

Citizen-led renovation

Klimaatpunt Pajottenland & Zennevallei/ Pajopower: “BENOVation coach”

Business model overview

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BENOVation coach in Pajottenland/Zennevallei (©Klimaatpunt)

Overview of Klimaatpunt / Pajo Power 'BENOVation' business model

Category	Description
Name	Klimaatpunt / Pajo Power – website link: www.pajopower.be / https://www.klimaatpunt.be/
Location	Province of Flemish-Brabant, Belgium
Active since (year)	2009
Why was it started, and how did it develop?	<p>Klimaatpunt/ Pajopower is an energy cooperative started by and for citizens in the region of 'Pajottenland' and 'Zennevallei' (south-west of Brussels) with the goal to contribute to the sustainable development of the area. It started as a foundation (Belgian VZW) in 2009 aimed at raising awareness among households on energy efficiency and sustainable renovation and facilitating them to take action through the founding of a cooperative. Their first activities included collective purchases around sustainable renovation (insulation, windows, solar PV, heatpumps), Later they also started giving advice to households on energy saving and sustainable renovation under the header of 'Benovation' (better renovation). In this business model overview we focus on the Benovation service. In addition to energy efficiency for households Pajopower also does community solar PV projects - for example on schools, swimming pools, sport clubs, etc.- and community energy efficiency projects such as LED streetlighting.</p> <p>In 2014 the cooperative Pajopower was born out of the foundation and in 2019 the foundation was renamed 'Klimaatpunt Pajottenland & Zennevallei'. All activities around investments in 'local climate projects' have been concentrated in the cooperative Pajopower while the foundation 'Klimaatpunt' acts more as a regional energy agency, providing sensibilisation services to citizens, municipal authorities, and public and private enterprises around energy</p>

	<p>savings, renewable energy, and e-mobility. They chose to host these services under another name to prevent confusion among citizens and municipal administrations around the different activities between the cooperative and the association (the cooperative legal form allows people to participate financially in renewable energy projects whereas the association does not). The Benovation service is hosted by Klimaatpunt.</p> <p>Development of the Benovation service/coach</p> <p>The Benovation coach system was set up by initiative of Pajopower (the association) in cooperation with the province of Flemish Brabant. To be able to cover the entire area of the province three other organizations were involved to deliver the service in other regions. They worked together for three years to develop the service and were supported by the province. The province provided financial and communication support, but also helped to assess contractors (looking at finances and technical capabilities). As first activity, they started offering collective purchasing of renovation materials, solar PV, and heatpumps under the header of 'Provincial collective purchasing scheme'. This helped attract residents from the whole province to the service. Although the four organisations and the province are no longer formally working together they are still informally connected through the "Climate Network Flemish Brabant" to exchange best practices and to use the Provinces channels to communicate about the service.</p>
<i>Main objective</i>	<p>The main objective of Klimaatpunt is to accelerate the transition to a climate neutral society in 2050 - focussing on the energy of mobility sectors in the region of Pajottenland and Zennevallei - together with the citizens, municipalities, and local organisations.</p>
<i>Organizational form and governance</i>	<p>Pajopower was founded as a non-profit association ('vzw' under Belgian law) in 2009, and a cooperative under the same name was started in 2014 ('cv' under Belgian law). Klimaatpunt was founded as a non-profit association ('vzw' under Belgian law) in 2019. The cooperative has members, who convene in an annual meeting, and a board of directors. To prevent issues with possible</p>

