



# D2.6 Description of RenoHUB model

RenoHUB H2020 project

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Table 1: Document Factsheet

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# 1. INTRODUCTION

Present paper is the final draft of the RenoHUb Business Model developed within the framework of the implementation of the Horizon 2020 project titled “Integrated Services to Boost Energy Renovation in Hungarian Homes” (project acronym: RenoHUb).

The Model is based on preliminary commitments and provisions of the RenoHUb Consortium’s Proposal and the corresponding Grant Agreement, the relevant results of the baseline research achieved to date under Work Package 2 (WP2) of the RenoHUb project, the review of the international experience of the one-stop-shop models deployed to trigger home retrofits, as well as it builds on the extensive consultations between the Project Partners.

RenoHUb Business Model like many similar European initiatives generally adopts the one-stop-shop approach, but is tailored in many respects to the specific features of the Hungarian residential energy efficiency market. The Business Model is subject to review before the RenoHUb project ends in order to develop a final and publishable version that will incorporate all knowledge and experience gained in the course of the project implementation with a particular view to the consolidated operation of the Online Platform and two pilot RenoPont offices. The Model is designed to substantiate the planned Replication Plan that is anticipated be developed at the end of the project lifecycle.

## 2. DEFINITIONS

**Customer journey:** The entire value chain of home retrofit process including technical and social diagnosis, awareness aspects, technical offer, contracting of works, structuring and provision of finance (e.g., loans or EPCs), to the monitoring of works and quality assurance and ex-post evaluation.

**Energy Consultant:** Within the context of this document, the Energy Consultant is a specialist firm or individual which/who is associated with a RenoPont office to support the RenoPont’s services with tailored technical inputs.

**Facilitator:** Provider of managerial support along the

	customer journey.
<b>First-level advice:</b>	Initial, free of charge advisory support by the RenoPont offices to homeowners. Typically, it involves guidance, information and basic technical services.
<b>Market-based service:</b>	Paid service, typically expert inputs, provided in the course of the home retrofit customer journey.
<b>One-stop-shop (OSS):</b>	An innovative integrated solution in the physical and/or virtual space supporting the market uptake of residential building renovation that holistically addresses all elements of the customer journey.
<b>Project pipeline:</b>	List of projects with key project characteristics such as investment cost, energy saving and reduction of greenhouse gases that has benefitted from the active support of RenoHUB at any stage of their lifetime.
<b>RenoHUB Entity:</b>	An independent entity that will be responsible to ensure RenoHUB's sustainability beyond the project lifecycle.
<b>RenoPont Service:</b>	Advisory service developed within the framework of the RenoHUB project combining an online platform and a network of physical offices.
<b>RenoPont:</b>	Name of a physical RenoHUB office (earlier referred to as the Information Hotspot).
<b>Renovation Contractor or Installer</b>	The party that performs the physical implementation of the energy retrofit works.
<b>Replicant Partner:</b>	Partner organization that operates or is involved in the operation of a RenoPont.
<b>Replication agreement:</b>	Cooperation agreement between the RenoHUB Entity and a RenoPont operator or partner in the operation.
<b>Turnkey approach:</b>	Building renovation without owner's active involvement in the retrofit process, conducted by a general contractor. The approach may involve full or partial (staged) renovation solutions.

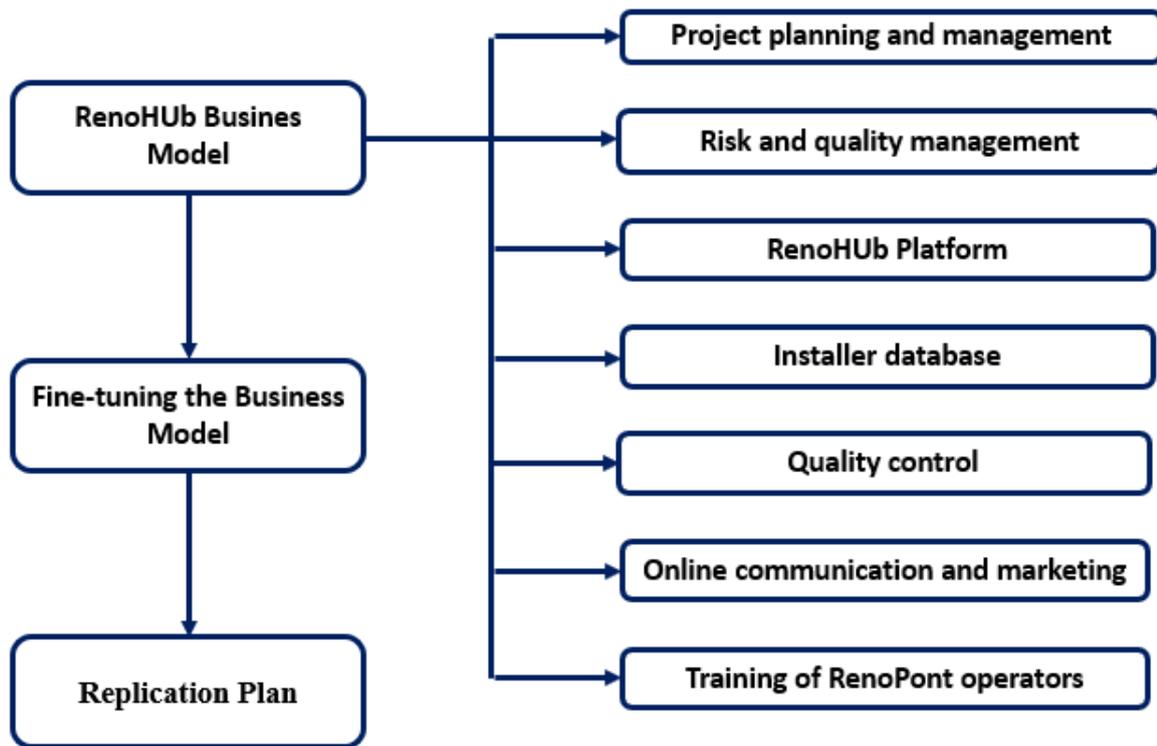
### **3. OBJECTIVE**

Task 2.6 of the RenoHUB project aims to design the RenoHUB Business Model. The Model is based on preliminary commitments made by the RenoHUB Consortium in the project preparatory phase and the specific provisions agreed in the corresponding Grant Agreement, the relevant results of the baseline research implemented under Work Package 2 (WP2), the review of the one-stop-shops experience, as well as it builds on the extensive consultations between the Project Partners.

