

# An evaluation based on Service Economy theory

Evaluation of an EDF  
supported refurbishment  
program in rural area

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# Content

## ◎ Background :

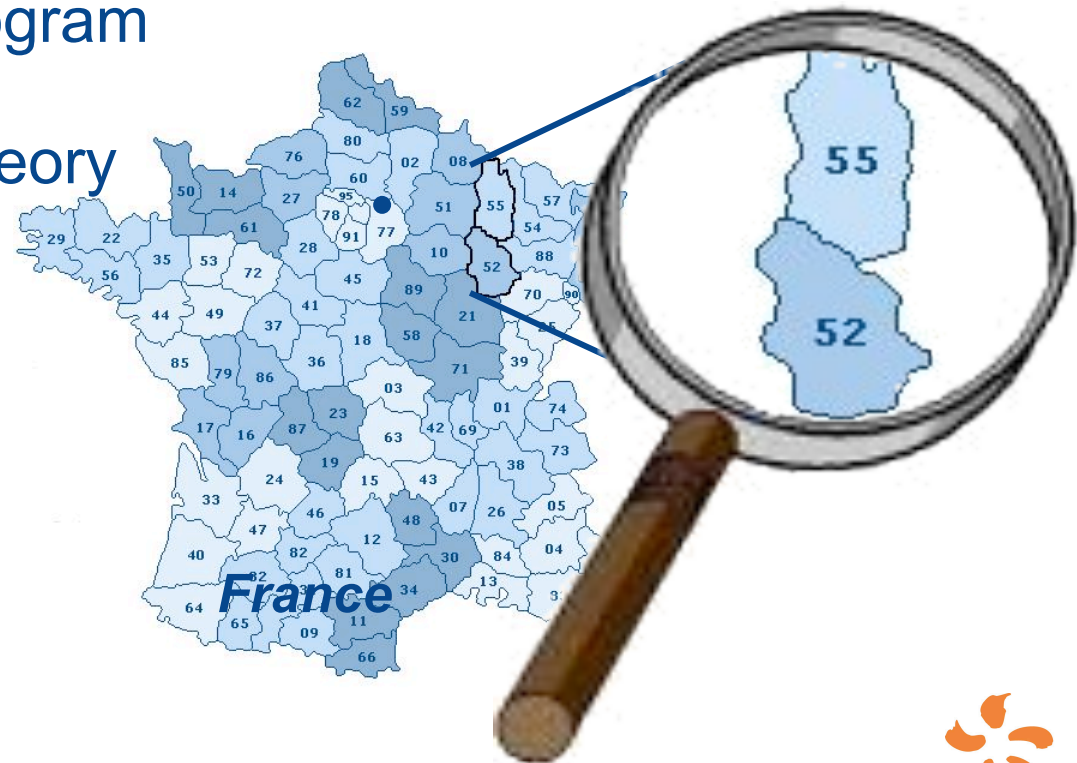
- EDF MDE 52-55 program
- Service Economy theory

## ◎ Assessment

## ◎ Conclusion

- Challenges to face
- Benefits and costs

En Meuse et en Haute-Marne  
ensemble, économisons l'énergie !





# MDE 52-55 program

## Context :

- Economic development program in Haute-Marne and Meuse
- 2006-2010

## Who :

- Households, social housing, public services
- Territories
- Craftsmen and local building firms

## Goals :

- To propose efficient home refurbishment solutions with renewable energies
- To make an example in the field of energy efficiency
- To create jobs in the studied territories





# EDF refurbishment offer

- ◎ Attractive loan for customers
- ◎ Technical requirements
  - Energy performance level
- ◎ Structure of the offer
  - Integrated renovation work encouraged (multi-pack)
  - From “three stars” offer to “five stars” offer
- ◎ Support to local industries





# The Service Economy Theory

- ◎ Production and sale of a solution made of a non-splitable integration of products and services
- ◎ Incorporation of external factors in meeting the functional needs
- ◎ The value creation is not linked any more with the production of objects (user value)
- ◎ A high level of interaction with the local economic development (territory)