<p><i>Key partners</i></p>	<ul style="list-style-type: none"> • Energiek Wonen.be: platform for contractors that can deliver roof and wall insulation, window improvements, solar PV, and heating. • Municipalities: Klimaatpunt has partnered with eight municipalities to offer their service at a reduced price to residents. • District System Operator Fluvius: Klimaatpunt receives fees from the DSO for each assessment done and the first two measures implemented by households. • Energiehuis 3Wplus and Energiehuis IGO: provide loans for sustainable renovations to vulnerable households • 'Benovatie' providers in adjacent regions: three other organisations (Energiehuis 3Wplus, Energiehuis IGO and Kringwinkel Hageland) provide a similar service in other regions of the province.
<p><i>Key activities</i></p>	<p>Klimaatpunt offers the following activities:</p> <ul style="list-style-type: none"> • 'Benovation' (contraction of 'better' and 'renovation') advice: tailor made advice for sustainable renovation of homes. The advisor comes to the dwelling, does an assessment, and makes an advice for complete retrofit (structural elements, insulation, heating, humidity, ventilation, airtightness, and harmful substances). On the basis of the plan homeowners can get in touch with a contractor of their choice or one selected by Klimaatpunt. They offer this service at a reduced price (for the residents) in 8 municipalities. • Social renovations: with several partners they are involved in a programme aimed at renovating vacant dwellings which can then be rented out through social housing providers. Owners receive a subsidy and fiscal incentives to take part in the programme (including a waiver of vacant housing tax), but in exchange agree to let the house through a social housing provider for a fixed period. The project starts with a pilot of 30 dwellings over a period of 3 years. • Sustainable mobility: Klimaatpunt is involved in several projects around bike (electric/regular/cargo) and car (electric) sharing in their region.

	<ul style="list-style-type: none"> • Climate Neutral Strategy: supporting the development of long-term visions for a climate neutral region. • Awareness and education: organise events to raise awareness among homeowners on sustainable home renovation and are working with schools to teach children about renewable energy technology. <p>In this business model overview we will delve deeper into their main renovation activity: the 'Benovation coach'</p>
<i>Key resources</i>	<ul style="list-style-type: none"> • Staff: renovation assessors/advisors. • Partnerships with municipalities, contractors, the province, and other organisations providing similar services.
<i>Value proposition</i>	<p>Through the 'Benovation' service homeowners receive a tailor made advice for whole house retrofit at a reduced price. The advice includes:</p> <ol style="list-style-type: none"> 1. A writeup of the households wishes and needs and financial means. 2. An assessment of the dwelling looking at energy efficiency, humidity, safety and health 3. An tailor made plan for (stepwise) renovation of the home including a 3D rendering and cost estimation per m2 4. The possibility to connect with a selected contractor 5. The possibility to join a collective purchase scheme for insulation materials, windows, solar PV, and/or heat pumps (continuous offer, no waiting list). <p>Homeowners can also have a heat scan done separately, and can then later opt to have a complete advice done. In municipalities participating in the program the renovation advice costs 100 or 150 euros including VAT, and the heat scan 75 euros including VAT. If households decide to have one (or more) of the advised measures implemented they get 100 euro cashback.</p> <p>For households in non-participating municipalities the cost of the advice is 250 euro's, with households implementing one (or more) of the advised measures getting 125 euro cashback.</p> <p>An extra incentive for homeowners to implement renovation measures comes from the Flemish government and the district system operator who give a small subsidy to households for the implementation of measures.</p>

	Klimaatpunt currently does not offer evaluation/monitoring services after the work has been completed, but they do offer a short satisfaction survey, with most households indicating that they are 'satisfied' to 'very satisfied' with the service.
<i>Relationship with households/beneficiaries</i>	Klimaatpunt uses a service model, meaning that it is open to all residents within their area of operation. Klimaatpunt does not have a membership structure, but interested households can become members of Pajopower.
<i>Communication channels</i>	<ul style="list-style-type: none"> - Municipal and Provincial outlets - Social media and websites from partners of "Climate Network Flemish Brabant" - Local events: either connecting to existing events or organizing events dedicated to home renovation - Schools
<i>Beneficiary segments</i>	Resident homeowners.
<i>Cost structure</i>	The costs for this service are limited to the staff costs and a little overhead. A 'renovation coach' does on average 100 consults/assessments per year. Klimaatpunt uses both freelancers and employed staff. With a 50 euro per hour average wage rate they are currently running a small surplus.
<i>Revenue streams</i>	<p>Klimaatpunt has three revenue sources: households, municipalities, and the district system operator through the 'Burenpremie' (Neighborhood Premium, part of the Flemish implementation of the Energy Savings Obligation).</p> <ol style="list-style-type: none"> 1. Households pay a small fee for the service (see value proposition) 2. Some municipalities pay Klimaatpunt 100 or 150 euros to offer the service at a reduced price to residents in their area as to promote energy efficiency 3. Klimaatpunt receives a fee from the district system operator Fluvius for each renovation advice given, and for the first and second measures implemented by households. This allows them to offer the service for a very small fee. They need to get at least 350 euro in revenue per advice done to continue operations.

	<p>In the future Klimaatpunt will no longer ask municipalities for a contribution since they will now receive a fixed fee for the DSO for each renovation advice given. They will ask a type of 'warranty' of 100 euro per advice from the municipality, but if the household ends up implementing one or more of the advised measures they will pay out this warranty to the household. With this new system they will be able to offer the service in all municipalities at a lower price, which they expect will lead to more demand. Since in the past they have seen much higher demand in municipalities where they offered the service at a lower price.</p> <p>The system for DSO/Government fees for renovation:</p> <ol style="list-style-type: none"> 1. Klimaatpunt has an agreement with the DSO on the fees they and households receive: 2. Klimaatpunt gets 200 euro per renovation advice given to a homeowner (applicable in all of Flanders) 3. If the household implements one measure Klimaatpunt receives 400 euro extra through the DSO, and an extra 600 euro if the household also implements a second measure. The household can also get a subsidy from the DSO in exchange for doing measures. There are also extra subsidies for deep renovations. Klimaatpunt will apply for the subsidy on behalf of the household. Depending on the municipality they live in, the household can also get municipal subsidies for renovation. 4. If the household implements 1 or more measures the cost of the renovation advice is only 100 euro due to the subsidies. In some municipalities it will even be offered for free since the municipality has opted to pay for the remaining 100 euro.
<i>Data gathering</i>	For the running of the service itself no specific data gathering is done. For the assessment of the home a variety of technical data is gathered e.g. on heat losses, humidity, ventilation, health, and safety.
<i>Renovation journey</i>	The Renovation service covers the following parts of the renovation journey. Those of (1) home assessment during a three hour site visit, (2) renovation advice, (3) contractor selection (including support in evaluating quotes), and support with (4) application for grants/subsidies.
<i>Certification</i>	-

<i>Professional skills/training</i>	Klimaatpunt is currently not involved in the training of contractors, but they are involved in selecting contractors with the right skills and contractors which are in good financial conditions.
<i>Financial subsidies/loans</i>	As explained above, Klimaatpunt receives payments from district system operators in exchange for realised energy savings under the Energy Savings Obligation in Belgium.
<i>Number of supported renovation projects</i>	Klimaatpunt started in 2017 with the Benovation service, before that they were only offering collective purchases. They have done around 250 renovation assessments/advices in 2017-2019. In 2020 they could only do 45 due to COVID restrictions, and in 2021 they expect to get back to their average of 100 per year. They plan to grow to 200 advices per year, and that they could handle maximum 500 a year. They have seen increased demand, will be able to offer the service at lower prices in more areas, and are now working with freelance renovation coaches to be able to meet the demand.
<i>Investments</i>	On average households spend between 5 and 15 thousand euro on renovation measures. Most of the renovations are thus shallow renovations.
<i>Average project size</i>	Most households take only 1 measure.
<i>Conversion rate</i>	The project pipeline for Klimaatpunt looks as follows: <ul style="list-style-type: none"> • 118 home renovation plans (BENOVatie) per year (2019) ; based on a three day working week.