The objective of RenoHUB Business Model is to create the organizational framework of integrated home renovation services addressing the entire customer journey, in particular the key elements starting at the awareness raising and capacity building through technical and financial assessment, guidance, securing access to finance, support to the implementation including quality assurance, up to ex-post assessment of energy and cost saving. The organizational framework to be established by Model is expected to be economically viable, ultimately running without the need for public subsidies.

#### **3.1. Relation of the Business Model to other project tasks**

Figure 1 presents the links of the Business Model (Task 2.6) with other tasks of the Work Plan.



**Figure 1:** Relation to of Task 2.6 to other project tasks

The Model will in particular support the design the following tasks of the RenoHUB Work Plan:

- Task 1.1: Support to the Project Board (in particular the annual review of the Operation Manual)
- Task 1.3: Risk Management and Quality Assurance (in particular the annual review of the Risk Assessment and Quality Assurance Plan)
- Task 3.1: Design of the structure and layout of RenoHUB Online Platform;
- Task 3.3: Setting up and operation of RenoHUB Information Hotspots;
- Task 3.4: Setting up and operating the installer database and rating (limited to principles, considerations, only);
- Task 3.5: Development of quality control mechanism (limited to principles, considerations, only);
- Task 4.1: Online communication and marketing campaign (specific needs to underpin); and
- Task 4.3: Training of RenoHUB operators (limited to principles, considerations, only).

Following the “live testing” of the two RenoPont offices established within the project lifetime in Budapest and Nagykanizsa (refer to Task 3.3), the Business Model will be subject to revision in order to incorporate the practical experience gained and lessons learnt during the establishment and the consolidation of the operation of the two the RenoPont structures (Task 5.5: Incorporation of the findings and conclusions into the RenoHUb model and documentation). In particular, the revision is expected to add value to the prior assumptions on raising awareness, actual renovation needs, required information and services, quality standards and critical control points of the preparation and implementation of the renovation process.

At the final phase of the project implementation a Replication Plan will be prepared (Task 7.4. Development of Replication Plan on RenoHUb sustainability) addressing the assumption, strategy, modalities and measures for expanding the RenoPont network in order to achieve the impact target of setting up 13 additional RenoPont structures within 5 years after the project ends. The Business Model provides suggestions to the Replication Plan in particular in respect of the institutional framework and legal arrangements between RenoHUb and potential Replicant Partners.

## **4. STRATEGIC FRAMEWORK AND ASSUMPTIONS**

### **4.1. Project background**

In Hungary, the building stock is responsible for nearly 40% of national final energy consumption of which the housing sector represents approximately 34%. This is coupled with the fact that the energy performance of a large part of residential building stock is poor. Based on realistic estimates, a comprehensive deep renovation of the Hungarian residential sector offers at least 40–50% global reduction in its current energy use.

Whilst some notable progress can be recorded with regard to the energy efficiency renovation of multi-apartment buildings, especially for those buildings constructed from pre-fabricated reinforced concrete panels typically between 1960s and 1980s, the energy refurbishment of the single-family buildings is substantially lagging behind, albeit the ratio of single-family buildings is above 95% of the residential building stock which is in European comparison very high. Therefore, the energy retrofit of single-family buildings in Hungary is an imperative.

Single-family and multi-apartment building segments are two characteristically distinct target groups. The motivations and driving forces, access to information, project management and potential for standardized approach, often technical solutions, unit prices and credit worthiness are different. The energy retrofit of the single-family projects requires also stronger planning and management skills.

However, the comprehensive renovation of the residential sector is clearly far beyond the financing capacity of the public sector which calls for a complete change of mindset in order to phase-in market driven solutions and leverage private financial resources for financing energy efficiency investments in the residential sector.

RenoHUB is based on the one-stop-shop approach that is regarded to be a proven instrument to efficiently guide homeowners through all stages of the energy retrofit process. The customer journey of RenoHUB addresses the entire value chain of home retrofit: from social, behavioural, communication and capacity building aspects through supporting the decision-making and the technical and financial implementation up to ex-post assessment of energy and cost saving. RenoHUB also intends to establish more closer cooperation ties with financial institutions to device more specific funding schemes including targeted loans, lending/blending, project bundling schemes, guarantee and risk-sharing facilities.

In preparatory stage of RenoHUB, it had crystallized that a purely online solution cannot be appropriate to efficiently support the green transition in the Hungarian residential sector. Thus, RenoHUB is designed to construct an online platform and in parallel develop a network of information points to enable both digital and traditional interpersonal communication.

#### 4.2. Composition of the RenoHUB

The RenoHUB consortium includes five partner institutions. While the Consortium Leader (Energiaklub) and another consortium partner (AACM) participate with their expertise in the implementation of the RenoHUB Work Plan, the other consortium partners actively participate in building up the institutional structure of RenoHUB and thereby, to substantially contribute to the achievement of key indicators within the project lifetime and beyond.

These consortium members are:

➤ **MEHI**

Hungarian Energy Efficiency Institute (MEHI) is policy and research think tank, closely co-operating with private sector stakeholders interested in the energy efficiency market. Its main goal is to promote energy efficiency investments by advocating a more cohesive green policy, and also by leading a dialogue between policy-makers, consumers and market players concerning the acceleration of the market uptake of residential energy retrofits. At the time of the development of the RenoHUB concept, MEHI was considering to develop counselling services for home retrofits in order to enable for its partners to expand their market. The RenoPont with the participation of MEHI will be the “prototype” for the “partnerships model” discussed later in this paper.

➤ **IMRO**

IMRO DDKK Environmental Non-profit Ltd (IMRO) is mainly present in the multi-apartment building segment, and has an already established operation using standardised procedures and documentation which are to be further developed or fine-tuned within the framework the RenoHUB project. The operation of IMRO encompasses the entire customer journey of the energy renovation of multi-apartment buildings by largely focusing on advisory inputs for the facilitation of the collective decision-making, development of energy retrofit plans, support to the selection of contractors and access to financing, construction supervision, and settling warranty claims. IMRO will be the model for the entrepreneurial type RenoPont option.

