to all renewable energy generation technologies. However, some promotion instruments are limited to certain technologies.
Area of application	All promotion instruments except for calls for tenders are limited to the French mainland and some overseas territories. However, the conditions for and the amount of support may differ for some overseas territories. According to statutory law, the calls for tenders are open for every person that resides in an EU member state or in a country specified by a corresponding international treaty and plans to install renewable energy systems in France (art. 8 Loi n°2000-108).
Funding	<ul style="list-style-type: none"> <li>• A distribution mechanism enables the cost of the feed-in tariff to be passed on to the end users (art. 5 Loi n°2000-108).</li> <li>• The fiscal regulation mechanisms lead to lower state revenue. Other possible financial burdens on top of the lower tax revenue are also funded by the state.</li> </ul>

## 2. Basic information on legal sources

<b>Name of legal source (original language)</b>		Loi n°2004-1484	Loi n°2008-1425
<b>Name of legal source (full name)</b>		Loi n°2004-1484 du 30 décembre 2004 de finances pour 2005 (1)	Loi n° 2008-1425 du 27 décembre 2008 de finances pour 2009 (1)
<b>Name of legal source (English)</b>		Budget Act 2005	Budget Act 2009
<b>Abbreviated form</b>		Loi n°2004-1484	Loi n°2008-1425
<b>Type of law</b>		Act of the national parliament	Act of the national parliament
<b>Document structure</b>		Sections, articles	Sections, articles
<b>Entering into force</b>		31/12/2004	29/12/2008
<b>Latest amendment</b>		14/05/2009	26/07/2009
<b>Future amendments</b>			
<b>Purpose</b>		The Budget Act establishes financial guidelines.	The Budget Act establishes financial guidelines.
<b>Relation to renewable energy</b>		Article 90 of Loi n°2004-1484 introduced the tax credit (Crédit d'Impôts) for, among other things, renewable energy systems.	Article 109 of Loi n°2008-1425 introduced amendments on the tax credit (Crédit d'Impôts) to promote electricity from renewable sources.
<b>Link to full text of legal source (original language)</b>		<a href="http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000005991863&amp;dateTexte=20091123">http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000005991863&amp;dateTexte=20091123</a>	<a href="http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006053032&amp;dateTexte=20080522">http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=LEGITEXT000006053032&amp;dateTexte=20080522</a>
<b>Link to full text of legal source (English)</b>			

<b>Name of legal source (original language)</b>	Arrêté du 9 février 2005	Arrêté du 13 novembre 2007	Instruction fiscale 5 B-26-05 N° 147
<b>Name of legal source (full name)</b>	Arrêté du 9 février 2005 pris pour l'application des articles 200 quater et 200 quater A du code général des impôts relatifs aux dépenses d'équipements de l'habitation principale et modifiant l'annexe IV à ce code	Arrêté du 13 novembre 2007 pris pour l'application de l'article 200 quater du code général des impôts relatif aux dépenses d'équipements de l'habitation principale et modifiant l'article 18 bis de l'annexe IV à ce code	Instruction fiscale 5 B-26-05 N° 147 du 1er septembre 2005
<b>Name of legal source (English)</b>	Order on articles 200 quarter and 200 quarter A of Code Général des Impôts regarding investments in equipment in the principal residence and modifying Annex IV of the Code	Order on article 200 quarter of Code Général des Impôts relating to investments in equipment in the principal residence and modifying article 18 bis of Annex IV of the Code	Tax regulation
<b>Abbreviated form</b>	Arrêté du 9 février 2005	Arrêté du 13 novembre 2007	Instruction fiscale 5 B-26-05 N° 147
<b>Type of law</b>	Ministerial order	Ministerial order	Administrative regulation
<b>Document structure</b>	Articles	Articles	Chapters, articles
<b>Entering into force</b>	15/02/2005	20/11/2007	01/09/2005
<b>Latest amendment</b>			
<b>Future amendments</b>			
<b>Purpose</b>	This order regulates the implementation of articles 200 quarter and 200 quarter A of Code Général des Impôts.	This order implements article 200 quarter of Code Général des Impôts.	
<b>Relation to renewable energy</b>	Article 1 contains a list of renewable energy systems eligible for the Crédit d'Impôts and specifies technical and performance requirements.	Article 1 modifies the list of of renewable energy systems eligible for the Crédit d'Impôts and the technical and performance requirements set out in Arrêté du 9 février 2005.	The regulation sets out the implementation of the tax credit in detail.

