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SOUTIEN À LA VAGUE DE RÉNOVATION - UN GUICHET UNIQUE EN WALLONIE

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RECOMMANDATIONS POUR LA CONCEPTION ET L'IMPLÉMENTATION DE SERVICES INTÉGRÉS D'ACCOMPAGNEMENT À LA RÉNOVATION ÉNERGÉTIQUE EN WALLONIE

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EXECUTIVE SUMMARY - EN

Recommendations – Starting from the current support landscape, the following actions need to be undertaken in order to establish conditions necessary to achieve Wallonia’s energy, climate, and renovation objectives:

1. **Adopt a strategic approach with operational regional management** of the energy renovation support ecosystem, to coordinate, pool, standardise and monitor. These missions can be delegated to a public structure (existing or to be created).
2. **Amplify project management assistance from A to Z (i.e. all-inclusive)** as delivered by local renovation platforms, by (1) formalising a sustainable and scalable framework, (2) doubling of resources in 2024 vs 2023, and double again in 2025. As a target, at least thirty local structures will be needed, with a size of ~200 FTEs each by 2030
3. **Ensure, through their training, that the renovation guides adopt a position of “selling” comprehensive energy renovation.**
4. **Implement support in project management** for households that need it. These services will ideally be initiated and deployed by a regional public-private structure to better associate the sector and capitalize on the existing momentum, in particular through the Reno+ initiative.
5. **Implement a strategy for detecting, activating and supporting vulnerable households**, by structuring the partnership with social support actors (CPAS and associations) and by mobilising the budget necessary for the realisation of this partnership.
6. **Structuring support processes and tools in such a way as to support the upskilling of energy renovation professionals and strengthen the attractiveness of the market.**
7. **Mobilising the resources available in EU funding programs**, in particular Horizon Europe, ELENA and LIFE.

MAKE STRUCTURAL CHOICES NOW TO TRIGGER THE WAVE OF RENOVATION

Triggering the renovation wave requires strengthening the support landscape. Wallonia’s Long Term Renovation Strategy (LTRS) sets targets for volumes (the majority of the housing stock must be renovated by 2050), and quality (achieve on average the Energy Performance Certificate [EPC] A label, nominally carbon-free). Achieving these objectives requires, in the medium term: (i) multiplying the volume of projects by at least 3 to 4 and (ii) increasing the average depth (i.e. level of energy saving) of renovations. To trigger this wave, a series of key measures must be activated, including the development of an Integrated Energy Renovation Support Service (abbreviated to SIARE in French).

The accompaniment must be consolidated in an integrated vision of the issues. Today, Wallonia has a series of renovation support schemes. However, these initiatives are fragmented, and accompany renovations that are too few and too shallow. Supporting all households represents a colossal challenge - the resources to be mobilised, amount to 250-500 M€/year. Massification of support should make it possible to increase service quality by standardising and/or pooling certain elements, thereby optimising costs. In addition, development of support systems should make it possible to get vulnerable (including energy poor) households on board.

Massification requires structuring choices regarding the organisation of support services, and the implementation of a process of continuous improvement. These choices concern SIARE's value proposition and governance structures, which will have significant implications in terms of the resources to be mobilised and induce a transformation of the institutional landscape of support for renovation.

Implementation of the SIARE must constitute a journey over the medium term, serving to structure the evolution of the landscape of support for renovation. Given the urgency, some decisions will have to be made in the short term. It is important to enable Wallonia to immediately adopt and communicate a clear vision on the organisation of support, to offer a lasting, stable framework, and to provide continual support and leadership to all actors involved in the development of solutions.

A SIARE to put an end to energy inefficient homes in priority

PACE (the region's Air Climate Energy Plan) sets a renovation schedule which requires the renovation of all EPC F and G label housing (770,000 housing units, 44% of the housing stock) by 2035. **The study suggests prioritising owner-occupiers of single-family dwellings with labels F and G, regardless of socio-economic level (although pricing of services may differ by socio-economic segment).** Once these priorities are implemented, the services will have to be extended to the specific needs of condominiums and the rental stock.

Increasing the volume of deep energy renovations requires mobilising all means to: (1) trigger more renovation intentions, (2) reduce the abandonment rate and (3) maximise the depth and quality of renovations. The proposed prioritisation involves activating a total of **315,000 renovations, by 2030.** Given the drop-out rates in the support process, the number of households to be "activated" is on average 3.5 to 5 times higher. **The massification of housing renovation requires more streamlining and standardisation of support systems at the regional level but also more personalisation of the support-supported relationship at the local level.**

A TAILOR-MADE OFFER FOR EACH TYPE OF OWNER

Reducing the dropout rate requires putting the user experience as the driving force behind SIARE design. It is crucial to integrate sociological, psychological and communication considerations into the design of the integrated service.