➤ **MCSTE**

The Association of the Hungarian Family Homeowner (MCSTE) is a recent innovative initiative to promote energy retrofits in the single-family segment. As discussed in details further below, the members of the MCSTE will be provided “turnkey” solutions staged or complete renovation work. Through the possibility to aggregate individual projects, the members will financially benefit from joint procurement (contractors, technology, energy/utilities, financing, insurance). The scheme is expected to be launched in the first/second semester of 2021. MCSTE anticipates at this stage a separate advisory unit network, but close cooperation with RenoHUB will be ensured. Beyond the technical inputs to the project, MCSTE will cooperate with RenoHUB on the development of its clientele, and thereby, to contribute to RenoHUB’s pipeline development in an accountable manner.

#### 4.3. Commitments made by RenoHUB in preparatory and contracting stage

The proposal of the RenoHUB consortium and the subsequently signed Grant Agreement laid down the following cornerstones:

- RenoHUB structure is made up by an Online Platform and a network Information Hotspots (RenoPont offices). The available project resources cover the setting up and bring into full operation of the Online Platform as well as contributes to putting into operation two pilot RenoPont offices by the institutional involvement of MEHI and IMRO in Budapest and in the city of Nagykanizsa, respectively.
- MCSTE is present on the consortium in dual capacity. On the one hand it will be bring its knowledge and expertise to RenoHUB, and on the other hand as an institutional partner which will contribute to the pipeline development of the project.
- By the end of the project lifecycle the RenoHUB structure (platform and physical offices) is expected to be financially self-sustainable, and in five years after the project closure, the number of the RenoPont offices should increase up to 15 in total.
- Energy efficiency investment targets are EUR 5.1 million and EUR 55.5 million by the end of the project and 5 years after, respectively. The growth potential beyond the project life time should be demonstrated before the project closure by a credible pipeline of energy efficient home renovation projects triggered by RenoHUB.

A further commitment is to establish a partnership with the local and international financial institutions in order RenoHUB being instrumental in the development of targeted financial schemes promoting the growth of the residential energy retrofit market. This is not strictly connected with the business model, but the successful implementation of the business model is regarded to be a key success factor to attract the interest of these financial institutions. Additional project indicators are not discussed by this paper.

#### 4.4. Inputs of baseline research activities and lessons learnt from stocktaking to date

The following RenoHUB outputs completed to date, are regarded to exert an impact on the Business Model.

##### D2.1 Research on homeowners' motivations, drivers and obstacles

The conducted research and in-depth interviews confirmed the following assumptions which are to be considered by the RenoHUB Business Model:

- home renovation is a complex, multidisciplinary activity which discourages homeowners to commence the planning and implementation of the process;
- the one-stop-shop approach to support energy retrofit in the residential sector (all information at one place is accessible) is in line with expectation of the homeowners;
- from institutional perspective the combination of an online platform and a network of physical advisory offices is regarded to be the most appropriate approach in Hungary;
- lack of technical and more often financial skills for systematic assessment of cost-benefit of retrofit scenarios;
- there is general mistrust concerning reliability of information and certain market actors such as construction companies (at first place);
- the fierce from financial indebtedness; and
- lack of stimuli in the regulatory environment (overhead reduction, lack of preferential VAT rate for building renovation, unpredictable planning of financial incentives).

##### D2.2 Inventory of the elements of technical-engineering process of home renovation

The customer journey from technical-engineering perspective has been completed, it represents a direct input for the Online Platform.

##### D2.3 Benchmark handbook

The updating of the building typology has been completed. The corresponding report will be the technical input for the development of the online energy and cost saving calculator which will form an integral element of the Online Platform.

#### D2.4 Report on the strategic evaluation of existing financial schemes

The strategic review of the existing financial schemes supporting home energy retrofit measures, was completed. However, this reflects a snapshot of the status in August, 2020. The permanent updating will be necessary once the Online Platform becomes operational.

#### D2.8: Toolkit of standardized documents

The toolkit is a set of standardised technical, financial and legal documents and templates addressing the key elements of the building energy renovation process. The toolkit content is readily available for upload onto the Online Platform and use in the Information (RenoPont) Offices.

#### D3.1 RenoHUb Image Manual

The brand of the information office network has been developed, including the name (RenoPont), logo, slogan and all image materials of the brand.

#### Task 3.3 Setting-up and operation of RenoHUb Information Hotspots

The first RenoPont office was launched by IMRO in Nagykanizsa mid-February this year.

In addition, the project partners have invested quite substantial efforts into identifying operation one-stop-shop schemes potentially providing relevant inputs for the design and operation of the RenoHUb Business Model.

## **5. MISSION STATEMENT**

The mission statement of RenoHUb is formulated as follows. RenoHUb is a non-profit, market-neutral promoter organization, and not a new competing market player. It aims to support the homeowners on a large scale to tangibly improve the energy efficiency performance of the residential building stock in Hungary, and to trigger a more cohesive and transparent approach amongst the stakeholders of the home energy retrofit market.

## **6. RENOHUB ONLINE PLATFORM**

The visual attractiveness, the user-friendliness, quality of the information and the publicity of the Online Platforms are critical success factors of the entire RenoHUb project.

The overall purpose of the Online Platform is to seamlessly cover the entire renovation process (customer journey) with professionally well-established and up-to-date information tailored to all relevant stakeholder groups. In first approximation, the Platform should be able to guide the homeowner through the energy retrofit process without further professional help. In case he or she requires additional technical or financial support, the Platform's visitor will be directed to the physical advisory offices (RenoPonts) for accessing personalized advisory services. On the other hand, the Platform is regarded to be the most crucial marketing tool to attract partners for the replication of RenoPont offices, and thereby to ensure the growth of the RenoPont office network.

According to the RenoHUB Proposal "In particular, Energiaklub and MEHI will be responsible for preparing information materials and knowledge base for the platform (general information on energy efficiency, renovation measures, product types, financing possibilities, etc.)."

## 6.1. Functions of the platform

The business model identifies the main functions of the Online Platform. The follow-up design of the structure of Platform is realized under the WP3 ("LAUNCH AND OPERATION OF RENOHUB"). At the level of the Business Model these main functions are grouped into subsystems.

