

European Workshop with Project Developers

Proceedings of the Workshop

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CrowdFundRES
Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects



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PU = Public

PP = Restricted to other programme participants (including the Commission Services)

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Abstract

This deliverable D3.4 reports on the activities carried out within Task 3.4 Workshop with Project Developers. The aim of this deliverable is to summarise the results of a workshop organised in Brussels the 24th of May 2016 targeting project developers. The participants included project partners, developers of renewable energy projects as well as crowdfunding experts. The results are included in these proceedings of the workshop.

Introduction

As part of WP3 of the CrowdFundRES project, Solar Power Europe organized a Workshop with Project Developers (T3.4) with the objective to gather and discuss:

- 1) inputs for **guidelines for Project developers** that support easier, more effective and wider accepted practices in crowdfunding renewable energy projects, and
- 2) inputs for **policy recommendations** to create more favorable conditions for crowdfunding of renewable energy projects.

The participants included project partners, renewables projects developers and crowdfunding platform representatives supporting RES projects.

The slides presented during that day, as well as a video of the workshop are available on the [CrowdFundRES website](#).

First, participants were informed about the latest outcomes of the project (e.g. Task 2.1-2.3 surveys, Task 2.4 practical experience on RES crowdfunding, Task 3.1 regulatory analysis and Task 3.2 investors' preferences analysis). This was followed by a discussion on the challenges and opportunities that stakeholders identified in crowdfunding renewable energy projects, and the way tools such as a guide for project developers, and policy instruments should be developed for unleashing the full potential of crowdfunding for financing renewable energy projects. The work was carried out in smaller groups, discussing the main points and structure of guidelines that could be developed to support project developers in financing their projects through crowdfunding. The outcomes of the small group work were discussed again in plenary sessions where final conclusions were agreed on. The results are included in these proceedings of the workshop.

The Workshop was organized on May 24th 2016 in the event rooms of the Hotel Silken Berlaymont in Brussels. It gathered a group of 48 participants, including 20 project partners. The full list of participants can be found in Annex I, followed by the detailed Agenda of the Workshop in Annex II.

[Workshop with Project Developers]

In parallel to the Workshop, ECN organized the 2nd ECN CrowdCamp with as special focus on crowdfunding for renewable energies, energy efficiency and clean-tech. CrowdCamp involved more than 200 stakeholders, including crowdfunding platforms, renewable energy developers, EU policymakers, clean tech and energy efficiency entrepreneurs to discuss crowdfunding as an enabler of a more sustainable planet. The Workshop participants had the possibility to listen to two selected keynote speeches and network with the speakers during breaks.

Mr. Claude Turmes (the Greens), Member of the European Parliament held a speech on the status of renewable energy financing in the EU and on his views on alternative finance as a way to enhance investments in RES. Following the speech of Mr. Turmes, Ms. Alexandra Sombsthay, Policy Officer at DG Energy in Renewables and CCS policy held a speech about how the upcoming Renewable Energy Directive 2020-2030 and how RES Financing is covered in this Directive. Both Mr. Turmes and Ms. Sombsthay were available for questions and bilateral talks after their presentations.

This report documents the Workshop proceedings and the outcomes of the group works. It is divided into two chapters: proceedings of the workshop and results of the group work.

After a welcoming speech by Alexandre Roesch (Solar Power Europe) and Thomas Maidonis (WIP), Karl Harder (Abundance) shared his experience through case studies. The legal aspects were covered by Tanja Aschenbeck-Florange and Alexander Dlouhy (Osborne Clarke) by discussing crowdfunding regulation and renewable energy market developments in Europe. Matthias Klaes and Ariel Bergmann (UNIDUN) presented the results of the project's EU wide survey. All participants shared their insights and provided input to the development of guidelines for project developers and policy recommendations for development of RES crowdfunding, in break out group discussions.

Proceedings of the Workshop

Welcome and Introduction to CrowdFundRES project

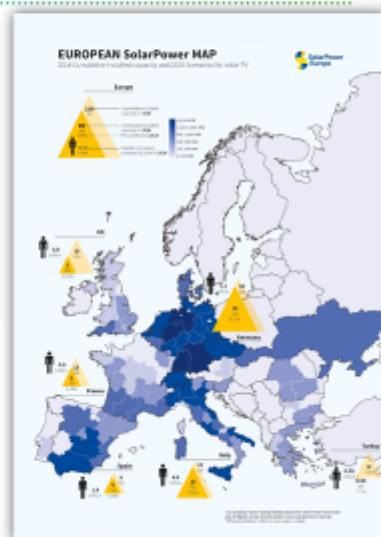
Alexandre Roesch (Solar Power Europe) welcomed the participants, expressing the partners' enthusiasm to have the opportunity of exchanging with project developers on the best way to unleash the potential of crowdfunding for financing renewable energy projects.

He then presented some figures on the power generation capacity added since 2000, as well as the power production mix in the European Union, showing that EU policies have had a relevant positive impact in the development of RES, notably sending positive signals to investors. He presented the specificity of solar power stressing the diversity of development scale in Europe: residential, commercial, industrial, and utility scale varying completely from one country to another.

He concluded on the levelized cost of electricity (LCOE) from solar power where the cost of capital takes a major share.

Make renewables accessible to all

- **Consumer-powered energy transition:** next Renewable Energy Directive should ensure people can get engaged more easily!
- **Addressing the cost of capital issue:** need to find new ways of financing projects



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This illustrated that the source of financing is very relevant to make the overall cost of RES lower and develop these sources of energy. Crowdfunding is a possibility for addressing these financing challenges faced by the RES project developers.

Thomas Maidonis (WIP) presented the CrowdFundRES project and the fact that it is financed by Horizon 2020. He introduced the partners and recalled the aim and objectives of the project to the participants. He presented the work done by the partners until then, introducing the presentations that would follow during the day:

- Osbourne & Clarke review of crowdfunding regulation and RES market developments
- Case studies by Abundance
- And the stakeholders' surveys ran by Dundee University

He explained the further steps of the project, and notably those we would discuss during the workshop: the guidelines for project developers, as well as policy recommendations.

He finally concluded by inviting participants to take advantage of this day to build contacts and share experiences, explore opportunities, making the most of the workshop.



Our aim today

- Discuss, discuss & discuss!
- Involve you in the development of guidelines and recommendations
- Open channels of communications for further input later on

He finally introduced the agenda of the day:

Participants registration & Coffee break		10:30 – 11:00
Welcome & Introduction to CrowdFundRES	SPE & WIP	11:00 – 11:15
Practical experience through case studies	ABUNDANCE	11:15 – 11:45
Crowdfunding regulation & RES market developments	OC	11:45 – 12:15
Q&A		12:15 – 12:30
Lunch & networking		12:30 – 13:30
Keynote speeches by Claude Turmes (MEP) and Alexandra Sombsthay (DG Energy)		13:30 – 14:00
Stakeholders surveys (3+1)	UNIDUN	14:00 – 14:30
Draft guidelines for developers & discussion	UNIDUN	14:30 – 15:30
Coffee break & networking		15:30 – 16:00
Draft policy recommendations & discussion	WIP & SPE	16:00 – 16:40
Q&A		16:40 – 17:00
Drinks & networking		17:00 – 18:00

Practical Experience of Crowdfunding – Case Studies

Karl Harder, director of the crowdfunding platform Abundance made a presentation to introduce and clarify the concept of crowdfunding, explaining the different forms it can take, what actors are involved, the opportunities and challenges linked to crowdfunding. The ultimate aim of his presentation was to present data from case studies.

