

The Consumer Voice in Europe

HOW TO MAKE ONE-STOP-SHOPS CONSUMER-FRIENDLY

From basic information to complete service to consumers



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Why it matters to consumers

Consumers are **willing to take action** and invest time and money in the improvement of the energy efficiency and comfort of their homes. However, consumers are often left to struggle with the retrofit process on their own. **Consumers need support from A-to-Z from a local team of people** that can help them find the right accredited installers, the most relevant financing approach or navigate administrative processes. This team is a key component of the **one-stop-shop**.

Summary

To consumer-friendly, one-stop-shops need to combine the following dimensions:

- Consumers need a trustworthy process to find, contract, and interact efficiently with reliable and accredited installers.
- Consumers need guarantees and clear procedures in terms of who is liable when something goes wrong and this should be included in the scope of services provided by one-stop-shops.
- Consumers need clear, burden-less processes to follow.
- One-stop-shops should provide solutions also to low-income and vulnerable consumers.
- Consumers in multi-unit building should be supported by accredited building managers.
- Landlords should benefit from specific technical and financial support to fulfil their obligations.

1. Introduction

Buildings are the largest single energy consumer in Europe and while 90% of existing buildings will still be in use in 2050, only less than 1% of national building stock is being renovated each year. At the same time, about 34 million Europeans are not able to keep their homes adequately warm. To become climate-neutral by 2050, the EU aims to create a renovation wave for Europe to rapidly increase the rate of renovations and energy efficiency of Europe's buildings. It will be a triple win: for consumers, for the environment and for the EU economy.

However, undertaking an energy efficient retrofit project on one's home can be a real hassle. But what consumers really need is advice, support, guidance and reassurance before taking the decision and investing their money. Indeed, to be more confident in retrofits and trust in the services they pay for, consumers need advice and support at each step of the project, as well as streamlined services, which are reliable and simple to access, be they financial, technical and/or legal services.

Consumers need to get access to one-stop-shops that are an integrated services' hub, where they can get one point of contact who guides them through the definition of their project, provides them with access to accredited and reliable installers, tailor-made financial offers and informs them about the most up-to-date materials and appliances.

The revision of the Energy Performance of Buildings Directive envisaged under the Fit for 55 package should therefore ensure that consumers can easily access one-stop-shops which will guide them throughout the whole journey.

Generally, the one-stop-shops should structure their integrated services as follows:

- A front-office part, which serves as a main point of contact that combines everything and makes each step of the process clear for consumers.
- A back-office part, where each service is managed smoothly. For instance, the administrative process is easy, there are no discouraging up-front costs, quotes are standardised, detailed and issued by accredited installers, access to low-interest green mortgages and loans is facilitated and permits for planned works issued promptly.

One-stop-shops should be both physical and digital platforms. The digital platform should be designed as an enabler of the physical one so that all the processes are facilitated, secured and accelerated. Data and information uploaded on the digital platform could be shared among stakeholders, to iron out misunderstandings. It is crucial that the website displays a clear and comprehensive picture of the full process, step-by-step. From getting entry-level information to final acceptance of the works, the digital tool should explain the process and where and from whom to get support (including consumer associations). An engagement strategy could seek to earn consumers' trust in the form of a testimonials catalogue, where households who implemented energy retrofits explain what they did and why it is worth it.

One-stop-shops should match demand and supply, facilitate training for installers, combined to their accreditation, and enable different parties to discuss the best way to carry out the works. For example, installers and households should agree on a timeline for the works and identify steps and means to check the quality of the works implemented. A third party, a project coordinator from the one-stop-shop, will then check the compliance of the works with the requirements. It could be endorsed by an architect, or a new profile of worker with a new set of responsibilities focused on checking the smooth roll-out of the works.

All types of consumers must be offered specific support by a one-stop-shop (several specialised one-stop shops can co-exist):

- Low-income households as well as those consumers in energy poverty and in vulnerable situations, facing for example a mobility loss (i.e., elderly, disabled people);
- Tenants and landlords, facing barriers linked to split incentives (i.e., potential conflicts or questions about who pays for what);
- Property owners and building managers of multi-unit apartment buildings.