Strengthening the quality of support services means developing support for all aspects of a renovation project and ensuring that the support meets all the needs of households, including works and post-works control if necessary. It is therefore a question of developing coordination (level 2) and all-inclusive (level 3) services among the three levels of service identified during the analysis of the best European initiatives:

- **Level 1: Advice** – The first level is reactive - advising and informing households on request.
- **Level 2: Coordination** – This level assists the renovator and accompanies him/her in their interactions with the various professionals and the administrative processes.
- **Level 3: all-inclusive** – This level offers complete management of the renovation project. Support includes project management and the provision of (third-) financing solutions. Householders have a single point of contact that drives the renovation project forward.

Today in Wallonia, the support offer is mainly based on a level 1 (through energy counters or one-stop shops) and the level 2 offer was recently initiated through the local energy renovation platforms (PLRE).

The priority is to strengthen level 2 support (coordination). To ensure that the support meets all the needs of the households, it must for some be able to go as far as the conduct of the works and the post-works control if necessary. Such a service may be particularly required for vulnerable (including energy poor) households, and it becomes all the more necessary when a regulatory framework imposes energy renovation. In addition, contracting the work directly with SIARE would make it possible to fully address the challenges of structuring the sectors, in particular those of productivity and quality. Finally, by giving SIARE control over the entire renovation process, a level 3 model promotes the activation of deep renovations.

To increase the renovation rate, Wallonia must in time offer households level 3 'all in' support; by piloting initially and then ramping up over the coming years until it is fully mature by 2030.

The service offer should focus on deep energy renovation to trigger real savings, experiment with performance approaches (energy performance contract), and the integration of financing solutions. It should activate multiple renovations (1) by pursuing a strategy of renovation by district in collaboration with local authorities, and (2) by developing standardised offers.

For the level 3 service, at this stage, the priority is to experiment, validate the value proposition of SIARE and its mode of operation. A deployment strategy should be developed in consultation with the energy renovation sector, including local support systems.

Maintaining a service with strong public involvement seems fundamental for supporting households unable to pay for support, and for which even the renovation will have to be financed in whole or in part from the public budget.

ANCHORED AT BOTH REGIONAL AND LOCAL LEVEL, SIARE MUST ACT AS A DRIVING FORCE FOR ENERGY RENOVATION

The challenges of structuring the sectors are key to the success of SIARE because such a **service will only be truly effective if the supply of labour and materials is able to keep up with demand.** The sector is currently suffering from a shortage of skilled labour and the gradual deployment in the renovation of "low-carbon" techniques and technologies will require an increasing level of skills. Faced with this shortage, which also affects sustainable building materials, a sharp increase in demand would increase the difficulties. Consequently, **the structuring of the sectors (works and materials) is a basic condition for the achievement of ambitions.**

Thus, the Region must aim to **create a dynamic and attractive renovation market for businesses, in order to support their growth (in number and size).** The SIARE should also aim to reduce **the transaction costs of companies by relieving them of certain non-productive tasks** (awareness raising, quotes on immature requests, etc). This should ultimately reduce the cost of the work.

Positioning oneself as a coordinator of the entire renovation process makes it possible to activate the first levers for structuring the offer, which are relatively simple to implement and have already been able to prove themselves within several European one-stop shops. The SIARE has the following advantages for professionals: (1) Reduction in the cost of acquiring customers, (2) Management of the relationship with the household, (3) Administrative follow-up and (4) Support in the technical complexity of the renovation energy.

Implementation of SIARE must constitute a journey in the medium term, serving to structure the evolution of the landscape of support for renovation. Beyond recording the objectives and priorities to

move forward in full awareness of the necessary means, **this journey should carry a strong vision (1) of the organisation and (2) of the governance of the support ecosystem.**

Building on the key success factors of the 300 territorial platforms for energy renovation in France, a three-level model seems appropriate for the Walloon Region:

- **The Region, strategist and guarantor of the framework, budgets, consistency and adequacy of the SIARE model** to the challenges of the various stakeholders.
- **A regional implementation structure** in charge of the federation of actors throughout the territory, the coordination of local systems, the experimentation of the level 3 services and the mutualisation of a range of services for local operations (IT, marketing, etc.)
- **Local operations**, responsible for activating demand and supply, delivering the services to the homeowners, and collaborating with social actors to deliver services to homeowners facing energy poverty situations.