To annex



# Why Service Economy is relevant for our project ?

- ⦿ A performance-based commitment : improving the dwellings comfort and performance
- ⦿ Another goal : organising and improving the skills of the local industry through specific education so that they can deal with energy-efficiency packs
- ⦿ Territorial economy and social impacts are key points considered in the program



# Comparison of a traditional energy efficiency program and MDE 52-55

	<b>Traditional programs</b>	<b>Service Efficiency -MDE 52-55 Program</b>
<b>Target customers</b>	Households or social owners	Authorities (territories) of the Departments code 52 and 55
<b>Target recipients</b>	Households or social landlords (or housing associations)	Households, local authorities Installers, social landlords
<b>Offer description</b>	<p>Subsidising or loans for energy efficiency work →getting white certificates : boiler replacement, insulation,</p> <p>Single or combined EE operations indistinctly supported</p> <p>Training courses proposed to large nation-wide installers</p>	<p>Local economy development through the support of qualified E.E work for :</p> <ul style="list-style-type: none"> <li>- households</li> <li>- local installers</li> <li>- the region</li> </ul>
<b>Evaluation criteria of the program performance</b>	<p>Obtained white certificates</p> <p>Generated turnover</p>	<p>Regional economic development (employment : direct and indirect job increase)</p> <p>Improvement in installer qualification</p> <p>Obtained white certificates</p> <p>Generated turnover</p>