He started by reminding the definition of crowdfunding, and distinguishing the three different broad categories of crowdfunding:

- The “reward” category consists in a donation accompanied with a reward for the donator: it is the most common form of crowdfunding but it is not regulated and is not part of the study.
- The “equity” type of crowdfunding consists in an investment in a company in exchange for a share.
- The “debt” type is the dominant model; it consists usually in short-term lending (large sector in the UK).

He showed that crowdfunding is a sector that has continuously grown since 2011, and will continue that way. Karl Harder explained that in the United Kingdom, the growth of crowdfunding

could notably be explained by the observation made by the government after the financial crisis, that diversifying the sources of financing enables a more resilient financial market. The desire for organisations to connect and build relationships with their stakeholders was also a new trend which drove this growth.

He then mentioned four leading platforms in Europe, explaining notably the efforts of the first comer Lumo (in France) for launching their business and the need to discuss for a long period with regulators before being really able to launch their platform. All the platforms share many characteristics, as they are all regulated, directed towards debt, all conduct extensive due diligence, asset management. Differences come from local regulation, such as cross border issues, access to secondary markets, etc.

Karl Harder then described why crowdfunding characteristics can be relevant for a number of renewables projects: it is a flexible source of financing that can fit to different scales of projects, filling gap in the financing market, notably for smaller projects with specificities. It is also a way to engage the public in a concrete manner for supporting the development of RES, as their financial involvement would induce further policy concerns and would enable a long term vision.

A horizontal bar with a blue-to-green gradient.

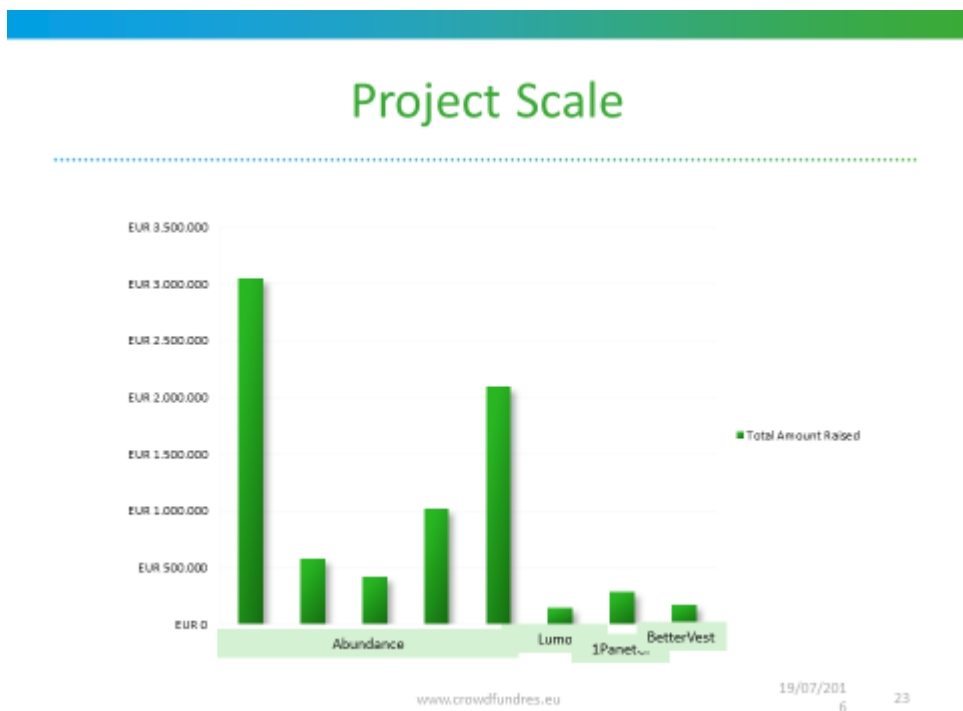
Why Crowdfund Renewables

- Flexible source of finance
 - Term, Security, Subordination
- Long term project finance for small cap projects
- Engage the public and build support
- Build sticky investor pool
- Rolling nature of fundraise.

He then stressed the challenges of using crowdfunding, stressing it was not appropriate for all projects, one of the key limitations being the refinancing at a particular deadline. People tend to

be interested in short term projects, although the bigger the platform is, the more people tend to be comfortable in engaging in a long term perspective. Finally, transparency is also a specific challenge for project developers as they must be ready to be fully transparent on their project, and give information to the public to be trusted.

Karl Harder then presented specific cases, showing that the scale of the projects financed by crowdfunding and the amount raised for finance varied a lot: from less than 500 000 € to 3 Mn €.



He showed the different investment run rate and cost of finance, explaining the interest rate was an average 7% in the market, Lumo having lower rates because of specific relations with banks.

He showed that investor age distribution is rather balanced. Crowdfunding engages all the ages.

Finally, the median investment amount varies also from the project: from 200€ to 1400€.

Karl Harder finally pointed out that crowdfunding engages people who usually don't finance.

Some project developers reacted on the high level of interest rate (7% average) proposed by the crowdfunding cases presented, in comparison with interest rates proposed by banks, which can cause a problem in countries where support for renewables is not high enough.

Crowdfunding regulation and RES market developments

Tanja Aschenbeck and David Dlouhy from the Osborne & Clarke Law firm presented a summary of the findings of their review of crowdfunding regulation and RES market developments in the EU countries.

They analysed each country’s situation on the regulatory framework for crowdfunding for RES projects. Concerning crowdfunding regulation, the review describes the current relevant general regulation, the requirements related to the prospectus, and the regime related to the alternative investment fund managers (AIFMD regulation). Concerning renewable energy projects’ regulatory framework, Osborne & Clarke made a distinction between the electricity regulation applicable to RES projects and the different remuneration schemes for renewables.

The full report is available on the project website.

They stressed the fact that every Member State has different crowdfunding regulation, and that there is no harmonisation.

During the presentation, they developed the example of Germany as an interesting case study, where there is a new regulation on crowdfunding, then mentioning that the regulatory framework for renewables evolves rapidly. The regulation for solar photovoltaics was very beneficial in Germany, however the regulation has changed a lot.

Country	Regulation		Prevailing Crowdfunding model	Share of renewable energy (target 2020)	Lessons learned	
	CF	RES			"Dos"	"Don'ts"
Germany	✓	✓	lending	18%	<p>Crowdfunding:</p> <ul style="list-style-type: none"> exception of Crowdfunding from most regulatory requirements (in particular prospectus requirement) three-page fact sheet (<i>Vermögensanlageninformationsblatt – VIB</i>) for investors reduced regulation of the Crowdfunding platform unlimited investment amounts for "professional" investors <p>RES:</p> <ul style="list-style-type: none"> preferential grid access and marketing of renewable energy generation with cost leverage mechanism on Federal level incentives for decentralised electricity generation and usage 	<p>Crowdfunding:</p> <ul style="list-style-type: none"> limitation of the Crowdfunding Exception only to (profit-participating) subordinated loans (<i>partiarische Nachrangdarlehen</i>) or commercially comparable investments (<i>wirtschaftlich vergleichbare Anlagen</i>) limitation of EUR 1.000 per investor without additional statements regarding income / wealth for retail investors – should be increased. ban of combination (<i>Kombinationsverbot</i>) – makes parallel investments of professional investors and the Crowd difficult <p>RES:</p> <ul style="list-style-type: none"> increased regulation for new RES Projects, e.g. by implementation of a challenging public tender mechanism delay of implementation of a green electricity market model

They then explained that there were summaries for every country.