Making one-stop-shops consumer-friendly means meeting consumers' needs on each of the following:

Consumers need to understand how they could benefit from an energy audit during their improvement works. The energy audit should also be available at no up-front costs for consumers.

Bundling the cost of upstream planning tools, like energy audits, with the core investments in retrofit works, is key to engage consumers in the whole process. Up-front costs of project planning can be a deterrent for consumers and these costs should be included in relevant financial solutions. Moreover, a subsidy could be thought of for low-income and vulnerable consumers groups, to compensate any cost increase.

This is important at the time of purchase as well as refinancing when consumers can renegotiate the interest rate of their mortgage. Energy efficiency can be a relevant investment at that time, as it will improve the households' financial resilience. Financial assessment and energy assessment should be intertwined to best reflect the consumers' situation, and the costs of the energy audits folded into the financial offer provided to consumer.

2. Consumers need a trustworthy process to find, contract, and interact efficiently with reliable and accredited installers.

Consumers should be able to choose from a pool of installers they can trust. These installers should therefore be accredited and meet requirements to ensure they are reliable, financially stable and able to provide accurate advice and services. Not only should contractors be accredited, they should also comply with quality requirements on the material used, on their customer care skills, on their retrofitting standard, as well as on their track record of providing qualitative quotes with accurate cost estimates. Necessary requirements should be checked both at the national and at the local level:

- **National level:** installers should have an up-to-date insurance certificate, should be correctly registered to tax systems, have sufficient cash flow and solvency, among others.
- **Local level:** installers should be trained on the specificities of the housing stock, on how the one-stop-shop works, on consumer-friendly commercial practices, on local offers as well as on how to coordinate with other installers. Mutual understanding between consumers and installers should be fostered.

The digital platform can help to reduce the transaction costs linked to information sharing and checking (i.e., avoided on-site visits and paperwork) and be a substantial time-saver. Installers – as they should be collectively accountable – should report any divergence from the guidance. As there can be many different installers consumers will have to interact with, one among them should be designated to be the main point of contact for consumers.

3. Consumers need guarantees and clear procedures in terms of who is liable when something goes wrong and this should be included in the scope of services provided by one-stop-shops.

Consumers are making financial investments with a payback period of up to 15 years to get their homes retrofitted, so they understandably want the process to be as smooth and safe as possible. It is easier to convince consumers to invest when guarantees are provided. Liabilities should be clearly defined, and responsibilities established over a longer period of time. One-stop-shops are where the contact with the accredited installers was made so while installers are kept accountable, the one-stop-shop should provide legal and technical assistance to ensure corrective works are undertaken.

Moreover, helping to create cooperatives of workers, where installers are members of the cooperative and empowered by the involvement in the governance of their organisation, might be a good way to ensure consumers would benefit from more resilient structures than one-person-companies. Also, on top of having more reliable lifespans, these cooperatives gather and organise different skills so the ability to respond to issues when they occur, is higher. Cooperatives, as a collective, can be held accountable for each of its members' liabilities, which is a good driver towards quality. Cooperatives can have embedded quality controls of their members and expel them in case of failure or negligence. Also, the cooperatives enable installers to focus on their core business and not disperse them on a broad range of tasks. This can appeal to professional considering becoming an accredited installer.

4. Consumers need clear, burden-less processes to follow.

The more administrative processes are streamlined, along with the digitalisation of solutions that remove current obstacles, the lower the overall hassle. This is true not only for consumers but also for other parties involved in the process, such as installers, energy assessors and banks, whom one-stop-shops can help take care of the administration involved in approving the technical aspects of consumers' retrofit projects.