### ➤ **Engagement and awareness subsystem**

The sensitizing and awareness module serves the engagement of the visitors, and explaining how to use and make benefit of the information contained by the Platform. It will provide:

- Awareness-raising: baseline information and success stories (in the form of briefing materials, animations, videos);
- Explaining added values of the energy retrofit (i.e., energy bill cuts, implication to property value, health issues).
- Guidance for "why and how to use the Platform?";
- Presentation of office network (contact details, staff, services, etc.);
- Structured collection of links;
- Frequently asked questions.

➤ **Appraisal support subsystem**

The module supports the homeowners' decision-making by providing estimates for energy and cost savings for their planned renovation scenarios. The tools include in particular:

- Process description for both single-family and multi-apartment building retrofits;
- Energy saving calculator (to be developed based on T2.3 Benchmark Handbook);
- Product selection guide (T2.6)
- Presentation of best practices and case studies on cost-benefit scenarios.

➤ **Renovation support subsystem**

This module guides the visitor step-by-step through the implementation process. The tools or subsystems include in particular:

- Toolkit (process description and sample documents) for both single-family houses and multi-apartment buildings (T2.8 Standardized Documents)
- List of specialists (engineers, energy experts, loan application writers, technical supervisors);
- Construction contractor's self-presentation platform.

➤ **Financing subsystem**

The module provides information on project financing as an integral part of the renovation planning process. The module addresses the following aspects:

- Providing information on the financing opportunities (targeted loans, subsidized loans, saving schemes, guarantee facilities, EPC contractors, etc.) present on the market;
- Providing guidance to support the financial planning and the application for funding;

➤ **Training subsystem**

- Introductory guidance, training & educational materials, awareness-raising case studies (videos, written materials) for homeowners;
- Targeted training for managers of housing associations/condominiums;
- Targeted training for contactors/installers.

➤ **Communication & Dissemination subsystem**

The main goals are to raise awareness of and promote RenoHUb, to publicise the project concept and the project results, and to enhance the visibility and showcase the achievements of the project among various national and international stakeholders. The main tools are identified in the Project's Communication and Dissemination Plan. This includes:

- Online news;
- Newsletter (downloadable and automatically shared with registered platform users);
- Invitations to events, proceedings, etc.;
- Links to press releases, publications;
- Social media channels.

➤ **Customer Relationship Management (CRM) Module**

- Impact counter (indicators identified in the RenoHUb proposal/contract);
- An admin interface to help evaluate and reach out to registered users.

The Project also plans a Quality assurance module that largely focuses on a contractor rating system which may be operated on a separate public platform by the costumers, in order to maintain RenoHUb's market neutrality.

The follow-up design of the structure of Platform is realized under the WP3 ("LAUNCH AND OPERATION OF RENOHUB"). Similarly, the technical content of the training/educational activities will be elaborated under WP4 ("STAKEHOLDER AWARENESS AND CAPACITY BUILDING").

## 6.2. Financing the Platform

The costs of the establishment of the Online Platform will be borne by the RenoHUb project. Its financial suitability beyond the project lifetime is discussed in this paper later.

## 6.3. Ownership and operation

The Online Platform is the joint property of the project partners. The property rights by the project partners will be exercised thorough the RenoHUb Entity.

The operation of the Platform beyond the project lifecycle will be ensured by the RenoHUb Entity. Based on previous the agreement between the project partners, the operational tasks of maintaining and regular updating of the

Platform after the project lifetime has expired, will remain the responsibility of MEHI. However, the RenoHUB Entity will prioritize the related tasks and will provide for the required funding.

## **7. PILOT RENOPONTS OFFICES**

Under Task 3.3 („Setting up and operation of RenoHUB Information Hotspots”), the establishment of first two information points (RenoPonts) is anticipated to build on two consortium partners, namely MEHI and IMRO; which are to be located in Budapest and in the city of Nagykanizsa, respectively. A part of the operational costs of these offices are assumed by the project budget until the end of its lifecycle. The two offices follow different models as described below.

### **7.1. MEHI office**

According to the original timing of the Grant Agreement, the RenoPont office in Budapest should be operational as of the 18<sup>th</sup> month of the implementation of the RenoHUB project. However, the setting-up of the office has been substantially delayed by the coronavirus pandemic.

A very positive development is that this RenoPont office was decided to be established by MEHI in conjunction with a dominant municipal partner that has a reach out to a large number of homes that require energy retrofit. Based on very promising negotiations, the main candidate as the municipal partner is the City Hall of Budapest. In its recently adopted Sustainable Energy and Climate Action Plan, the City Hall stated its interest to explore the opportunities to cooperate with RenoHUB. The negotiations between the City Hall and Energiaklub/MEHI are still under way.

RenoHUB funding enables MEHI to recruit a full-time employee for the RenoPont office as of the 18<sup>th</sup> months as well as to cover office rent and the costs of limited IT and office infrastructure. The contributions of the City Hall are still to be explored.

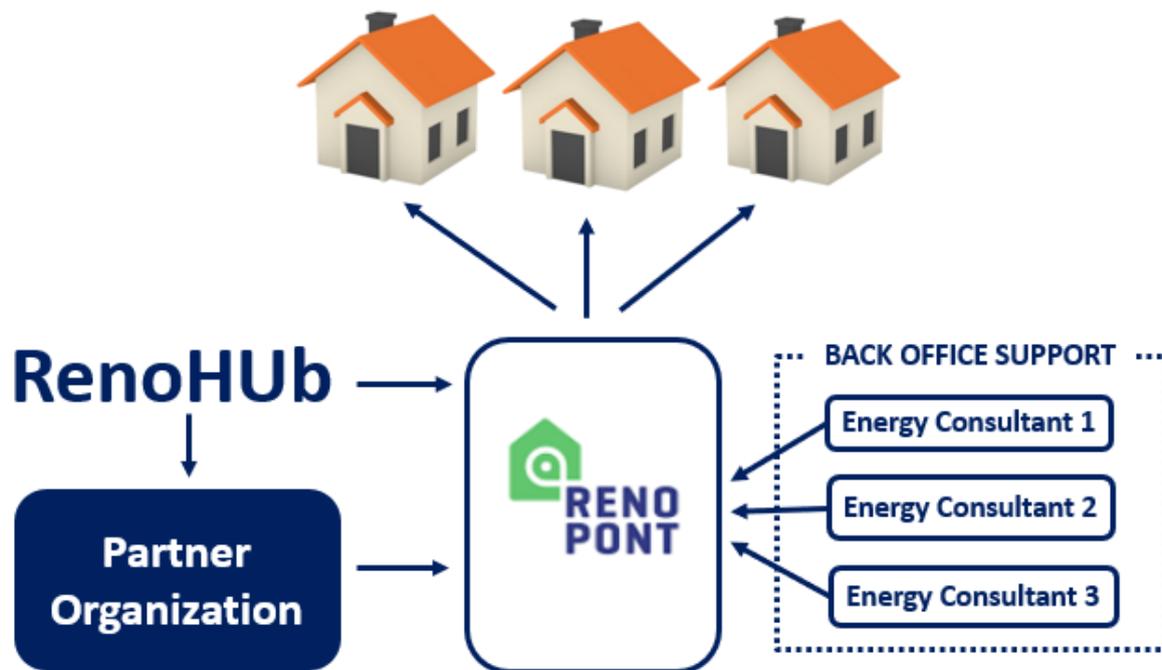
### **7.2. IMRO office**

In the city of Nagykanizsa, the RenoPont office hosted by IMRO was launched towards mid-February 2021, six months before the originally planned start. This RenoPont office is initially operated one full (8-hour) day per week.

## 8. RENOPONT OFFICE NETWORK

### 8.1. Partnership model

The partnership model assumes that each RenoPont office is hosted by a third-party organization in partnership with RenoHUb. The partnership model will be piloted by a MEHI-based office. The potential third-party partner organizations include municipalities with critical size of client base (Budapest Capital, capital districts, major cities, county municipalities or municipal association), other non-profit organizations such as commercial and industrial chambers or even utility companies (with a view to the Energy Efficiency Obligation Scheme) or financial institutions.



**Figure 2:** Partnership model scheme

In the partnership model (Figure 2), the RenoPont offices will provide typical front-office services (first-level advice) such as

- relationship management with clients;
- clients' needs assessment;
- presentation of the energy retrofit process (both in single family and multi-apartment segments);

- support to use the Online Platform;
- explanation to downloadable document templates;
- limited ad-hoc advice;
- contacts (experts, installers, technical supervisor, financing agencies, grant opportunities);
- support to accessing financial products;
- offer renovation products (e.g. change of doors and windows, building envelope insulation or replacement of outdated heating installation); or
- direct the clients to MCSTE, in case qualified assistance cannot be provided by the RenoPont office.

Calling on the information provided by the Online Platform and other marketing and communication support by RenoHUB, the RenoPont offices shall be responsible for developing their own client base. The first-level advice will be typically free of charge.

The back-office services such as

- renovation roadmaps;
- energy assessment/audit;
- retrofit scenarios;
- renovation plans;
- further consultations requested by the clients;
- implementation facilitation services;
- expert support to selection and contracting contractors/installers;
- support in preparation of grant or loan applications;
- technical supervision; etc.

will be market-based services and will be provided via the RenoPonts by limited number of contracted specialist companies (“Energy Consultants”).

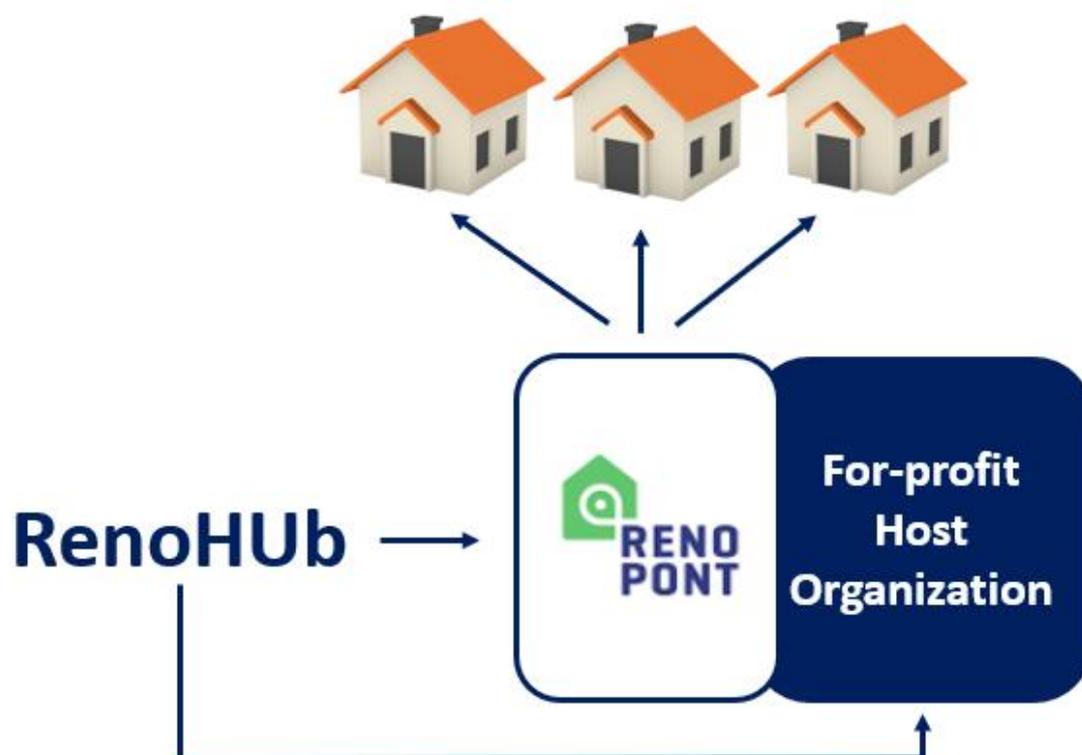
As RenoPonts will be liable to the clients for the work delivered by their associated Energy Consultants, therefore, the Energy Consultants will be carefully selected by each RenoPont via a competitive bidding process in order RenoHUB to be able to maintain a long-term and trustworthy working relation with them. The number of Energy Consultants and their required resources will depend on the market demand of the given RenoPont office. However, the same guidelines for the selection process and eligibility and selection criteria will be uniformly applied throughout in the RenoPont network. The eligibility of becoming an associated Energy Consultant in the context of

the project will assume inter alia strong relevant experience, a competent team with proven professional credentials, and appropriate level of liability insurance coverage.

## 8.2. Entrepreneurship model

The precursor of the entrepreneurship model was launched by IMRO in the city of Nagykanizsa mid-February 2021. A key task will be to establish the framework and modalities for the institutional cooperation between RenoHUB and for-profit professional partners.

As for the entrepreneurship model, RenoHUB Entity partners with a for-profit host organization having appropriate technical knowledge (typically with an engineering bureau specializing in building energy retrofit). The partner organization integrates the RenoPont office in its institutional structure. In this case, a dedicated premise (or premises) with easy access for clients is made available by the host organization for accommodate the front-office with appropriately trained staff providing first level advise. The back-office services (market-based services) are provided by the professionals (or associates) of the host organisation (Figure 3).



**Figure 3:** Entrepreneurship model scheme

The operation of the RenoPont offices should be in full harmony with the business policy of the respective host organizations.

### 8.3. Value proposition by the RenoPont offices

The services of the RenoPonts will include in particular:

- technical support for renovation planning;
- provision of project facilitator for clients;
- attracting financing;
- the selection of the construction contractors; and
- as well as for the technical supervision of the construction works.

The project facilitator will be responsible in particular to

- support the clients' decision-making contractor selection and contracting;
- maintain daily contact with the selected contractor and technical supervisor;
- participate in the permitting processes; and
- organize the handover.

Participating external technical experts (e.g. energy auditor, facilitator, technical supervisor) will be requested to provide the pre-defined performance guarantee to the specific RenoPont they are associated with in order to mitigate the financial risks of the RenoPont that charges out these services. RenoPonts are not designed to assume any liability for the work of the renovation contractor or installer.

The successful outcomes of the front-office services may lead to the following follow-up options:

- the client requires ad hoc advises, but is essentially able to proceed with the support of the Online Platform;
- the client requires substantive (market-based) services irrespective of the entry and exit points along the renovation journey;
- the client is supported by a RenoPont facilitator; or
- advised to approach MCSTE for a turnkey solution.

Each RenoPont will be responsible to generate its own new businesses and monitor of the quality of services provided to the clients as well as the

recording the result achieved in terms of investment volume, energy saving and reduction of greenhouse gas emission.

#### 8.4. Turnkey model - MCSTE scheme

In parallel, one of the consortium members, MCSTE develops an independent energy renovation scheme for single-family buildings. The scheme provides turnkey solutions for single-family homeowners for complete and stage renovation.

The scheme involves three institutional actors in the system: Association of the Hungarian Family Homeowner (MCSTE), a procurement company and a construction company that can prospectively be developed to cluster of construction contractors.

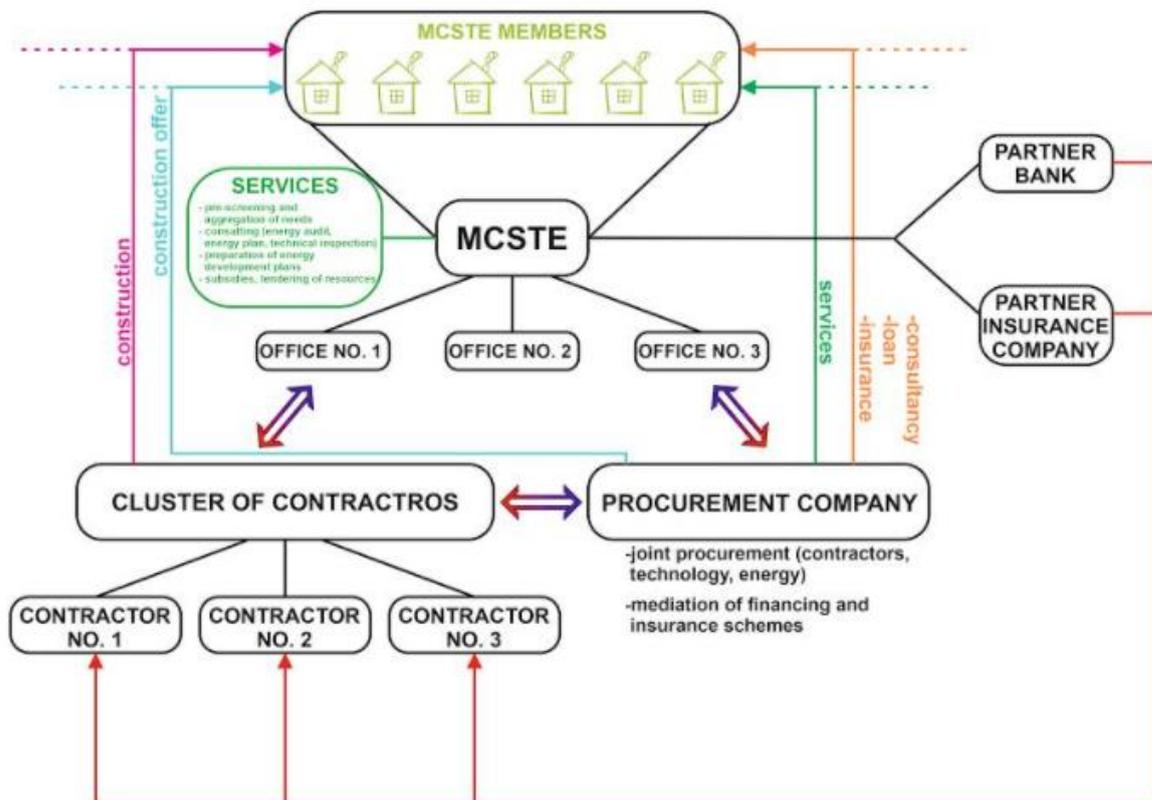
The house of each homeowner joining MCSTE against a modest membership fee will be energetically assessed, and the results are recorded in so-called service book which is simple tool for monitoring the renovation history. The scheme provides the member with a turnkey renovation offer which may aim a comprehensive renovation or even retrofit certain steps (staged renovation). The MCSTE member is free to accept or reject the renovation offer. In case rejection and using other contractor, the service book will further be developed with the assistance of the Association.

The Association enables to bring the members under one umbrella, and thus, to aggregate individual renovation projects into larger packages. The project bundling may be focusing on a specific area or the type of the renovation process (e.g., solar or heat pump systems). The procurement company will be established to exploit the price benefits stemming from the bundled homeowners such as collective bargaining of energy prices, bulk purchase of products, lower construction prices, lending and insurance conditions. The financial benefits of bulk purchases will be rechannelled to the MCSTE members.

The construction company is initially established to implement the construction works, later to establish and coordinate a construction cluster and control their prices also for the benefit of the MCSTE members.

The MCSTE scheme also plans to establish advisory offices. The synergies

between the RenoPont and the MCSTE offices are still to be explored in order to RenoHUB being able to account in its pipeline for all buildings that are brought to the attention to MCSTE via RenoHUB. It is anticipated that the cooperation between RenoHUB and MCSTE will be formalized in a Memorandum of Understanding.



**Figure 4:** Scheme of the turnkey model

## 9. RENOHUB ENTITY

The RenoHUB Entity is the anticipated vehicle to ensure long-term sustainability of the RenoHUB system including keeping the Online Platform (as well as the RenoHUB webpage) permanently updated, and provide for expansion of the RenoPont network in line with the commitments made in the Consortium’s proposal and the Grant Agreement. The RenoHUB entity is ideally established by the project partners, but the participation of other stakeholders such as major municipalities or market independent financial organizations (Hungarian Development Bank, Hungarian Banking Association, Association of the Hungarian Insurance Companies) may also be considered.

The key roles and responsibilities of the RenoHUB Entity include in particular:

- owner of the RenoHUB website and the Online Platform, and recipient of the incomes generated through the Online Platform;
- contracting party for replicant partners of the RenoPont network and beneficiary of the fees foreseen under the replication agreements to be paid by the replicant partners for joining the RenoPont network;
- product development (e.g. change of doors and windows, building envelope insulation or replacement of outdated heating installation) to be promoted by the RenoHUB network;
- support the growth of the RenoPont network (e.g. identification of potential replicant partners);
- keeping updated and further development of the Online Platform;
- support services for the existing RenoPont network;
- organisation and management of trainings for RenoPont staff;
- quality control of RenoPont Replicant Partners.; and
- mobilization of external resources for specific tasks such as targeted awareness actions, trainings for key stakeholders such as installers, condominium managers, municipalities, financial institutions.

It appears to be an excellent opportunity to promote the partnership model for those municipalities that have prepared or considering to prepare SEAPs or SECAPs aligned with the reporting guidelines of the Covenant of Mayors for Climate and Energy, in order to appropriately address the assessment of the energy saving and CO<sub>2</sub> reduction potential of the residential sector in the given municipality and design the required follow-up measures as well as to ensure compliance with subsequent monitoring requirements.

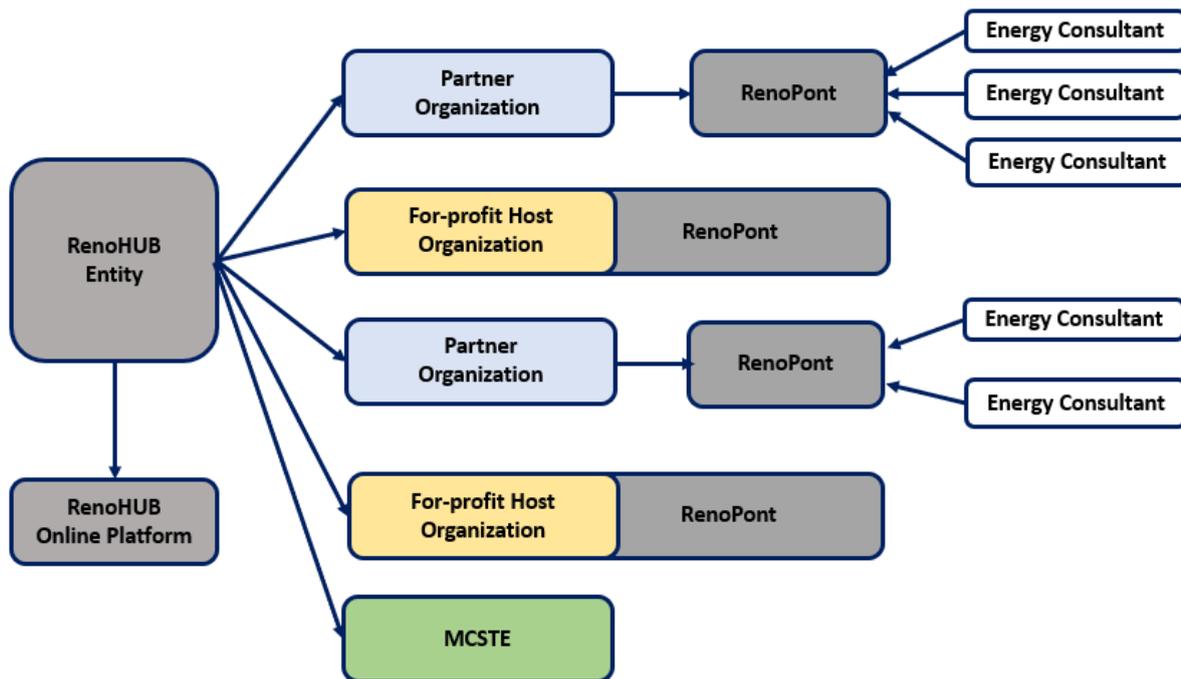
An opportunity is offered by the on-going legislation process concerning the transposition of the EU Energy Efficiency Obligation Scheme (EEOS), provided that residential buildings are considered as a target for EEOS. Furthermore, the modalities of on-bill finance are regarded to be worth further exploring.

## **10. REPLICATION AND PIPELINE DEVELOPMENT**

### **10.1. Guiding principles of the operation of the RenoPont network**

The RenoHUB Information Point network will be built around the following guiding principles.

- Each RenoPont operates in partnership with a non-profit or for-profit partner organization (Replicant Partner) calling on their resources in terms of human resources and office and IT infrastructure.
- Each member of RenoPont office network is built along a uniform image designed by RenoHUB (refer to Image Manual WP 3/Task 3.1).
- Each RenoPont should be individually financially self-sustaining; after the project lifecycle, this is also applicable for pilot RenoPonts that are set up with the financial assistance of RenoHUB.
- Apart from the two pilot RenoPonts, RenoHUB is legally represented in each partnership by RenoHUB Entity (Figure 5).
- Each RenoPont financially contributes to the further development and operating costs of the Online Platform. The Platform must be able in a long run to efficiently support the RenoPonts with up-to-date and helpful information, and remain instrumental in the further expansion of the RenoPont network.
- The RenoPont operators provide constant feedback to the Platform operators via the CRM system in order to be able to effectively monitor the key project indicators such the investment volume, energy saving and CO<sub>2</sub> reduction triggered by RenoHUB as well as to ensure the continual improvement of the Platform services.
- After the project lifecycle, the Platform should be able to generate independent revenues such as registration fees for consultants, contractors, manufacturers which will be reinvested into the development of the Platform services or the capacity building of the RenoPont operators.



**Figure 5:** Institutional structure of RenoPont replication

## 10.2. Replicant partners

The following types of potential Replicant Partners will be pursued:

- local and county municipalities with particular focus on those that intend to achieve or monitor SECAP targets, or those that are ready to mobilize local grand contribution to home retrofit e.g. in the multi-apartment segment;
- financial institutions that regard as becoming a RenoHUB Replicant Partner as an opportunity to for better marketing of their targeted financial products;
- energy utility service companies that intend to explore on-bill finance options in the residential sector;
- ESCO companies with residential portfolio; and
- consulting companies specialized in residential energy retrofits.

## 10.3. Business strategy of the expansion of the RenoPont office network

The expansion of the RenoHUB network will be regulated by individual replication agreements to be concluded between the RenoHUB Entity and the Replicant Partners. Becoming a replication partner will be conditional upon the presentation of business plan. The business plan should ideally address the followings:

- presentation of the Replicant Partner;
- location of the planned RenoPont;
- assessment of the home renovation market the candidate is able to reach out;
- assumptions and risks; key success factors;
- specific aspects of value proposition such as already existing marketable product;
- mobilizable human and other resources;
- projections of the revenue stream and associated energy saving and reduction of greenhouse gas emission; and
- cost structure.

The business plan is the basis for RenoHUB to assess the sustainability of the office proposed by a Replicant Partner candidate.

The replication agreement (to be developed as part of the Replication Plan) will address in particular:

#### Obligations of RenoHUB

RenoHUB contributes to setting up additional RenoPonts with the following ways:

- transfer of know-how along a uniform image including the use RenoPont brand;
- provision of operational training for the staff;
- access to the entire document library (i.e., beyond the documents published on the Platform) including promotional materials, case studies;
- keeping the Online Platform up-to-date; and
- guidelines for operation including pricing policy and quality assurance.

#### Rights of RenoHUB

RenoHUB reserves the following rights:

- charging a recurrent front-end fee;
- setting minimum requirements for in-kind contributions (staff, office space, IT infrastructure, etc.);
- periodically audit the RenoPonts and propose corrective measures, and

- in case of major non-conformances, terminate the replication agreement on a short notice.

#### Obligations of the Replicant Partner

The Replicant Partner is bound to:

- make available the required human and physical infrastructure;
- operate the RenoPont in conformance with the replication agreement;
- join RenoHUB' customer relationship management (CRM) system and appropriately record data on clients; and
- financially contribute to the further development of the Online Platform.

#### Rights of the Replicant Partner

The Replicant Partner may

- terminate the replication agreement on a short notice if the generated incomes do not cover the operational costs; and
- recommend concerning the development of the technical content of the Online Platform.

### 10.4. Pipeline development and monitoring

#### In the project lifetime

Within the project lifetime, the project pipeline relies on the performance of the two pilot RenoPonts as well as that of the MCSTE scheme. In order to make the relevant project pipeline generated by MCSTE with the help of RenoHUB accountable for RenoHUB a separate cooperation agreement between the RenoHUB Entity and MCSTE is anticipated. The agreement is anticipated on the laying down the promotional efforts provided by RenoHUB in order to increase MCSTE's membership portfolio, and the method how to monitor and account for the members that have joined MCSTE through the promotional intervention of RenoHUB.

#### Beyond the project lifetime

Beyond the project lifetime the project pipeline development will be the responsibility of the above three project partners and of the Replicant Partners. The monitoring of the pipeline development will be ensured via the periodic reporting of the project partners as well as through the replication agreements.

## **11. TRAINING**

Training/educational activities will be elaborated under WP4 (“STAKEHOLDER AWARENESS AND CAPACITY BUILDING”).

The staff of the RenoPont offices will receive targeted training which prepares them for providing the appropriate responses to the clients’ inquiries. More specifically:

- to guide clients from their entry point through the home renovation process;
- to facilitate the decision-making process;
- to support the users of the Online Platform in case troubleshooting is required;
- to facilitate the clients’ specific needs into practical operational measures;
- to provide guidance concerning the further activities required, paper/documents to use, whom to turn to with specific technical questions, available financing products, etc.

Although the training will largely be focused on knowledge and skills to deliver first-level advice, the sales skills of the operators will also be developed in order to attract business for the RenoPonts.

## **12. SECURING LONG-TERM FINANCING OF THE RENOHUB STRUCTURE**

As discussed above the financial viability of each RenoPont operation is a prerequisite.

The partnership scheme is a typically non-profit venture. The operating costs are typically covered by the financial contribution of the host organization (e.g. municipalities) from its budget complemented by the income generated on market-based services by charging out the services of the partnered Energy Consultants together with the RenoPont’s management time. In case market-led partners (e.g. banks, utilities) the non-profit or for-profit character is subject to further appraisal.

For private professional partners (e.g. engineering bureaus) the non-profit approach clearly does not apply. The business policy of the partner takes precedence of it.

In addition, the involvement of additional resources by public and private sector sponsors may be considered in specific locations.

The financial resources required for securing the maintenance and further development of the Online Platform will be collected from the following sources:

- Financial contribution by the members of the RenoPont network (recurrent front-end fee);
- Payable manufacturers' product presentation section along minimum or differentiated energy performance standards (to be gradually phased in).
- Contractors' presentation section (to be gradually phased in).
- Commissions paid by financiers for promoting their financial products relevant to energy retrofits in their retail sector and/or condominium portfolio.
- Attracting specific donor funding (e.g. participation in transnational or interregional EU actions, targeting funding for capacity development or the design of a larger portfolio of energy retrofit projects).