The key findings of the report show that regarding the crowdfunding regulatory framework in Europe:

- 17 Member States have Crowdfunding platforms which present RES Projects. And nine of these Member States have Crowdfunding platforms exclusively focusing on RES projects.
- In Slovenia and Lithuania, there are not any Crowdfunding platform.
- Eight member states have implemented a specific Crowdfunding regulation
- 5 of these 8 member states have structured this Crowdfunding regulation by means of a "Crowdfunding exception" which exempts Crowdfunding from (some or most) of the regular regulation (Germany, France, Italy, Spain, Belgium)
- Most Member States without specific Crowdfunding regulation apply regular financial services regulation. It can be an issue as Crowdfunding often does not fit properly into persisting regulatory regimes

Certain Eastern Europe particularities were mentioned:

- Member States have taken or plan steps to implement specific Crowdfunding Regulation
- It appears that donations and rewards model is prevailing in the Eastern Europe Member States
- In Croatia, Estonia, and Romania 3 small RES projects used Crowdfunding platforms for financing.

A particular focus on prospectus was developed:

- Thresholds for exception from prospectus requirement vary significantly throughout EU (100,000€ in Greece, 300,000 € in Belgium, 1 Mio. € in France, 2.5 Mio. € in Germany and the Netherlands, 5 Mio. € in Italy and UK).
- Scope of exception from prospectus requirement also vary significantly in EU:
 - exception in Italy only applicable to particular equity investments
 - exception in France/Belgium only applies to specific equity and lending instruments

- exception in Germany is limited to specific lending instruments



Concerning renewable energy regulatory framework, the key findings of the report show a significant variety of regulation through Member States:

On grid Access:

- In most member states, operators of RES power plants are not given priority in grid connection vis-à-vis conventional power plant operators
- In the remaining Member States the (general) non-discrimination principle applies

On feed-in of power into the grid:

- In approximately half of the member states, grid operators are obliged to take-off and prioritise the power produced in RES power plants (priority in dispatch) over the power produced in conventional power plants
- In the other Member States, the principle of non-discrimination applies

On subsidy system:

- Nearly all member states provide for a subsidy regime in favour of RES power
- However, the regimes vary to a large extent

On tender regimes:

- The implementation of tender systems for RES power capacities eligible for promotion has so far not been executed in many member states. A competitive bidding system will start from 2017.

The question of the prospectus's thresholds came back during the following question & answers session. It was debated where is the right balance between regulation, protection of the industry and information to the investor. In the opinion of Tanja Aschenbeck, the German decision (2.5 Mn€) was going in the right direction.

After Tanja and Alexander concluded their presentation, a networking lunch followed. During this break the participants had the chance to network with crowdfunding platforms representatives, other European RES project developers and stakeholders from the CF sector from the 2nd ECN CrowdCamp.

Participants also had the opportunity to listen to the keynote speeches by Claude Turmes (Member of the European Parliament) and Alexandra Sombsthay (from the European Commission – DG Energy) given in the frame of the 2nd ECN CrowdCamp.

Stakeholder Surveys on Crowdfunding

After the lunch break, Dr. Ariel Bergmann, from the Dundee University, first presented the preliminary results of the survey on the quantification of characteristics of investors' decisions in the crowdfunding market. He explained the way the survey is carried.

He explained that the issue was to look at what characteristics investors care about and how they value those characteristics.

Participants to the survey were proposed different choices, notably on the investment characteristics (project bonds; company bonds; equity; community shares), different rates of return (from 3% to 9%), different types of technology (hydroelectric, wind, solar panel, biomass boiler), and finally different phases of the project (start-up; start of construction; end of construction; operational).

Investment Characteristics - Variable

- | Type of Investment | Investment Characteristics |
|--------------------|--|
| | <ul style="list-style-type: none">• Project Bonds - bonds that are directly tied to a specific project (for spending and revenue)• Company Bonds - bonds that are tied to a company (for spending and revenue) and not to a specific project• Equity - partial ownership of the company through common shares• Community Shares - common shares donated to the local community trust for the community's benefit. |

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The combination of these choices in the survey can give indications on the expected rate of return of people interested in crowdfunding. It should also give indications on how people not familiar with crowdfunding would value the characteristics of investments.

Some participants expressed their surprise regarding the preliminary results of the survey, notably on the preferred characteristics of technology of the sample surveyed, as they seemed not to correspond to the known ranking of popular RES technologies. A. Bergman made clear the results were not final and that more efforts would be made to collect input from more countries as well.

Matthias Klaes then presented the overall approach of the surveys in the CrowdFundRES project. He explained there were 3 separately run survey streams and analysis: one for developers, another one for platforms, and finally the one giving insight on the perceptions of general public. They were running from June to December 2015, and targeted UK, Belgium, France, the Netherlands, Germany and Austria.

Starting with the results of the platforms survey, Matthias Klaes explained that a majority of respondents were specialized in RES projects. The technologies applied in the RES projects

included photovoltaic (92%), wind (42%), energy storage and energy efficiency (25%), as well as solar thermal, geothermal, and biomass.

The developers' survey results show that the respondents are in majority not familiar with crowdfunding, but are positively inclined to use crowdfunding in the future. The majority of the project developers who used crowdfunding for financing their projects find the process very easy (43%) or easy (14%).

Concerning the survey of the general public, results show that a significant part of the general public is already active in crowdfunding and that investments in renewable energy projects are already attractive to them. Most of the people who participated in crowdfunding of renewables projects had invested sums between 100 and 5000 €.

Public: RES CF Experience

- 68% familiar with crowdfunding *of which:*
- 51% had invested via crowdfunding *of which:*
- 52% had invested in RES via crowdfunding.

Scale of most recent RES Crowdfunding investment (€):	
< 100	5
100 - 500	22
500 - 1000	12
1000 - 5000	17
5000 - 10000	3
10000 - 25000	2
25000 - 50000	1
>50000	0
Mid-point average = €2610.48	

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An important result pointed out by Matthias Klaes is that the more respondents are familiar with crowdfunding RES projects, the more they are willing to further invest in RES by crowdfunding. He concluded that crowdfunding is seen as more appropriate for RES than for investments in general, and that those who invest in RES via crowdfunding do so on the basis of a wide range of potential benefits.

Results of the Group Work

In this session, the participants (48 participants, including 20 project partners) were split into six break out groups to work on the guide for developers as well as the policy recommendations for RES Crowdfunding. Project partners (highlighted in blue in the table below) were asked to guide the discussions.

Each group was given a handout (Annex III) with a set of statements and questions to be discussed. In this handout the aim and the questions of the group work were explained in detail. Participants were invited to answer the questions in a written form during the roundtable discussions. Participants were asked to sit in predetermined roundtables.

Developers Guidelines

Matthias Klaes (UNIDUN) presented the objectives for the session on guidelines. He explained the way this session would be organized: participants were directed towards a specific roundtable (see table above) in order to have in-depth discussions among RES project developers. Project partners were distributed among the tables in order to moderate and guide the discussion.



M. Klaes explained that after the roundtable discussions, there would be an exchange during the common session, on the main points discussed by each roundtable.

Mattias Klaes reminded the aim of the developers’ guide:

- Help unleash the potential of crowdfunding for the RES sector
- Address issues relevant to developers seeking to crowdfund RE projects

In order to frame the discussion, handouts (annex III) were distributed to each participant. Those handouts were used by moderators to guide the discussion. Participants were asked to fulfil the handout in order for the project partners to use them to draw conclusions.

In the following section of this report, the outcomes of the group discussions are documented.

