



THE ENERGY CHEQUE

Communication to the Finance Committee of the
National Assembly

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Executive summary

The energy cheque was created by the Law of 17 August 2015 on the energy transition for green growth as a replacement for social energy tariffs. Its main objective is to combat the effects of fuel poverty. But the desire for simplicity has led the public authorities to retain an eligibility criterion based exclusively on the standard of living of household members, making the targeting of this system ineffective. As a result, it is just as much social income support for households whose standard of living is the lowest, households that are not all in a situation of fuel poverty.

It provides low-income households with help, to the tune of between €48 and €277 (€150 on average), to pay their energy bills. It is allocated according to household composition and is subject to means testing (less than €10,800 per year and per consumption unit). It can also be used to pay for energy renovation works. It is managed by the Payment and Services Agency (ASP).

After a trial phase in 2016 and 2017 in just four departments, it was rolled out across the country from 1 January 2018, then concerning around 3.6 million households. In 2021, the number of beneficiaries further increased by 60% to 5.8 million households, for a total cost of €755.8 million in the initial Budget Act for 2021. The decision to allocate an additional lump-sum cheque of €100 per beneficiary in September 2021 generated an additional cost estimated, in the Supplementary Budget Act for 2021, at €525.9 million in cash-limit appropriations and €575.5 million in commitment authorisations.

The energy cheque has put an end to certain disadvantages of social electricity and gas tariffs

People who use natural gas for heating could combine the preferential electricity tariff with their gas tariff. Those using fuels other than gas for heating were only able to benefit from the preferential electricity tariff. The energy cheque put an end to this difference in treatment. The Law of 17 August 2015 also opened up its use to other energies (fuel oil, wood, etc.).

Social tariffs were based primarily on eligibility for certain aid (supplementary universal health cover and aid for complementary healthcare). This aid was characterised by low take-up, thereby limiting the use of social tariffs. The tax criterion introduced to overcome this drawback had the effect of giving access to social tariffs to households with relatively high incomes.

The energy cheque has a single criterion based on household income, which ensures that its beneficiaries are in the lowest two income deciles. Its take-up rate is also around 80%.

However, the existing system could be simplified and improved to maintain its social vocation and make it more accessible

The fact that the income bands that form the scale for the cheque do not take into account the multi-annual evolution of wage levels in France entails a risk of a mechanical reduction in the number of households falling within the lowest bands (and receiving a cheque for a higher amount). To avoid this phenomenon, it would be advisable to put in place an automatic indexation system for the income bands. Such indexation would not present an inflationary risk since it would affect the bands rather than the amount of aid, and the amount allocated represents a minimal fraction of the household budget.

Moreover, the 80% take-up rate seems to have plateaued despite the promotional efforts of the public authorities and their partners. This rate is higher than most other social systems, but its stagnation is disappointing compared to the expected results. Better consideration of the characteristics of the target population must be pursued so that the use of cheques by beneficiaries becomes more frequent again. In particular, simplifying the correspondence sent to beneficiaries would be an easy objective to achieve. Similarly, activation of the protection mechanisms associated with the energy cheque, particularly in the event of non-payment, remains difficult for the beneficiaries despite recent improvements and overly complicates the system. The setting up by the system manager of a mechanism for automatically activating these rights, without the beneficiaries of the cheque having to do anything, should remain a long-term objective.

Information on beneficiaries remains incomplete, whether it concerns their socio-demographic characteristics, the other social aid they receive, their energy consumption or the use they make of the energy cheque. The authorities managing the system must find a way to remedy this.

Finally, the possibility of using the energy cheque to finance energy renovation work has not had the expected success, with fewer than 900 beneficiaries per campaign. This lack of interest can be put down to the limited amount of the cheque, the tenant status of many beneficiaries and the existence of more suitable systems, such as MaPrimeRénov'.