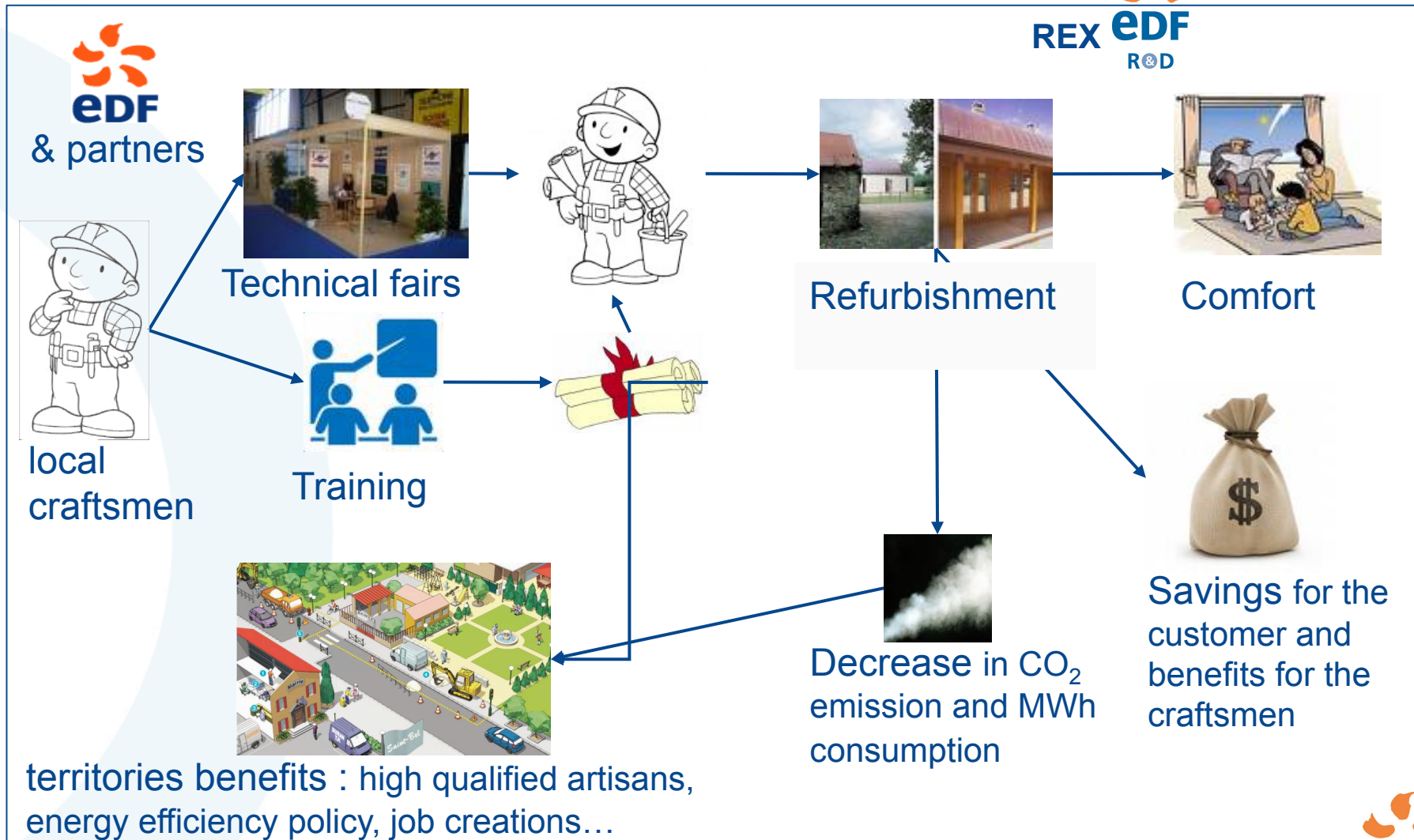
# Assessment : a service economy chart

- ◎ The economic model
- ◎ The marketing
- ◎ The system of actors
- ◎ The measures to accompany the changes
- ◎ The organisation of the work