Break Out Group 1

Summary of the input received:

<p>Results of the discussions held in Roundtable 1</p>
<p>Aim of this document <u>Topics proposed for discussion:</u> Key issues relevant to financing a RES project through CF</p> <p>Feedback :</p> <ul style="list-style-type: none"> - Definition of crowdfunding (equity, debt,...) - Snapshot of trends (size of project, average investment,...) - Cooperatives: relevance of opening it to local people ; Need to emphasize the importance of the local dimension
<p>Why CF? <u>Topics proposed for discussion:</u> CF is a source of finance and also a tool to engage local communities in the project at key stages of the planning cycle.</p> <p>Feedback : CF is quicker, cheaper, and less burdensome Cooperative : it enables the direct ownership of the project, and important for local acceptance</p>
<p>RES CF instruments <u>Topics proposed for discussion:</u> Diverse funding instruments (securities, equity, debt, P2P loans,) Current and mid-term relevant regulatory framework is at national level: country-specific considerations seem therefore crucial in studying prospect and feasibility.</p>

<p>Feedback :</p> <ul style="list-style-type: none"> - Cooperatives : equity - Reducing Weighted Average Cost of Capital - Transaction costs
<p>The prospect and challenge of CF RES projects</p> <p><u>Topics proposed for discussion:</u> Development of marketing communications and exposure to risks, notably due to increased social media penetration. Need for social media readiness.</p> <p>Feedback :</p> <ul style="list-style-type: none"> - Track record limited / KIPs / Ranking - Crowdfunding when permitting / Grid connection; need to make sure it does not represent a bottleneck
<p>Renewables and the crowd</p> <p><u>Topics proposed for discussion:</u> RES has in general positive perception from the public, which makes the case for CF RES projects. However current limited depth of national CF markets for RES points to the importance of proactive marketing campaigns to grow this market further.</p> <p>Feedback :</p> <ul style="list-style-type: none"> - Reputation matters / Synergies for the growth - Strategic partnership
<p>Additional topics discussed</p> <ul style="list-style-type: none"> - Learn about CF in general - Regulatory framework is key - Calling for the development of European crowdfunding platforms

Break Out Group 2

Summary of the input received:

<p>Developers guide - Results of the discussions held in Roundtable 2</p>
<p>Aim of this document</p> <p><u>Topics proposed for discussion:</u> Key issues relevant to financing a RES project through CF</p>

<p>Feedback :</p> <p>Participants were not experienced, but they are interested in using CF. For example, Example of a participant who is thinking of using CF to improve local acceptance for biomass/waste management projects.</p> <p>Example of a cooperative looking at CF for an innovative project with sea water pumped hydro.</p>
<p>Why CF?</p> <p><u>Topics proposed for discussion:</u> CF is a source of finance and also a tool to engage local communities in the project at key stages of the planning cycle.</p> <p>Feedback :</p> <p>CF is relevant for RES projects as it is seen as a good tool to engage community and to increase project visibility and to engage in new technology. The main choice for CF would be to increase awareness and involve the citizens.</p> <p>Participants agreed that there is a financing gap issue. Access to money for smaller projects is difficult. For example, in Italy, a lot of SMEs would like to invest in self-sufficiency of energy, but have no access to finance.</p>
<p>RES CF instruments</p> <p><u>Topics proposed for discussion:</u> Diverse funding instruments (securities, equity, debt, P2P loans,)</p> <p>Current and mid-term relevant regulatory framework is at national level: country-specific considerations seem therefore crucial in studying prospect and feasibility.</p> <p>Feedback :</p> <p>A mix of financing possibility is probably the best solution – for smaller investors, could be even rewards, for example, in less taxation. Equity could be the most suitable, depending on the project.</p>
<p>The prospect and challenge of CF RES projects</p> <p><u>Topics proposed for discussion:</u> Development of marketing communications and exposure to risks, notably due to increased social media penetration. Need for social media readiness.</p> <p>Feedback :</p> <p>It is important to clarify the risks. For example, concerning cooperatives: by their management structure, transparency, political risks. Investors should know how the company works, its financial structure, and be guided on how to approach the risks. From the perspective of project developers, due diligence is a prerequisite.</p>
<p>Renewables and the crowd</p> <p><u>Topics proposed for discussion:</u> RES has in general positive perception from the public, which makes the case for CF RES projects. However current limited depth of national CF markets for RES points to the importance of proactive marketing campaigns to grow this</p>

market further.

Feedback :

In order to describe the project whilst raising interest, story-telling is very important in order to engage the targeted investors.

It is important to combine the story and the facts about the project. Cooperative concept helps.

Concerning risks for the crowd's investment, it depends on the guarantee, as well as the state of maturity of the project (after the licensing and permitting).

Break Out Group 3

Summary of the input received:

Results of the discussions held in Roundtable 3

Aim of this document

Topics proposed for discussion: Key issues relevant to financing a RES project through CF

Feedback :

The guide should be accessible to everyone, easy to understand, with an accessible vocabulary - it could be targeting not only project developers but also local authorities. A positive approach is essential, emphasizing the best practices and giving examples of successful projects driven thanks to CF.

They believe it is positive that such a project wishes to discuss recommendations. Such guide could be used for starting a European approach although participants were convinced that the main issues will be national specific for a long time.

Participants reminded that the regulatory issues to be considered in the development of a project and the prospective of financing through crowdfunding was national. In France, the legislation on CF is recent.

Why CF?

Topics proposed for discussion: CF is a source of finance and also a tool to engage local communities in the project at key stages of the planning cycle.

Feedback :

Participants emphasized the fact that CF provides flexibility in the management of assets of project developers. It is particularly instrumental in engaging the public in the projects they intend to develop, which is key for public acceptance, and a substantial progress towards energy transition. It enables to create a dialogue with the local people and potentially increased confidence from the local authorities.

<p>Beyond general CF guidelines</p> <p><u>Topics proposed for discussion:</u> Specific forms of CF that are finding application in the RES sector Specific challenges for CF of RES projects Particular attitudes and propensities prevalent among the public engaging in CF for RES projects</p> <p>Feedback : Challenges of RES CF: There is some lack of clarity in the regulatory French framework. It appears that in France CF is mostly used with crowdlending.</p>
<p>RES CF instruments</p> <p><u>Topics proposed for discussion:</u> Diverse funding instruments (securities, equity, debt, P2P loans,) Current and mid-term relevant regulatory framework is at national level: country-specific considerations seem therefore crucial in studying prospect and feasibility.</p> <p>Feedback : A given problem in terms of impact of CF in the funding of a project: Banks ask major guarantees, and they tend not to trust this kind of financing source where governance is not centralized. Therefore, project developers need anyway to guarantee these funds.</p>
<p>Renewables and the crowd</p> <p><u>Topics proposed for discussion:</u> RES has in general positive perception from the public, which makes the case for CF RES projects. However current limited depth of national CF markets for RES points to the importance of proactive marketing campaigns to grow this market further.</p> <p>Feedback : CF appears to have had important results in terms of local public engagement. The earlier in the project it is done, the more influence CF has on public acceptance.</p>
<p><i>Additional topics discussed</i></p> <p>There is a need to translate the guides into the different EU languages, which would increase drastically its practical use. If no translation, the usefulness of the guide would probably be limited.</p>

Break Out Group 4

Summary of the input received:

Results of the discussions held in Roundtable 4
<p>Aim of this document</p> <p>Feedback: Key issues mentioned:</p> <ul style="list-style-type: none"> - Role of refinance; - It is important to consider the implications of a project going wrong; - Risk of going with an 'early' platform while platforms sector still young and thus CF market rates high <p><i>“Undoubtedly has great potential if it can be tailored to suit to the sector.”</i></p>
<p>Why CF?</p> <p><u>Topics proposed for discussion:</u> CF is a source of finance and also a tool to engage local communities in the project at key stages of the planning cycle.</p> <p>Feedback : Finance is driving the decision. There can be a gap of financing for projects, CF can then be an option instead of, or in addition to the banks. <i>“Community involvement will become more and more important. Especially if the crowding can be localised so that the benefits remain in the locality.”</i></p>
<p>Beyond general CF guidelines</p> <p><u>Topics proposed for discussion:</u> Specific forms of CF that are finding application in the RES sector; Specific challenges for CF of RES projects; Particular attitudes and propensities prevalent among the public engaging in CF for RES projects</p> <p>Feedback : Among specificity of the challenges linked to CF for RE and the added value of these guidelines, participants said that developers look for early exit (3 years), while maturity of some CF instruments go well beyond that.</p> <p>Additionally: <i>CF in Ireland reserve parts of grid for community Must have link with community; reserve parts for community Flex for exit Rotate investors ¾ years Tax benefits Invest across portfolio Certainty to drive IRR Refinance with platform</i></p>

The prospect and challenge of CF RES projects
Topics proposed for discussion: Development of marketing communications and exposure to risks, notably due to increased social media penetration. Need for social media readiness.