The ASP manages the system effectively but must be more actively involved in generating management savings

Under the leadership of the Ministry for the Ecological Transition, the system is managed by the Payment and Services Agency (ASP). The ASP is directly responsible for part of its operational management (processing of complaints, payment of suppliers who have accepted cheques as payment). The missions that it does not perform itself are entrusted, under its responsibility, to external service providers. These include IT services, operations for producing and sending cheques as well as user support.

The energy cheque system has undergone numerous adjustments since it was set up in 2015, leading to a significant increase in the number of beneficiaries. The ASP has been able to adapt to these multiple changes by developing new tools and services (paperless system, pre-allocation, etc.) and by improving user support. Budget management has been less satisfactory, especially in the first few years, with negligence in the management and monitoring of expenditure.

Management expenses amounted, in execution, to €21.6 million in 2020. More than half of the management costs relate to user support, mainly by telephone, and the handling of complaints.

Stabilisation of the system should now make it possible to generate savings greater than those currently observed. The ASP reports avenues that still need to be explored.

Choosing a simple criterion for allocation has the effect of imprecise targeting of beneficiaries

Although the current system is working properly, its consistency with the objectives of reducing fuel poverty and combating global warming raises questions.

The choice of a relatively simple criterion on which to base the scale, namely income per consumption unit, is likely to avoid excessive complexity of the system, but it is not completely in line with its main objective, the fight against fuel poverty. Indeed, while many households have low income and suffer from fuel poverty, the two notions do not fully overlap.

By using the affordability ratio as the criterion for measuring energy poverty, i.e. the share of income devoted to domestic energy expenditure, it appears that around 25% of households in a situation of energy poverty do not receive the energy cheque. Conversely, about half of the households that receive it do not meet the criteria to be considered as being in a situation of fuel poverty. Taking into account the criterion of perceived cold only moderately modifies this finding. Add to this that its amount is too low to absorb – not just mitigate – fuel poverty, it emerges that the energy cheque is first and foremost a social aid to support the purchasing power of households with the lowest standard of living.

The Government's decision in September 2021 to award all its beneficiaries an exceptional standard cheque of €100 reinforces this trend. Furthermore, the energy cheque is added to other social assistance or solvency schemes, but thresholds and eligibility criteria are not consistent. It exists alongside other aid against fuel poverty granted by local government.

And what's more, the fact that the cheque can finance any type of energy indiscriminately goes against France's climate objectives since it ends up subsidising the use of high-carbon and low-carbon energies in the same way.

Clarification of the objectives could guide the overhaul of this system

These observations could justify initiating reflection on the real nature of the energy cheque, exceeding the improvements to existing legislation proposed by the Court in the first two parts of the report.

If the legislator wanted to go beyond a parametric evolution of the energy cheque and make it more consistent, it could choose between the following three scenarios:

- either take note of its essentially social dimension and make this aid open to households, which would then raise the question of the ministerial attachment to this system, the credits of which could be transferred to the Ministry of Solidarity and Health;
- or, in order to restore greater consistency between this system and France's climate objectives, accompany maintenance of the current system with an increase in carbon taxation. The amount of the cheques allocated to the beneficiaries could then increase gradually as the cost of carbon increases; or at least refocus its use on less carbon-intensive domestic energies;
- or refocus it on its initial objective, the fight against fuel poverty; targeted only at households in a situation of fuel poverty. The aid could thus be increased at a constant overall cost and its effect on reducing fuel poverty would then be increased.

Audit recommendations

1. Set up a mechanism for indexing the bands of the energy cheque scale (*DGEC, 2022*);
2. Assess the number of social housing units eligible for specific aid, in order to improve the take-up rate (*DGEC, 2022*);
3. Implement tools to better understand beneficiaries, their needs and the impact of the energy cheque (*DGEC, ASP, CGDD, 2022*);
4. Simplify the standard energy cheque notification letter to make it accessible to recipients (*DGEC, ASP, 2022*);
5. Do away with the possibility of using the energy cheque to finance energy efficiency work (*DGEC, ASP, 2022*).