	<ul style="list-style-type: none"> ● On average around 50 percent of the homeowners that receive renovation advice will end up implementing one or more measures. However, they also see that the conversion rate is not equal between municipalities, in some they hit a 75 percent conversion rate, in others it lies below 50 percent. They are still trying to find out why this is the case. ● Majority of the homeowners only implement a single measure, a minority 2 or more. <p>There are many reasons why homeowners end up not implementing the advised measures, including moving home, divorce, emigration, or not having the budget available. Some homeowners end up implementing measures, but only 2 or 3 years later. For collective purchases the most popular measure is solar PV, For the Benovation service the most popular measures are cavity wall insulation and attic insulation.</p>
<i>Drivers</i>	<ul style="list-style-type: none"> ● Demand by homeowners for sustainable renovation ● Increased awareness around climate change at the municipal and provincial governments, which led them to support the initiative. ● Municipal support to increase energy savings in the built environment ● The payment system set up by the Flemish government in partnership with the DSO, ● The provincial government supported with technical advice, communication, and financial support in the initial phases.
<i>Barriers</i>	<ul style="list-style-type: none"> ● Initially Klimaatpunt did not receive funding from the DSO for delivering the service to households, but only if households implemented measures. This led to cashflow problems, as there could be years between delivering the service and receiving payment. The new system in which they also receive a fee for delivering the service has remedied this. ● Klimaatpunt could not find enough staff for their service (renovation assessors/advisors), but they have now managed to find several freelancers they can hire when the demand is there.

	<ul style="list-style-type: none"> • There is a shortage of contractors with the required skills and competences for renovation in the whole of Flanders and most contractors only want to work in specific areas (not too far from where they are based). This means that for some measures they can only work with 1 or 2 contractors, while they would prefer to offer e.g. 5 different contractors to the participating homeowners. E.g. roofers are very hard to find, while there are many companies that can install solar PV. • Renovation projects involve more administration/paperwork than regular renovations and most contractors are not used to this and do not like to do it. This leads to delays in the process. • Initially the selection of contractors was done by the Province (through their 'support hub for sustainable construction') which sometimes took very long, leading to delays. Also, the Province based their selection mainly on standard procedures, which were sometimes too expensive to implement in practice leading to disagreements with contractors.
<p><i>Next steps for development</i></p>	<p>Klimaatpunt hopes to grow to around 200-250 assessments/advices per year, and see the potential to grow to 500 per year. To achieve this they want to improve 1) their pricing to get more participating municipalities leading to a larger potential customer base and 2) their communications and marketing. For example by doing more webinars or local events on renovation.</p> <p>At the same time they hope to increase their conversion rate through increased follow-up, expand their pool of contractors, and possibly expand their activities to include 'neighbourhood renovation projects', which will be largely similar in the service they offer, but specifically target one neighbourhood and try to bundle as many households into one project to make the implementation of the measures cheaper for all participants.</p>

SWOT analysis of Klimaatpunt/Pajopower's 'Benovation coach' business model

Strengths	Weaknesses
<ul style="list-style-type: none"> • People centred approach • Reputation as provider of independent and reliable advice • Simple and quick assessment • Tailored, complete, and easy to follow advice • Uses existing financial incentives 	<ul style="list-style-type: none"> • Not enough contractors connected to the service • Contractors are not always knowledgeable enough on the topic of sustainable renovation • Visibility of the service is still too low • Communication on the strengths (e.g. competition does not offer same quality/depth of service, but this is not clear from current marketing).
Opportunities	Threats
<ul style="list-style-type: none"> • New funding model coming from Government/DSO allows them to offer the service at a lower price, increasing their potential customer base. • Possible renovation obligations being instated by the government • Increased government support for renovations • Upscaling through training other organisations in delivering the service • Expansion of services to sustainable heating • Increased partnerships leading to new customer 'channels'; e.g. banks, mortgage advisors, architects, engineers, etc. • Expanding service to different income groups, currently focussed mainly on middle-income households. With adequate government support the lower-income households have a large potential for new projects. 	<ul style="list-style-type: none"> • Not yet enough participating households to break-even • Hard to find suitable contractors • Competition with better marketing/communication • Business model/assessment method that is easy to copy by competitors • Possible changes in the 'premium' system operated by the Flemish government/ DSO.

Visualisation of Klimaatpunt / Pajopower 'BENOVation coach' business model

Klimaatpunt / Pajopower - 'BENOVation Coach' Business model