Feedback :
 Participants mentioned that it is important to consider all costs, including hidden costs, when preparing and planning projects.

Break Out Group 5

Summary of the input received:

Developers guide – Results of the discussions held in Roundtable 5

General messages:

- In general, for the moment, capital cost for CF is high in comparison with bank financing. Rates of return usually given through CF seem to be very high.
- Green bond scheme would be beneficial for RES projects.
- Refinancing is an option – taking the equity upfront and then letting people buy in but for lowers rates of return of lets say 4 to 5%
- The cost of communicating when engaging in CF is substantial.
- Besides financing, CF is very useful to engage citizens. It is used for big projects in order to increase the public acceptance of projects.
- Doing crowdfunding benefits the long terms relationship with the investor
- CF corresponds particularly well to the start-up sector; the renewables sector works differently
- CF is a very important tool for raising awareness
- Raising awareness is very useful; it is important in the other hand to communicate clearly the risks involved
- Cooperatives attract investments because they involve cooperation. However, it is also important to attract investors through storytelling and explaining all the risks
- In terms of development of CF: Possibilities to CF cross border projects are rare, necessity of being national can be a barrier too.

Aim of this document
Topics proposed for discussion: Key issues relevant to financing a RES project through CF

Feedback :
Without a stable framework for renewables in a country, as it is the case in Austria, there will be no significant investments/crowdfunding.
The biggest problem is that renewables and crowdfunding goals are difficultly combinable:

Renewables need cheap capital with 3%, and investors or platforms want 6/9%.

Crowdfunding is better for high yield projects (e.g. power plants in Croatia, new technologies) than for the projects in DE, FR, UK,... because of the lower banking loans.

Crowdfunding RES projects is a new area. A guideline can really help the sector further sharing examples of projects, and it is very important for promoting CF RES projects. The challenge is to explain the principles of project finance to the general public, in a simple way.

Importance of low investments and cheap energy prices; CF enables possibilities to raise acceptance for local energy projects. It can also be used as a marketing tool.

Why CF?

Topics proposed for discussion: CF is a source of finance and also a tool to engage local communities in the project at key stages of the planning cycle.

Feedback :

In the electricity model / Solar PV, money is cheaper from banks, For solar thermal district heating are very complex and high risk regarding network and potential users, so there could be a lot of need for crowdfunding.

Crowdfunding works on a regional or national level. Cooperative models work on a community level. There is a gap.

Yes.

Funding of 10Mn/20M, € with crowdfunding and without prospectus should be possible.

Yes. Plus that engaging with a large group of sponsors/financers will be beneficial for the next round of investments.

This could be one of the main drivers to involve local population and create ownership.

Beyond general CF guidelines

Topics proposed for discussion: Specific forms of CF that are finding application in the RES sector

Specific challenges for CF of RES projects

Particular attitudes and propensities prevalent among the public engaging in CF for RES projects

Feedback :

Need for RES schemes, as CF regulation is not enough for RES CF.

It would be interesting to have an open list or a competition among Member states in order to see who has the best regulatory framework in order to enable crowdfunding RES. Ranking the best countries for RES crowdfunding could give an incentive (notably in terms

of communication) to improve in that direction.

Specific guide for RES CF is very important. Indeed it involves different investment periods compared to traditional crowdfunding (start-ups, artists, ...)

It is good to make it specific for RES projects – you can also work together with other Renewable energy associations (wind, bioenergy,...).

Crowdfunding for RES is often lending-based, and the target group are often specifically looking for non-risky investment: therefore stable support schemes for RES are important to decrease risk.

RES CF instruments

Topics proposed for discussion: Diverse funding instruments (securities, equity, debt, P2P loans,)

Current and mid-term relevant regulatory framework is at national level: country-specific considerations seem therefore crucial in studying prospect and feasibility.

Feedback :

For PV, sale and lease back (5-200 Kw)

- *Small segment: equity*
- *Middle segment: loans between 500 000 and 10 Mn €*

- *Tax incentives would be helpful like in the US*
- *Finding instruments to foster power purchase agreements between developers and energy users (US model?)*

Country specific approach is key for success.

In Austria, lending-based forms are relevant.

The prospect and challenge of CF RES projects

Topics proposed for discussion: Development of marketing communications and exposure to risks, notably due to increased social media penetration. Need for social media readiness.

Feedback :

Fees are too high; timing is key; it is more related to start-up finance

It can be useful for citizen engagement, as well as marketing. Acceptance is also a major point of CF, notably for wind.

in the current market level it is impossible for a developer to take these risks and finance the IRR of crowdfunding.

Developers should be ready. There, the crowdfunding platform can add value on that side.

Good opportunity is to use CF for refinancing, especially since it is not easy to explain all rules of developing and constructing renewable energy projects. If the developer can finance this through equity, he may both be able to get the value of having taken the (...), plus that he will be able to get cheaper funding once the project is operational. These funds may be used (cheaper) for the development of the next project.

Renewables and the crowd

Topics proposed for discussion: RES has in general positive perception from the public, which makes the case for CF RES projects. However current limited depth of national CF markets for RES points to the importance of proactive marketing campaigns to grow this market further.

Feedback :

trust in larger operators; refinancing; heat sector a role in community, long term strategy, part of bank negotiation, can lead investor with due diligence like stadtwerke (in Germany).

*Work on the reliability for 25 years and more are important.
Negative campaign against renewables does not help.*

The expectation is that crowd funding will mature and get more familiar in the public. Things will go easier then.

It is good to involve organization with large local impacts, such as local governments (municipalities), schools/universities, citizens organisations, etc. They will provide national confidence, but it is necessary in some cases may even bring in guarantees.

Break Out Group 6

Summary of the input received:

Developers guide - Results of the discussions held in Roundtable 6
<p>Aim of this document</p> <p><u>Topics proposed for discussion:</u> Key issues relevant to financing a RES project through CF</p> <p>Feedback :</p> <ul style="list-style-type: none"> - Market landscapes, platforms, costs, fees, rates, terms, times. How does it work? How do you do it? - What is the bank’s view of CF involved
Why CF?

Topics proposed for discussion: CF is a source of finance and also a tool to engage local communities in the project at key stages of the planning cycle.

Feedback :

- Something easier than banks, less professional fees; no need for legal/technical consultants; more flexible finance provider
- Lower amount threshold: banks are only interested in big amounts.

Beyond general CF guidelines

Topics proposed for discussion: Specific forms of CF that are finding application in the RES sector

Specific challenges for CF of RES projects

Particular attitudes and propensities prevalent among the public engaging in CF for RES projects

Feedback :

- More specific to national level
 - o Different funding option
 - o Different models
 - o Different RES support
- Information on risk – What happens if a project goes wrong? What would developers' role be?