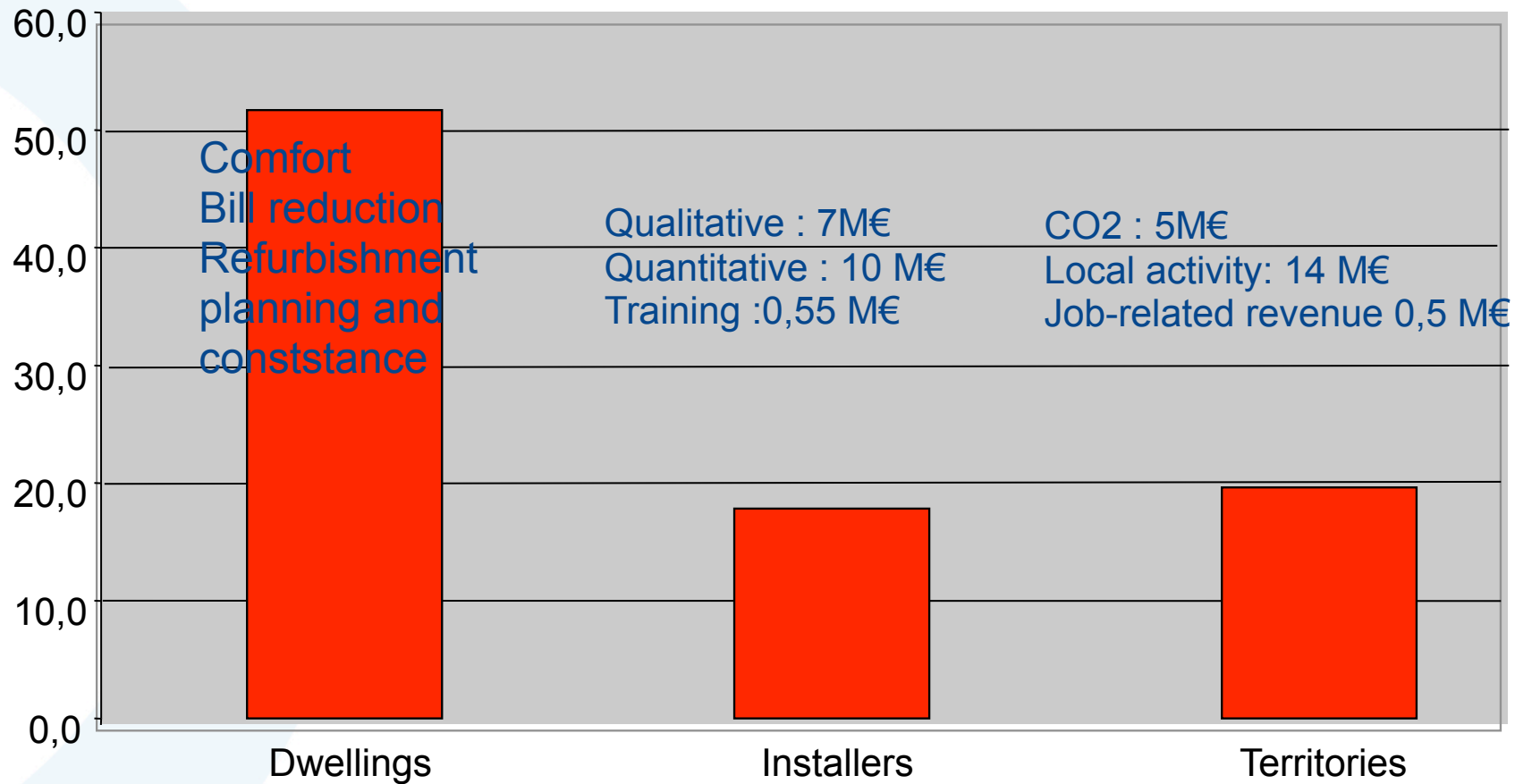
# Economic model





# Financial evaluation of the value brought by the MDE 52-55 program

Financial evaluation (in M€) of the "MDE 52 55" program split by kind of stakeholder



[Annex](#)



# Challenges to face

- ⦿ In spite of trainings, installers still feel uncomfortable in promoting products beyond their traditional competences field
- ⦿ A multi-skilled network still in construction for a faster development of « multi-pack solutions »
- ⦿ The role of installers as advisors in energy efficiency to be clarified or strengthened



# Benefits and costs related to the MDE 52-55 program (for each kind of stakeholder)

Actors	Benefits	Costs
<b>EDF</b>	Experimentation of new energy efficiency offers White certificates Experience in large-scaled energy efficiency programs	Financial and technical support
<b>Local authorities</b>	Local economic development Increased attractiveness Competence network	Communication expenses
<b>Local building firms</b>	Improved skills Integrated refurbishment work with higher added-value Competence network	EDF Network subscription Personal investment during training sessions Additional staff expenses (included research for skilled people)
<b>Households</b>	Improved comfort Easier refurbishment work planning	