It should be endowed with strong political weight for the adhesion of the actors. The implementation of SIARE takes place within a complex, fragmented renovation landscape, within which the Region is struggling to establish itself as a true driving force. Furthermore, this implementation will have a significant impact on the current institutional support landscape (energy counters, PLRE, etc.), and could compete with private initiatives, particularly in the case of a level 3 service. The very essence of SIARE is the activation of the complementarities of all stakeholders (companies, social actors, support actors, administrations) via advanced cooperation, hence it is essential that it secures their support.

Boosted by regional steering and coordination, a strong territorial network should facilitate proximity and trust with citizens. As a target, at least thirty local structures will be needed. They may be made up of decentralised reception points allowing the reception of households and the identification of needs, in order to relieve the main local support structure.

To bring out this ecosystem of local initiatives, a sustainable and scalable framework must be formulated, which stimulates experimentation and innovation. The framework defining the action of the social credit counters can be replicated for support for energy renovation: any legal form is *a priori* eligible for an approval valid for 10 years which gives access to a lump sum remuneration for professional acts marked out by Decree of the Walloon Government. In addition, qualifying SIARE action as a “service of general economic interest” will make it possible to provide the significant public support necessary in compliance with the state aid regime.

Local anchorage should also be valued in order, on the one hand, to weave a close collaboration with the actors of the 1st social line to detect and welcome vulnerable households, and on the other hand, to structure and mobilise a community of energy renovation professionals.

Delivering support requires an unprecedented volume of resources

The volume of resources required puts the success of the system at risk. Triggering these renovations could require mobilising as much as 6,700 FTEs by 2030, which is considerably more than the personnel levels in existing European one stop shops. This volume of FTE poses a significant risk to the success of SIARE as it questions the real ambitions that it is possible to aim for, with regard to the means that can be mobilised.

An action plan should be implemented to secure the availability of these resources. It will be a matter of **working as a priority to make support more efficient**, in order to drastically reduce the volume of resources necessary for its implementation and to **prepare a recruitment strategy**.

SIARE'S ECONOMIC MODEL REQUIRES SUPPORT AND SUSTAINABILITY

The efficiency of support must absolutely increase, in order to reduce the number of FTEs to be mobilised and to reduce costs.

- Projections of FTE volumes to be mobilised are based on an average conversion rate of 24%. In other words, it is necessary to carry out more than 1.3 million accompaniments to trigger the 316,000 target renovations. **Increasing the household commitment rate is the first lever to activate to improve the efficiency of spending.** Achieving an average commitment rate of 60% by 2030 (compared to 20% for non-vulnerable households and 28% for vulnerable households) would reduce the number of FTEs and costs by 2030 by more than 40%.
- **Maximise learning effects.** Gaining 5% rather than 3% for each doubling of the volume of renovations triggered would reduce the volumes of FTEs needed by 20%.
- **Create 3 support lines to optimise system costs**, by mobilising less expensive roles in the first reception stages and by dedicating more skilled staff to support. In addition, it makes it possible to distinguish activities requiring commercial skills from those requiring technical skills.
- **Support should aim to trigger a maximum of deep renovations.** Beyond consistency with quality objectives, triggering deep renovations makes it possible to optimise support. A training plan for the sale of comprehensive and efficient renovations must be set up from 2024.
- **Achieve economies of scale by standardising and pooling a number of services** (marketing/communication, information system, mobilisation and partnership with professionals). This pooling will also contribute to harmonisation of services between different local systems.
- **Achieve economies of scale by collectivising the activation and support of renovation.** To do this, it will be necessary to initially concentrate the proactive canvassing actions of the local and regional SIARE systems in the streets and neighbourhoods with high potential for standardisation of the diagnostic stages and technical solutions.

The resources to be mobilised for the implementation of this massification of support amount to 1.6 billion euros: 400 million euros for support for non-vulnerable households, 800 million euros for vulnerable households, 400 million for other operating costs. **This represents 10% of the 16.5 billion euros of energy renovation investments to be triggered.**

The current support staff (counters, PLRE) constitute a first base of resources allowing to initiate the dynamic by amplifying the initiatives in place. According to this schedule, the human resources to be mobilised are nearly **700 FTE** support in 2026, increasing to **6,700 FTE** in 2030.

SIARE's value proposition can make it possible to generate income from activity by (1) invoicing part of the level 2 and 3 support to households able to pay and by (2) capturing part of the productivity gains accruing to companies, with a fair distribution of value.

However:

- Support should be offered to vulnerable households.
- Level 1 must be offered to all households.
- It is not fair to pass on the cost of aborted cases and free support to households able to pay.

In addition, SIARE's value proposition will reduce the costs of partner companies or subcontractors. The amounts saved should above all reduce the investment cost for the household. However, part of it may be captured by SIARE via a partial retrocession of the margin points thus earned and via billing to households (vulnerable and non-vulnerable) for its project management service.

Over the period 2024-30, the 3 sources of income must be activated to balance the balance sheet.

- **Charging €1500 for level 2 and €2500 for level 3 covers 20% of total costs;**
- **Capturing on average 10% of the investment cost** via a retrocession of the additional margins of the companies makes it possible to cover **30% of the total costs;**
- **Invoicing a project management service at 8%** of the investment cost makes it possible to cover **50% of the total costs.**

The joint activation of these 3 sources of income makes it possible to reach a theoretical economic equilibrium by 2030.

Contributing to significantly reducing the costs of partner companies and subcontractors must therefore be a high priority in the short and medium term.

If the implementation of flat-rate billing of support services to households able to pay raises no doubt as to its feasibility, **asking partner companies for a partial retrocession of their additional margin points will have to be the subject of in-depth exchanges with industry partners**, so as to ensure (1) that additional gains are indeed created thanks to an adapted value proposition and (2) that the distribution of value is equitable, and allows partner companies to grow and to invest in training.

Many risks weaken SIARE's economic model and will test its resilience:

- The financial contribution of companies could be lower than the 10% modelled
- The price of a deep energy renovation, here costed at 120 k€, are sometimes costed at 80 k€.
- The potential complexity of setting up SIARE could generate a certain inertia, which would partially cancel out the learning effects
- Without the activation of training dedicated to the sale of deep energy renovations, it is very likely that the rate of deep renovations triggered will only reach 10% of the volume of projects supported by SIARE (which would remain a high rate with regard to the current volumes)
- The volume of non-vulnerable households actually in need of support is very hypothetical, and could be lower than expected.
- the total volume of projects triggered could be much lower than forecast.

These risks, presented above in decreasing order of impact, could impact SIARE's economic balance sheet from a few million to several hundred million euros over the period 2024-30.

Public support is therefore essential to launch and sustain SIARE.

In the short term, the Region must intervene to finance the launch of SIARE, with **first of all (1) the amplification of support systems (2) the creation of the regional coordination and management**

structure and (3) the structuring SIARE, which will require large investment expenditure (technical and market studies, information system). Thus, over the next 3 years, approximately €80 million will have to be released to launch SIARE, in line with the target volumes.

We recommend that the Walloon Region mobilise European funds to co-finance SIARE:

- **From 2024, apply for an ELENA grant** to finance the launch costs;
- **In addition, open a line of credit with the EIB to finance CAPEX** (in particular for the implementation of Level 3). The EIB has, among other things, **solid experience in providing financial support to one-stop shops/third-party financing companies**;
- **Apply for LIFE program calls for projects**. In particular, [LIFE-2023-CET-OSS](#) can finance 95% of the costs for the implementation of an integrated energy renovation service.

To sustain SIARE in the medium term, a regional fund should be set up, which can be funded taking into account the various benefits generated by the investment program.

To ensure the sustainability of what is implemented, the regional institutional and financial support must be made structural and resilient to political cycles, so that subsequent decisions can only contribute to strengthening the ambition, the effectiveness and the efficiency of the SIARE.

The vision and ambition that Wallonia has set itself in terms of massification of support for renovation, and more broadly the objectives and strategic orientations of the renovation strategy, must be formalised in a decree. This proposal is already the subject of action 0.2 of the LTRS. This decree will lay down a strong legal basis on which the government will be able to build the implementation of a regional fund providing structural and long-term security for the public resources necessary for the massification of (support for) energy renovation.

If the budgets to be mobilised may seem substantial in view of the current levels, they should be related to the volume of public support for investment and the co-benefits provided.

Of the €18.5 billion needed to renovate owner-occupied F and G housing, **between €8.6 and €10.5 billion of public support will be needed**.

If SIARE achieves the targeted objectives, **700,000 tonnes of CO₂ equivalent will be avoided each year from 2030, i.e. 12% of annual GHG emissions from the residential sector**. By 2030, all the renovations triggered will avoid 1,200 ktonnes (1.2 M tonnes) of CO₂ equivalent.

As a reminder, the targets for reducing GHG emissions defined for 2030 in the *Walloon Renovation Strategy* are set at -55% for 2030 compared to 1990 (7 million tonnes of CO₂ equivalent). Currently, to meet these objectives in 2030, 3.1 Mt of annual emissions need to be reduced. Thus, the renovations initiated by the SIARE would make it possible to achieve **23 % of the 2030 objectives**.

In addition, the benefits of the budgets mobilised (for support and investments) are multiple: social benefits (improvement of living and health conditions), economic (reduction of energy bills, real estate value of goods, macro-value economic of the activities generated, avoided impacts of climate change), and environmental (reduction of energy consumption and GHG emissions). For each euro invested in energy renovation, these multiple benefits amount to between 1 and 5 euros.