RES CF instruments

Topics proposed for discussion: Diverse funding instruments (securities, equity, debt, P2P loans,)

Current and mid-term relevant regulatory framework is at national level: country-specific considerations seem therefore crucial in studying prospect and feasibility.

Feedback :

- Timings of raising money – how long can it meet deadlines?
- Can finance from CF be structured to allow it to be bought out?
- Lack of CF option at the development/pre-construction stage, because equity means high risk.

Policy recommendations

Thomas Maidonis (WIP) presented the objectives for the session on policy recommendations. The session was organized in the same way than the previous one on developers' guidelines: participants were sitting in a pre-determined roundtable (see distribution of participants in the table in section below) in order to have in-depth discussions between RES project developers and Crowdfunding platforms representatives. Project partners (highlighted in blue) were distributed among the tables in order to moderate and guide the discussion.

T. Maidonis introduced the discussion by explaining that the aim of the session was to identify key elements of the regulatory and market framework that potentially create (un)favourable conditions for the development of crowdfunding for financing renewable energy projects.

He reminded the similarities of challenges between crowdfunding and renewables, and the potential synergies and possible integrated solutions that we could materialize in policy recommendations.



In order to frame the discussion, participants were asked to use the handouts (annex III) were distributed to each participant in the session before. Those handouts were used by moderators to

guide the discussion. Participants were asked to fulfil the handout in order for the project partners to use them to draw conclusions.

In the following section of this report, the outcomes of the group discussions are documented.

Break Out Group 1

Summary of the input received:

Policy recommendations
<i>RES CF regulation and market growth</i> Feedback: Inclusion of KPIs for market actors and CF models in the definition. IRR: get financial revenue and lower electricity price. Harmonisation is wanted, it is obviously beneficial, however it is difficult to realize. Cross border investment: minimum insurance to have local crowdfunding.
Transparency, confidence, reputation Feedback: Prospectus/transparency: need for more flexibility on the prospectus: there could be a summarized version with lower liability for issuer of the prospectus

Break Out Group 2

Summary of the input received:

Policy recommendations
<i>RES CF regulation and market growth</i> Feedback : There was a consensus that harmonisation would help. The crowdfunding market in Italy and Greece is at its infancy and project developers from these countries would have liked to see the regulatory framework either developing in such a way that it allows the development of platforms or at least getting harmonised with other countries so that they can use platforms from other countries to finance their projects.

Break Out Group 3

Summary of the input received:

Policy recommendations
Transparency, confidence, reputation
Feedback:

Transparency and clarity in the description of the project is essential.

In many projects, especially in France, local, project developers can face problems with local authorities issuing a negative opinion on a given project. It would be useful to ensure that CF is not used to overcome a given decision.

The debate on how to regulate transparency was not consensual, as there is a willingness to have minimum essential information, however the amount of information required should be balanced in order not to become a too substantial bureaucratic burden for project developers (notably for small projects) and become difficultly understandable. CF must keep its original purpose of being easy and open. It was also pointed out that the standardisation of such information document might not be absolutely essential, as the way the CF platform and project developer present its project to the crowd is essential. Explaining in a simple and attractive manner the project, process and risks involved is the key of the success (or failure) of CF. Projects compete in a CF platform, and this is how projects differentiate each other that is essential as well.

Trust worthiness of CF platforms is essential; the idea of a label for platforms was brought forward and considered as relevant.

Break Out Group 4
Summary of the input received:
Policy recommendations
RES CF regulation and market growth
Feedback :

Need to take into account the role of tax incentives.

Concerning cross-border investments through CF, the first priority should be to raise funds locally.

Concerning ceilings and thresholds, it is not a priority.

Pension investment options for employees of green companies

With bank rely on bank's due diligence 100%

Social media is very important; we should be able to communicate more openly

Pre-CFD: risk of failure is too high

EU regulation and national regulation need to harmonize more, i.e. ringfence grid for community and crowdfunded projects.

Combine national tax incentive scheme with crowdfunded projects.

*Ceilings need to be raised and linked to investors disposable income.
The availability of a FiT for community/CF be guaranteed and maximized.
Target green cooperatives to access pension funds, etc ...“*

Share the fundraising with rural development organisations already in place in certain countries as Ireland (

Large companies with green agenda: Pension, products, crowdfunds could be proposed to their employees

Re FiT for CF projects.

Cost of CF needs to come down.

Regulation across all jurisdiction to be done in line, in order to give lower population country more access to funds.

Increase the level of investment allowed to an individual investor.

In the instance that a development has a mix of finance (i.e. bank finance+ CF), the banks' due diligence is sufficient for the prospect for the CF investors.

Break Out Group 5

Summary of the input received:

Policy recommendations

RES CF regulation and market growth

Feedback :

Sharing best practices among Member States, would be beneficial for the development of RES CF, and would enable convergence towards harmonization.

Self-consumption tax is very negative for the development of RES projects developers.

The entire process of CF for RES should be made as easy as possible.

Concerning crossborder investment, priority should be given to the local dimension as a first step in the process.

Concerning the prospectus, it is currently very complex, and therefore could miss the goal of informing people as most would not take the time to read. It is important to have a more simplified version to be developed.

Regulatory barriers for RES developers seeking capital:

- RES CF working for rating and showcase
- No solar tax
- No self-consumption tax
- Tax incentives
- Co-investment obligation
- Regulation how much shall be energy produced
- Special placing

- *Incentives for alternative financing*
- *Hands-off, market*
- *Requirement: insurance if bankrupt*
- *Labelling*
- *Include cooperatives*

Wider coverage:

- *Too busy with development, gives a new look at finance*

Awareness raising:

- *Best practice examples with citizen organizations; entry barrier with 7%, marketing campaign needed; cooperate with trusted entities.*

The legal process is unpredictable; it always depends on the person looking at the files. We need a stable regulatory framework and support schemes for RES without retrospective changes. A new guideline on RES has to have a kind of bullet points requirements regarding VAT, income taxes, ownership issues.

No overregulating is crucial as well.

VAT regime for panels is not clear: need for clarity on that.

No tax on self-produced energy is absolutely essential It is the first risk for a lot of project.

Most important is a good regulatory framework for RES.

For stimulating further growth forms on bio, heat, onshore wind, with participation obligations.

Equity for the project

There is a specific need for the development sector

Have stage development capital

Cross-border investments and harmonization are key. Enabling crossborder investments is essential for scaling of the industry and therefore bringing price down. Harmonization of EU rules may be difficult, but also will have an enormous impact on the scaling. And it will be necessary if crossborder investments are allowed, in order to protect the investor (provide more comfort).

Transparency, confidence, reputation

Feedback:

Information needs to be clear. There could be a standardized document – the administrative burdens need to be limited because these could kill the project;

Access to information and trustworthiness are key.

This is an ideal industry for self-regulation. Transparency is the key word. This will lead to confidence and drive scale and pricing.

Stable support schemes for renewables is crucial, such as Feed-in-Tariffs, premium, etc.