5. One-stop-shops should provide solutions also to low-income and vulnerable consumers.

Consumers on low-income and in vulnerable situations should find guidance and/or solutions directly in the one-stop-shop which should be equipped to address their specific needs in order to implement tailor-made retrofit works. Households in energy poverty or in vulnerable situations should be supported and oriented towards relevant tools and services such as specific grants, well-designed financial instruments that mitigate risk and address solvency issues as well as relevant energy contracts. For example, this could be achieved via an enabling financial tool like a 'loan-loss reserve'¹ that lowers the threshold of the estimated default risk of low-income households.

6. Consumers in multi-unit building should be supported by accredited building managers.

Multi-unit buildings are currently a minefield of multi-dimensional split-incentives, between owner-occupiers and landlords, between young households with a mortgage and older ones who have finished repaying their own mortgage, between owners willing to stay for twenty years and others for five years, to name just a few examples.

In addition to governance challenges, the decision-making process and scattered ownership patterns, another significant barrier is the fact that energy efficiency project management is often seen as an area where no one is clearly responsible.

The implementation of the Renovation Wave by Member States is an opportunity to clarify the need for building managers that are trained, whose roles and responsibilities are set by law.

Building managers should receive fair financial remuneration for this new work, in a timely manner so that they are incentivised to change. Delegating to a third-party company that designs and coordinates the works is an option that could be endorsed directly by the owners. However, contracting itself requires know-how to follow the fulfilment of the contract, so owners could get support from the one-stop-shop.

While one-stop-shops provide tailored-made financing and deal with accredited installers, architects and consulting engineers, building managers should, upon consumer consent, gather information on each household's situation. Consequently, building managers should provide homeowners with the information they need to make the right decision and fold energy efficiency objectives in the operating processes of the multi-units, so that these performance objectives are systematically factored in all improvement works.

¹ This loan-loss reserve, capitalised by the public sector, acts as a back-up: when households who took out a loan have problems with repayments, the reserve steps in to cover the amounts and secure the repayments to the lender.

7. Landlords should benefit from specific technical and financial support to fulfil their obligations

One-stop-shops should provide support to landlords to embrace a meaningful investment plan. Landlords, and tenants, should be supported when assessing the relevance of the investments in energy efficiency on both technical and financial aspects (guidance on existing grants and tax rebates). Once the Minimum Energy Performance Standards (MEPS) programmes are established by public authorities, support to comply with these standards can also help landlords.

Landlords should get support and services from impartial third parties that help to reconcile their interest with their tenants' one in a win-win situation. These third parties can be associations or local agencies gathering skills in energy advice, financing and legal aspect to provide a holistic advice and support package. Relevant improvement works should be defined and a fair splitting of costs between landlords and tenants established. One-stop-shops could be a gateway to access municipal licensing procedures, tax rebates for landlords and subsidised on-bill schemes for tenants.

And it works!

The SuperHomes Irish project² supported homeowners to invest on average €28,000 to include energy efficiency, instead of an average of €16,000 in their basic retrofit project, to optimise investment and factoring in energy efficiency. The average energy consumption savings is 85%, allowing for a return-on-investment as quickly as seven years in most cases.

The French Picardie Pass-Rénovation project³, now extended to the whole Hauts-de-France Region, allowed for an average saving of 53% annually. Homeowners signed Energy Performance Contracts with the Energy Efficiency Public Service, which resulted in improvement works being implemented at no up-front cost, when 85% of the savings on bills were used for repayments and 15% remained for homeowners.

Scaling-up one-stop shops needs funding for their day-to-day functioning and this must be addressed at the European level so that all Member States have an incentive to act.

One-stop-shops could be financed via steadily increasing revenue sources, such as carbon taxes. Harnessing these revenues from sources such as the EU ETS could provide visibility and certainty over the coming years to one-stop-shops funding. This illustrates how tax revenues can be recycled into programmes to foster energy efficiency.

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² SuperHomes was launched in 2017 and benefited from a grant from the Sustainable Energy Authority of Ireland, covering 50% of the operating costs. For more information see: [One Stop Shops | National Home Retrofit Scheme | SEAI](#)

³ Further information about this project is available at: https://www.fedarene.org/best_practices/pass-renovation-reducing-energy-consumption-in-french-residential-buildings