<b>Link to full text of legal source (original language)</b>	http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000420625&dateTexte=	<a href="http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000420625&amp;dateTexte=95AD7DA5A.tpdjo09v_3?cidTexte=JORFTEXT00000706721&amp;categorieLien=id">http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT00000420625&amp;dateTexte=95AD7DA5A.tpdjo09v_3?cidTexte=JORFTEXT00000706721&amp;categorieLien=id</a>	<a href="http://www.mres-asso.org/IMG/pdf/Instruction_fiscale_2005.pdf">http://www.mres-asso.org/IMG/pdf/Instruction_fiscale_2005.pdf</a>
<b>Link to full text of legal source (English)</b>			

<b>Name of legal source (original language)</b>		Instruction fiscale 5 B-17-05 N° 88	Instruction fiscale 5 B-10-09 N° 38
<b>Name of legal source (full name)</b>		Instruction fiscale 5 B-17-07 N° 88 du 11 juillet 2007	Instruction fiscale 5 B-10-09 N°38 du 6 Avril 2009
<b>Name of legal source (English)</b>		Tax regulation	Tax regulation
<b>Abbreviated form</b>		Instruction fiscale 5 B-17-05 N° 88	Instruction fiscale 5 B-10-09 N° 38
<b>Type of law</b>		Administrative regulation	Administrative regulation
<b>Document structure</b>		Sections	Sections
<b>Entering into force</b>		11/07/2007	06/04/2009
<b>Latest amendment</b>			
<b>Future amendments</b>			
<b>Purpose</b>			
<b>Relation to renewable energy</b>		The regulation sets out the implementation of the tax credit in detail.	The regulation sets out the implementation of the tax credit in detail.
<b>Link to full text of legal source (original language)</b>		<a href="http://www.arecpc.com/espace-particulier-poitou-charentes/5b1707.pdf">http://www.arecpc.com/espace-particulier-poitou-charentes/5b1707.pdf</a>	<a href="http://www1.minefi.gouv.fr/boi/boi2009/5fppub/textes/5b1009/5b1009.pdf">http://www1.minefi.gouv.fr/boi/boi2009/5fppub/textes/5b1009/5b1009.pdf</a>

<b>Link to full text of legal source (English)</b>			
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<b>Name of legal source (original language)</b>	Code Général des Impôts, Article 200 quarter		
<b>Name of legal source (full name)</b>			
<b>Name of legal source (English)</b>	Tax Code		
<b>Abbreviated form</b>	Code général des impôts, Article 200 quarter		
<b>Type of law</b>			
<b>Document structure</b>			
<b>Entering into force</b>	31/03/2000		
<b>Latest amendment</b>	27/12/2008		
<b>Future amendments</b>			
<b>Purpose</b>	The Act sets out tax measures.		
<b>Relation to renewable energy</b>	Article 200 amended the Crédit d'Impôts in such a way as to promote renewable energy.		
<b>Link to full text of legal source (original language)</b>	<a href="http://www.legifrance.gouv.fr/affichCodeArticle.do;jsessionid=986F6032366659F11759C170F3D77978.tpdjo09v_3?idArticle=LEGIARTI000020038553&amp;cidTexte=LEGITEXT000006069577&amp;dateTexte=20091126">http://www.legifrance.gouv.fr/affichCodeArticle.do;jsessionid=986F6032366659F11759C170F3D77978.tpdjo09v_3?idArticle=LEGIARTI000020038553&amp;cidTexte=LEGITEXT000006069577&amp;dateTexte=20091126</a>		
<b>Link to full text of legal source (English)</b>			

**Further information**

Institution (name)	Website	Name of contact person (optional)	Telephone number (head office)	E-mail (optional)
Ministère de l'Ecologie, de l'Energie, du Développement durable et de la Mer (MEEDDM) – Ministry of Ecology, Energy, Sustainable Development and the Sea	<a href="http://www.developpement-durable.gouv.fr/index.php3">http://www.developpement-durable.gouv.fr/index.php3</a>		+33 014 081 212 2	

### **3. Means of promotion**

#### **4.4. 4.5 Fiscal regulation mechanisms I (Crédit d'impôts)**

<b>Abbreviated form of legal source(s)</b>	<ul style="list-style-type: none"> <li>• Loi n°2004-1484</li> <li>• Loi n°2008-1425</li> <li>• Arrêté du 9 février 2005</li> <li>• Arrêté du 13 novembre 2007</li> <li>• Instruction fiscale 5 B-26-05 N° 147</li> <li>• Instruction fiscale 5 B-17-07 N° 88</li> <li>• Instruction fiscale 5 B-10-09 N° 38</li> <li>• Code Général des Impôts, Art. 200 quater</li> </ul>
<b>Country-specific promotion system</b>	In 2001, the tax credit was extended to include renewable energy sources. The current version of the credit has been applied since the enactment of Loi n°2004-1484, which was amended by Loi n°2008-1425. Accordingly, natural persons may deduct from income tax a certain percentage of investments in renewable energy systems. Ministerial order Arrêté du 9 février 2005 lists all eligible systems and specifies technical and performance requirements (List of eligible systems as amended by art. 1 Arrêté du 13 novembre 2007 and art. 109 Loi n°2008-1425). Further provisions regarding the implementation of the tax credit are laid down in Instruction fiscale 5 B-26-05 N° 147, Instruction fiscale 5 B-17-07 N° 88 and Instruction fiscale 5 B-10-09 N°. The crédit d'impôt for renewable energy systems will apply until the end of 2012 (Introduction Instruction fiscale 5 B-10-09 N°38).
<b>Promoted technologies</b>	The tax credit applies to the building-integration or purchase of the following renewable energy generation technologies: solar energy, wind energy, hydraulic energy and biomass energy generation (art. 1 Arrêté du 9 février 2005; List of eligible systems as amended by art. 1 Arrêté du 13 novembre 2007 and art. 109 Loi n°2008-1425).
<b>Wind energy</b>	Eligible (art.1 Arrêté du 9 février 2005).
<b>Solar energy</b>	Eligible under the following condition: <ul style="list-style-type: none"> <li>• Systems shall comply with standards EN 61215 or NF EN 61646 (art. 1 Arrêté du 9 février 2005).</li> </ul>
<b>Geothermal energy</b>	
<b>Biogas</b>	
<b>Biomass</b>	Eligible (art.1 Arrêté du 9 février 2005).
<b>Hydro-electricity</b>	Eligible (art.1 Arrêté du 9 février 2005).

<b>Area of application</b>	<b>National</b>	The principal residence of the taxable person who is eligible for the tax credit shall be in France. Apart from the French mainland, this rule also applies to the four French overseas départements and regions (DOM-ROM) of Guadeloupe, Guyane, Martinique and Réunion (chapter 1 section 2 Instruction fiscale 5 B-26-05 N° 147).
	<b>International</b>	Projects carried out outside France are not eligible.
<b>Legal basis for a claim/addressees</b>	( x ) statutory basis (   ) contractual basis	Entitlement to the credit is granted by statutory law.
	<b>Entitled party</b>	The tax credit may be claimed by applicants for investments in their principal residence (art. 90 Loi n° 2004-1484). All natural persons that are owners, tenants or free users of their principal residence are eligible (chapter 1 section 2 Instruction fiscale 5 B-26-05 N° 147).
	<b>Obligated party</b>	
<b>Amount</b>	<ul style="list-style-type: none"> <li>Persons that install renewable energy systems at their principal residence may deduct 50% of the net costs of hardware from income tax (art. 200 quater par. 1 c, 5 c Code Général des Impôts).</li> <li>Caps for the period of 2005-2009 per principal residence: 8,000 € per individual, 16,000 € for married couples or cohabiting couples (PACS) + 400 € per child, if they both have the duty of care: 200 € per child (art. 200 quater par. 4 Code Général des Impôts).</li> <li>In multi-family houses, every resident may claim the money he invested (chapter 1 section2 Instruction fiscale 5 B-26-05 N°147).</li> <li>The capacity of the eligible system shall not exceed 3 kWp. Systems that generate more than 3 kWp are eligible only if the electricity consumption of the building is higher than half of the nominal installed capacity (section 1 par. 7 Instruction fiscale 5 B-17-07 N° 88).</li> </ul>	
<b>Procedure</b>	The tax credit is granted on income tax, after the eligible person has submitted the invoice for the investments and other fiscal benefits and subsidies (except for subsidies for the installation of the system) have been deducted (section 4 C2 Instruction fiscale 5 B-17-07 N° 88). If the amount of the tax to be paid is lower than the tax credit, the difference is paid out. If the applicant is not subject to tax, the total amount is paid out (art. 90 Loi n° 2004-1484; chapter 3 section 5 Instruction fiscale 5 B-26-05 N° 147).	
<b>Funding</b>	<b>State</b>	The tax credit results in lower state revenue. Payments of the difference between tax to be paid and the amount of tax credit are funded by the federal budget.
	<b>Consumers</b>	
	<b>Grid operator</b>	
	<b>System operator</b>	

	<b>Distribution mechanism</b>	
<b>Control mechanisms</b>	On request, a given applicant shall furnish proof of the investments eligible for the tax credit. If there is evidence of fraudulent use, financial sanctions may be imposed (chapter 4 section 2 Instruction fiscale 5 B-26-05 N° 147).	