Break Out Group 6

Summary of the input received:

Policy recommendations
RES CF regulation and market growth Feedback : <i>From a developers' perspective, flexibility is important. They have different projects, different financial needs, so regulation should allow for different instruments and innovation.</i> <i>Crossborder investment for larger projects in smaller communities/countries.</i> <i>Tax consistency or treatment support to be more unified across Europe.</i> <i>Developers would like input (not financial) at an earlier stage (during planning) from CF.</i> <i>Requiring local Councils to build out renewables and/or use CF would boost the market.</i>

Conclusion – Outcome of the discussions

Outcome of discussions in common session

Each moderator was asked to present the main outcomes of the discussions in their respective roundtables. From this exchange, the participants could draw the following conclusions, which will be used for the next steps of the project:

Opportunities and challenges of applying crowdfunding for renewable energy

- Crowdfunding is seen as a more flexible source of financing than banking: it is quicker and less burdensome. Concerning the interest rate of return proposed in the case studies presented during the workshop, some developers tend to think that those can be too high in some cases.
- Crowdfunding is seen as a relevant solution to the difficulties of finance access for RES projects, especially for small projects. It can notably bring solutions for refinancing, and equity.
- One of the challenges pointed out by some developers is to make banks more confident towards crowdfunding in order to develop combined financing without needing extra-guarantee for the funds raised through crowdfunding.
- Crowdfunding is seen by the overall participants as very relevant in terms of engaging the public. In that perspective, different dimensions of public engagement seem to be capable of emerging thanks to crowdfunding:
 - Public acceptance of given projects: For certain types of projects (notably wind), public acceptance and agreement of local authorities are key challenges. It appears that crowdfunding can be a relevant tool for engaging dialogue between actors involved.
 - Cooperative: it can enable the direct ownership of the project

- General public engagement towards renewables: in the long term, crowdfunding can enable an increased engagement of people in energy policy as a consequence of their personal financial involvement.
- Participants believe crowdfunding bring visibility to projects through new media.
- Need for proactive marketing campaigns to make peoples' positive views on RES CF materialize into further market growth.
- Communication is key in crowdfunding: the use of social media and increased visibility can be a challenge for project developers. Guidance could be useful in that matter.

Structure of guidelines for developers

- It is crucial to start with giving a precise definition and description of crowdfunding and the different forms it can take (equity, debt,...).
- The guidelines should be accessible and clear, easy to understand.
- Translation into national languages might be useful for a concrete use of the guide by developers.
- Positive approach is essential. In order to incentivize developers to use crowdfunding for their RES projects, the guidelines should emphasize the success stories of past projects funded by CF; exchange of best practices is key.
- Representatives from crowdfunding platforms are of the opinion that project developers should be also given directions in the types of projects that are relevant for crowdfunding and those that are not.
- Clarification of the risks is key
- Local authorities are key in the development of RES projects. This guide, according to some developers, could be useful in the relationship with such actors.

Policy recommendations

- RES developers point out the need for eliminating the regulatory barriers to RES projects, such as: self-consumption tax: as it destroys projects.
- Need for more flexibility on the prospectus: demanding obligations on the prospectus threaten the flexible, easily accessible nature of crowdfunding. There were discussions on

the balance between transparency and reliability of projects on the one hand, and the flexibility nature of financing through crowdfunding. The idea of a summarized version with lower liability for the issuer of the prospectus was mentioned. It is very important that investors are aware of the functioning of the company, its financial structure, in order to be aware of the risks that a financing decision brings. Guidance on the decision-making could be relevant.


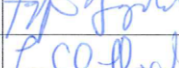

- Standardisation of information available to the crowd should not be too strict as it could add too much bureaucratic burden. One point raised was that the competition between project developers plays on the way the project is presented in the platform.
- There is consensus that harmonisation would be beneficial, however it does not appear realistic from some participants' point of view for the moment, as renewables and crowdfunding regulatory frameworks are very nationally focused.
- Concerning cross-border investments through CF, although there was some support and no opposition, some participants tend to think that the local dimension is the most important.
- Trustworthiness of platforms is essential for project developers. The idea of a label for platforms is considered as relevant.
- Sharing best practices among Member States, and reporting on the evolution of crowdfunding in the different Member States could incentivize governments to develop RES CF.

Annex I – Attendance List



Workshop on Crowdfunding for Renewable Energy Projects 24 May 2016 - Brussels, Belgium

List of Attendees

First Name	Last Name	Company	N	Signature
Luz Alicia	Aguilar	BSW	5	
José Carlos	Amador	Martifer	2	
Christophe	Arnaud	SolarPower Europe	3	
Paul	Azibert	SunPower	4	
Ariel	Bergmann	UNIDUN	6	
Stephanie	Betz	WIP	2	SB
Lukas	Bieber	E.ON Climate & Renewables	4	
Ilaria	Bientinesi	AzeroCO2	2	
Pat	Blount	Wexford Solar	6	
Jochen	Brandhoff	Brandhoff Obermüller Partner / Neo energies	5	
Nuno	Brito Jorge	Boa Energia	1	
Miguel	Casas	Energinvest	2	
Christos	Charalampopoulos	Sifnos Island Cooperative	2	
Đorđe	Cicovic	Republic of Srpska-Representation in Brussels	1	
Lorraine	Clifford	BNRG		
Daniel	Cornelia	Dachgold	5	
Daan	Creupelandt	REScoop	1	
Mathieu	Dancré	GreenChannel / Engie Group	3	
Mak	Dukan	WIP	5	
Mathilde	Emery	Enerplan, Syndicat des professionnels de l'énergie solaire	3	
John	Fogarty	Templederry Energy Resources Ltd	4	
Nathalie	Gilly	APERe	1	
Ioannis	Gkylis	Sifnos Island Cooperative	2	
Karl	Harder	ABUNDANCE	6	
Tom	Harwood	ABUNDANCE	6	

Marion de Jong Oneplanetcrowd 



Dorina	Iuga	WindEurope	1	
Maurik	Jehee	Econnetic	5	
Rebecca	Kelly	BNRG	4	
Niamh	Kenny	DP Energy Ireland Ltd	6	
Matthias	Klaes	UNIDUN	4	
Kathrin	Kohl	ECN	1	
Uwe	Lebelt	ENGIE - GreenChannel	3	
Thomas	Maidonis	WIP	2	
Jörg	Muehlenhoff	BEUC	1	
Fabrizio Nardo	Nardo	R&TIA srl	2	
Rajvant	Nijjhar	iVEES	6	
Myrto	Papoutsi	SolarPower Europe		
Frederic	PETIT	VALOREM	3	
Michael	Psalidas	Crowdpolicy	2	
Leon	Pulles	Royal HaskoningDHV	5	
Michael	Quirk	Iq solar ltd	4	
Mathieu	Richard	Enercoop France	3	
Lucas	Robin-Chevallier	France Energie Eolienne	3	
Alexandre	Roesch	SolarPower Europe	1	
Claudio	Rumolino	VALOREM	3	
Sebastien	Salzgeber	SunPower	6	
Till	Schwarzlose	E.ON Climate & Renewables	1	
Jonathan	Selwyn	Lark Energy	6	
Mark	Shine	Source Renewable Partners	4	
Tina	Stojanovic	SolarPower Europe		
Jozefien	Vanbecelaere	Friends of the Supergrid		
Johannes	Wahlmüller	GLOBAL2000	5	
James	Watson	SolarPower Europe	4	
Sissy	Windisch	GC	5	

Alexander Olanby Osborne Clark



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Alice DeFerroni YOURS

Handwritten signature

Alexandre Guyenne 

~~DAAN CREIFF~~

Uwe Lebelt GreenCharm (Fugie)