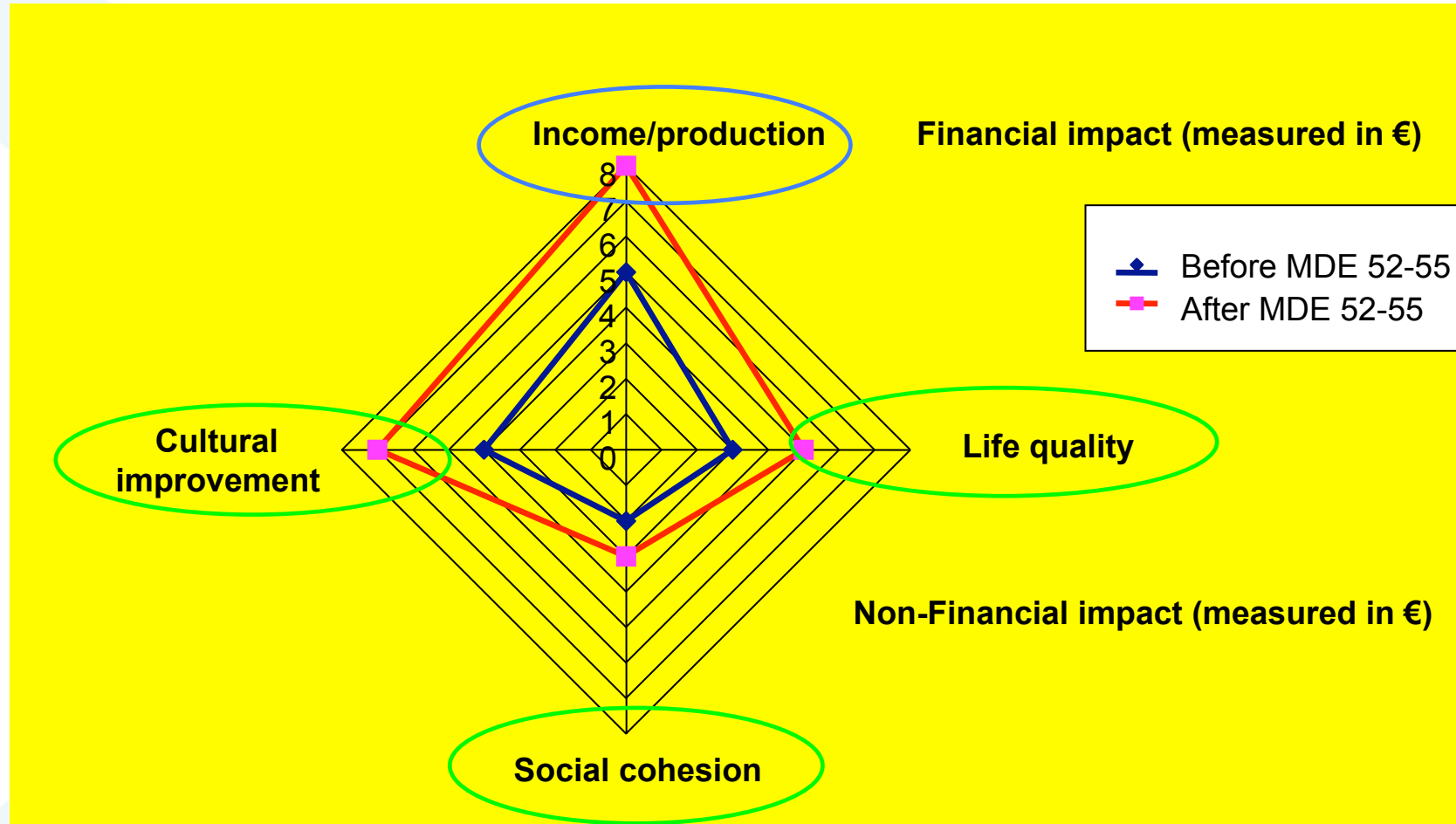
## To conclude

- ◎ A new methodological approach for the development of assessment tools
- ◎ A new sight in order to understand relationship between energy efficiency and economic development...
- ◎ ...Although the program itself was not developed in such a vision
- ◎ A sight which could inspire oncoming regional energy efficiency policies...



# Beyond this analysis

A proposed scheme of a full standing impact economic impact analysis of the MDE 52-55 program

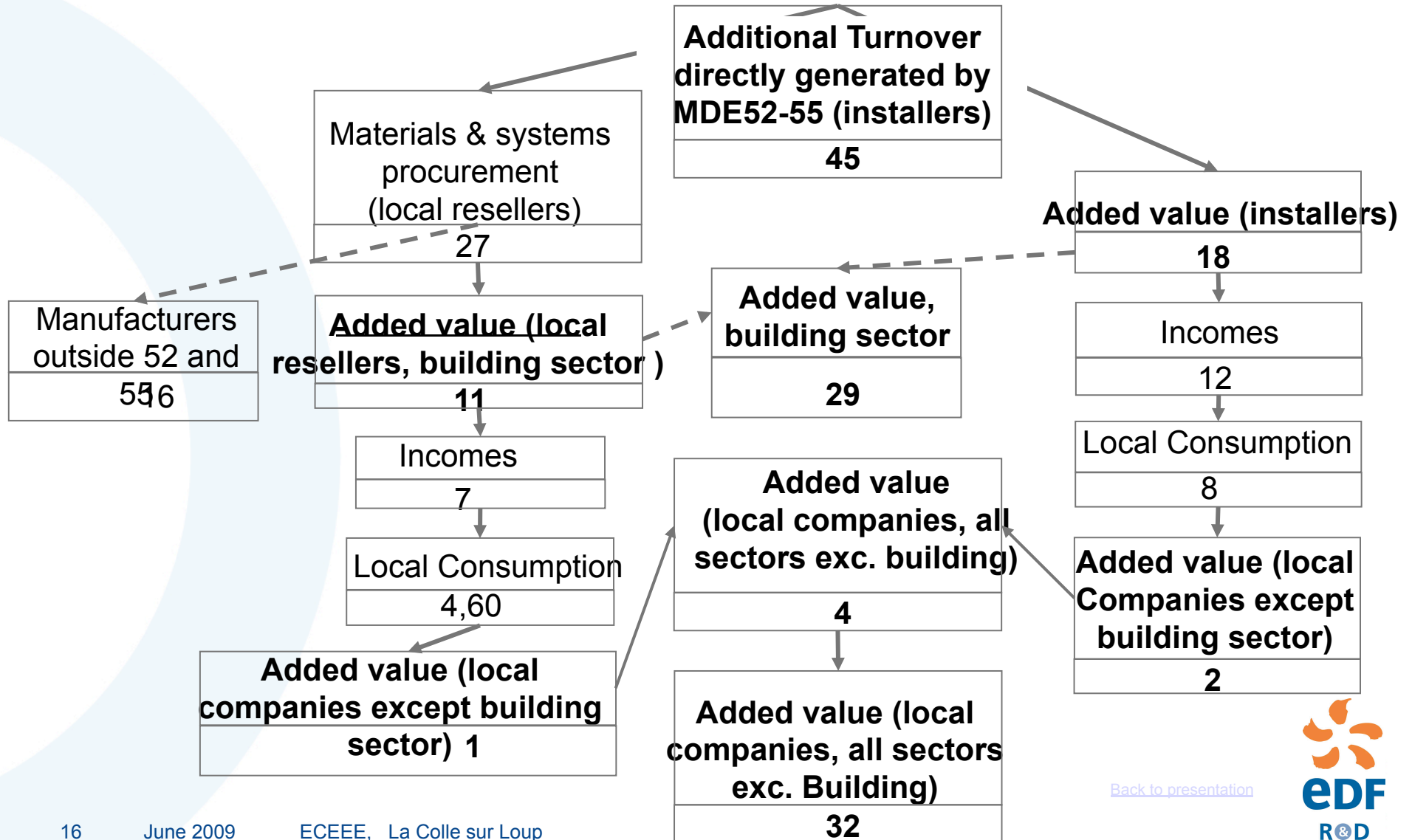




# Annexes



# The economic flow generated by MDE 52-55 (values in M Euros)







# Annex : Michelin and the service economy theory

## Classic economy world

### Firms buy goods, tires

When tires are damaged :

- the truck is not available for a certain time
- damaged tires are to be changed and are likely not to be repairable



Michelin benefits increase if many tires are sold

## Service economy theory world

### Firms rent their tires, and buy a long term service

Michelin is the owner of the tires, and contracts with the firm to maintain its fleet tires

Before the tires are damaged :

- the truck tires are regularly checked
- used tires are replaced and repaired



Michelin benefits increase if the tires last long



## Annex : assessment of realised work, at individuals', from nov. 2006 to feb. 2009

- ◎ Number of realised refurbishment work : 9506 (1684 in 2009)
- ◎ Craftsmen in the network : target 300 in 2009
- ◎ Trained persons : 354
- ◎ Jobs created : 106 (since beginning, nov 2006)
- ◎ Cumac (GWh) : 460 since beginning