Annex II – Agenda



Workshop on Crowdfunding for Renewable Energy Projects

24 May 2016 - Hotel Silken Berlaymont Brussels

10:30	Registration & welcome coffee
11:00	Welcome and introduction to the CrowdfundRES project (WIP and SolarPower Europe)
11:15	Practical experience of crowdfunding through case studies (ABUNDANCE)
11:45	Crowdfunding regulation and RES market developments (Osborne&Clarke)
12:15	Q&As session
12:30	Networking lunch with crowdfunding platforms
13:30	Keynote speech: Claude Turmes, Member of the European Parliament (<i>CrowdCamp</i>)
13:45	Keynote speech: Alexandra Sombsthay, Policy Officer, DG Energy (<i>CrowdCamp</i>)
14:00	Presentation of the stakeholders' survey on crowdfunding (UNIDUN)
14:30	Discussion on draft guidelines for project developers (UNIDUN)
15:30	Coffee break & networking
16:00	Discussion on draft policy recommendations for crowdfunding for renewable energy projects (WIP and SolarPower Europe)
16:40	Q&As session
17:00	Networking cocktail
18:00	End of the workshop



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Annex III – Handout for Group Work

Your name:

Your organisation:

Aim of this Document

This guide summarises principles and insights gathered from the CrowdFundRES project, the aim of which is to help unleash the potential of crowdfunding for the renewable energy sector. It is addressed to those interested in understanding, from the perspective of renewable energy project development, some of the key issues relevant to financing a renewable energy project through crowdfunding. The goal is to support easier, more effective and more widely accepted practices in crowdfunding renewable energy projects.

Your feedback please:

Why Crowdfunding?

Crowdfunding is today used to help finance an ever growing range of activities and projects. While this increasingly includes the renewable energy sector, this sector presently still represents an area where considerable potential remains untapped. In the context of demanding national and international renewable energy penetration targets, a deceleration of uptake could be witnessed recently. Challenging access to finance and restrictions on renewable energy support schemes across Europe has drawn attention to alternative sources of finance such as crowdfunding.

Depending on project scale, crowdfunding is unlikely to be the sole source of finance for medium to large scale projects, even though well implemented crowdfunding campaigns have demonstrated capacity to rally funds in the order of €1M and more. However, it is often the case that renewables projects depend on successful community engagement at key stages of the

planning cycle. It is here that crowdfunding has the potential to offer a unique channel of engagement to developers, complementing financial considerations.

Your feedback please:

Beyond General Crowdfunding Guidelines

There exists now a plethora of different sources of advice and insight on the launch of crowdfunding campaigns. It is not the aim of this guide to replicate those guidelines, which are readily accessible online and usefully summarised for example in the comprehensive *Guide on Crowdfunding* compiled by the European Commission (<http://ec.europa.eu/growth/tools-databases/crowdfunding-guide/>).

However, crowdfunding of renewable energy projects raises specific issues that require due consideration. These include:

- the specific forms of crowdfunding that are finding application in the renewables sector
- the specific challenges for crowdfunding of renewable energy projects
- the particular attitudes and propensities prevalent among the public as they contemplate their involvement in the funding of renewable energy projects through crowdfunding

The CrowdFundRES project has gathered insight on those issues and this guide reflects those insights, drawing on recent surveys of public attitudes, crowdfunding platforms, renewable energy developers, regulatory contexts, and a collection of case studies.

Your feedback please:

Renewable Energy Crowdfunding Instruments

A diversity of renewable energy funding instruments is used through crowdfunding platforms. Generally speaking, there has been a trend towards securities, both equity and debt based, while P2P loans are also finding application. This is matched by a propensity of the public to engage with those instruments, even if they have not yet actively invested in renewables through crowdfunding.

It is however important to recognise that the regulatory contexts both of crowdfunding and of renewable energy projects is a key driver of the scope of specific instruments in a national setting. It is thus paramount to carefully consider both contexts in the specific markets that one seeks to develop. Country-specific considerations should thus be at the forefront when it comes to studying prospect and feasibility, even though cross-border crowdfunding is on the rise.

Your feedback please:

The Prospect and Challenge of Crowdfunding Renewables Projects

The decision to embark on crowdfunding as one of the sources of finance for a renewable energy project amounts less to a tactical than a strategic decision, which should not be undertaken lightly. Proper setup and management of a crowdfunding campaign for a renewable energy project requires considerable insight into the dynamics of crowdfunding and a soundly developed relationship with a crowdfunding provider.

A key consideration relates to the joined up development of marketing communications, and the recognition that engaging in a crowdfunding campaign entails a number of risks that are likely to be unfamiliar to a developer not yet exposed to this form of funding. Reputational risk management for example needs to take on board the social media exposure that a crowdfunding campaign brings with it, thereby requiring a certain level of social media readiness.

Your feedback please:

Renewables and the Crowd

Successful crowdfunding campaigns rely on effective engagement of the crowd with the project to be funded. In the context of renewables, there is some evidence that the public are more favourably disposed to funding renewables projects compared to crowdfunding projects more generally speaking. There is also some evidence that those who have engaged in crowdfunding are more positively inclined to engage in renewables crowdfunding, and those who have already crowdfunded renewables are positively inclined to do so again.

These generally positive attitudes need to be balanced however with the currently still limited depth of national crowdfunding markets for renewables, which points to the importance of proactive marketing campaigns that are required to grow this market further.

Your feedback please:

POLICY RECOMMENDATIONS

RES crowdfunding regulation and market growth

The CrowdFundRES case studies show that for all platforms, and perhaps not surprisingly, the size of their investor base and cost of acquiring new investors is the core restraint to growth. Regulation seems to be the main driver for that. Regulatory issues are critical also for RES project developers seeking capital.

Questions: What actions need to be taken in order help the RES crowdfunding market grow? Are these actions mainly of regulatory nature? Who should do what at a European and local policy level?

Please cover the following among others:

- Legal definition for CF models and market actors
- Cross-border investments
 - open CF platforms' operations and services to other EU citizens
 - legal framework harmonization amongst EU to enable cross-border investments?
- Harmonization
 - existing laws and regulations differ significantly across the EU --> a range of CF and RES activity growth rates
- Ceilings and thresholds
 - Prospectus exemption threshold / ceilings per lender or per campaign / ceilings for professional investors / number of investors
- Regulatory barriers for RES developers seeking capital
 - stable regulatory framework and support schemes for RES without retrospective changes
 - obligations for banks to offer alternative finance options to clients to whom they refuse loans
 - RES projects may be sold to third parties once developed --> how is the process affected if crowdfunding is involved?
- Wider coverage
 - enlarge the scope of companies able to raise funds via crowdfunding in order to also include, for example, cooperatives
 - facilitate CF investments also through individual savings accounts (ISAs)
- Awareness raising
 - emphasize CF as a mechanism that helps fill the financing gap between banks and RES developers
 - financial literacy through schools, municipalities, universities and local energy agencies
 - engagement in community energy issues (participation vs. compensation methods)

Comments (more space in next page):

Comments:

Transparency, confidence, reputation

The CrowdFundRES EU citizens survey shows that among the factors affecting citizens' decision to invest through crowdfunding, transparency ranks the highest irrespective of whether the investment is in a RES context or not.

Questions: Do you agree that actions need to be taken in order to increase transparency? Which aspects should be more transparent when crowdfunding RES projects? Who should do what at a policy level?

Please cover the following among others:

- **Access to information**
 - *provide downloadable offer documents / fact sheets with clear information on contractual rules between the platforms and the investors and the processes followed on the platforms and the developers' side*
 - *after sales services to investors and borrowers*
- **Trustworthiness**
 - *credibility checks / due diligence on RES project developers*
 - *labelling of the platforms to increase the public's and RES developers' confidence*
- **Fraud avoidance**
 - *CF platforms must have resolution plans / capital adequacy requirements / client money segregation that ensure loan repayments will continue in the event of a platform collapsing*
- **Project or platform exit**
 - *secondary markets where loans initially issued in a CF platform (primary market) are able to be traded with other investors*

Comments: