



European Policy Workshop

Proceedings of the European Policy Workshop

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CrowdFundRES

Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects



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Abstract

This deliverable (D4.3) reports on the activities carried out within Task 4.3 – European Policy Workshop. The aim of this deliverable is to summarise the results of a workshop organised in Brussels on the 16th of February 2017 involving European policy makers, RES industry associations as well as representatives of RES crowdfunding platforms. The participants included project partners, policy makers, representatives of RES associations as well as representatives of crowdfunding platforms involved with RES projects. The results of the group work are included in these proceedings of the workshop.

Introduction

As part of the CrowdFundRES project, the European Crowdfunding Network (ECN) organised on the 16th of February 2017 in Brussels a European Policy Workshop (T4.3) to identify opportunities and challenges associated with the implementation of the developed policy recommendations.

The objective of the workshop was to:

- 1) **validate** draft **policy recommendations** and **guidelines** for crowdfunding platforms for boosting the potential for crowdfunding to finance renewable energy projects;
- 2) **identify** the opportunities and challenges associated with the implementation of the guidelines and the policy recommendations;
- 3) Identify common priorities and developing a timeframe for their implementation.

With regard to gathering distributed knowledge, participants were asked for ideas and examples of successful policy measures, as well as for challenges and potential measures to overcome them. Participants included project partners, policy makers, representatives of RES associations as well as representatives of crowdfunding platforms involved with RES projects.

This report summarises the activities and discussions carried out within the workshop.

First, participants were informed about the latest achievements of the project. This was followed by presentation by the consortium partners and by a panel discussion. Work was carried out in smaller groups, discussing the draft policy recommendations and guidelines for investors, crowdfunding platforms and RES developers. The results are included in these proceedings of the workshop.

The Workshop was organized on February 16th 2017 in the event rooms of the EU Hotel Leopold in Brussels. The event hosted a selected group of 30 representatives of crowdfunding platforms, RES

associations, policy makers and involved 11 members of the project consortium. The full list of participants can be found in Annex I, followed by the detailed Agenda of the workshop in Annex II.



Figure 1: CrowdFundRES and ECN banners at entrance of European Policy Workshop



Figure 2: Well-attended CrowdFundRES European Policy Workshop

This report is divided into two chapters: proceedings of the workshop and results of the group work.

After a welcoming speech by Kathrin Kohl (ECN) and Silvia Caneva (WIP Renewable Energies), Tanja Aschenbeck-Florange (Osborne Clarke) covered the legal aspects by presenting an update on the crowdfunding regulation and renewable energy market developments in Europe. Karl Harder (Abundance) shared his experience by discussing a number of recent case studies and Oliver Gajda (ECN) presented the draft policy recommendations, which served as introduction to the group work. A panel discussion gave the audience the opportunity to ask specific questions to the five discussants, covering the regulatory aspects for renewables and for crowdfunding as well as legal aspects.

Proceedings of the Workshop

Welcome and Introduction to CrowdFundRES project

The opening speech by Kathrin Kohl (ECN) welcomed the workshop participants and thanked them taking part. Kathrin outlined why it is important to the CrowdFundRES project that they contribute their experience and expertise with regard to RES and crowdfunding in order to further develop the policy recommendations and guidelines.

Silvia Caneva's (WIP Renewable Energies) introductory talk included a brief presentation on the CrowdFundRES project, focussing on both progress to date and the future steps to be taken.

Crowdfunding regulation and RES market developments

A presentation by Tanja Aschenbeck-Florange (Osborne Clarke) described regulations on crowdfunding and RES markets developments in the EU Member States. Osborne Clarke has compiled a 400-page report, which can be downloaded on the project website¹. The presentation summarised the most relevant information in the report, while focussing on Austria and Germany as two good examples.

¹ <http://www.crowdfundres.eu/wp-content/uploads/2016/06/CrowdFundRES-Crowdfunding-RES-Regulation-in-EU.pdf>



Figure 3: Tanja Aschenbeck-Florange (Osborne Clarke) during her presentation

The key points from Tanja's presentation of the review's findings are summarized below:

- RES project financing by **Crowdfunding** is **more developed in Western Europe**.
- The market for RES **Crowdfunding** is at a **very early stage in Eastern Europe**.
- 17 of 28 Member States have crowdfunding platforms which include RES Projects as potential investments.
- Nine of these 17 Member States (Germany, UK, France, Italy, Austria, Portugal, Spain, the Netherlands, Finland) have crowdfunding platforms focussed exclusively on RES projects.
- all Member States have crowdfunding platforms.
- Ten Member States (Germany, UK, France, Italy, Spain, Belgium, Austria, the Netherlands, Finland and Lithuania) have implemented a specific crowdfunding regulation.

Six of these ten Member States (Germany, France, Italy, Spain, Belgium, Lithuania) have structured the relevant regulations by means of a "Crowdfunding exception" which exempts Crowdfunding from (some or most) mainstream investor protection rules.

- As regards the other 4 Member States:
 - The Netherlands and the UK have specific Crowdfunding regulation (applied in addition to the rules regarding investment in general) issued under the auspices of the respective financial supervisory authorities (AFM/FCA);
 - Austria addresses Crowdfunding via a specific Crowdfunding Act that provides for a legal framework for SMEs seeking funding as well as Crowdfunding platforms (the Alternative Financing Act);
 - likewise, Finland (Crowdfunding Act entered into force on 1 September 2016) enhances the growth of SMEs and the regulation of platforms, but no P2P lending. Several Eastern European Member States have taken (or plan to take) steps to implement specific Crowdfunding Regulation.
- The donations and rewards model is prevailing in the Eastern Europe Member States.
- Three Eastern Europe Member States (Croatia, Estonia, Romania) have seen small RES projects funded via Crowdfunding platforms.
- The Eastern Europe member states have taken or plan steps to implement specific Crowdfunding Regulation – especially Lithuania (Law on Crowdfunding entered into force on 1 December 2016).
- Member States without specific Crowdfunding regulation apply regular financial services regulation, although Crowdfunding often fails to dovetail neatly into such regimes.
- Thresholds for exemption from prospectus requirements are highly diverse:
 - e.g. EUR 100,000 in Greece, EUR 300,000 in Belgium, EUR 1 Mio. in France, EUR 2.5 Mio. in Germany/the Netherlands, EUR 5 Mio. in Italy/UK.
- The scope of exemption from prospectus requirements is also very varied:
 - e.g. in Italy exemption is only applicable to particular equity investments;
 - exemptions in France and Belgium are only available for specific equity and lending instruments;
 - exemptions in Germany are limited to specific lending instruments.

All Member States have implemented **renewable energies regulation**; four broad classes of the latter are in operation:

- *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
- *Feed-in of power into the grid*
 - In approximately half 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 other Member States the principle of non-discrimination applies.
- *Subsidy system*
 - Nearly all Member States provide for a subsidy regime in favour of RES power but:
 - The regimes vary to a large extent.
- *Tender regimes*
 - The implementation of tender systems for RES power capacities eligible for promotion has not yet been executed in many Member States.
- *Update 2017:*
 - Since 2016, further Member States implemented tendering schemes as sole or prior mechanism for renewable funding, also as consequence of Commission's Guidelines on State aid for Environmental Protection and Energy.
 - Based on the Commission's Winter Package (proposals dated 30 November 2016), cross-border initiatives and interdependencies of systems and markets and harmonisation of renewable energies regulation throughout EU will increase.

After Tanja concluded her presentation Karl Harder (Abundance) started his presentation about the practical findings.

Practical Experience of Crowdfunding – Case Studies

Karl Harder (Abundance) presented findings from eight case studies, five from Abundance (UK), plus one each from Lumo (France), Oneplanetcrowd (Netherlands) and Green Crowding / Bettervest (Germany).

Karl provided insights regarding the instruments typically used for RES crowdfunding, pointing to the propensity to use the debt model (bonds or loans) over long term periods. He pointed out that regulations are a key driver for the success of a crowdfunding platform. Karl also noted that regulations are a key determinant of crowdfunding success.

The case studies identified some key challenges to be tackled with RES projects:

- Scaling investor numbers on the platform;
- Policy risk (renewable and financial services);
- Ensuring supportive financial services regulation;
- Consistency of regulation across Europe;

The quantitative data collected from the case studies indicated that between 2 and 5 % of investors in the UK (Abundance) and the Netherlands (Oneplanetcrowd) were non-domicile investors, whereas in France (Lumo) and Germany (Bettervest) none of the investors were foreign-based.

Regarding investor profile, the range from 36 to 50 years of age was predominant in all of the case studies. In terms of gender, a majority (around 2/3) of investors were male in each case. Finally, Karl presented the findings on the mean level of investments executed and these revealed that the highest average level occurred in the UK (Abundance) (7,300 EUR), with figures ranging from around 1,200 EUR to 7,300 EUR. In the Netherlands (Oneplanetcrowd) the mean investment for the case amounted to around 2,500 EUR, followed by Germany (Bettervest) with around 1,200 EUR and France (Lumo) with around 800 EUR.

After Karl concluded his presentation, several questions from the audience were discussed. These questions include:

- Have you found out anything about the exist plans for platforms?

A: UK has examples from the past that when a platform was in financial problems, other players (platforms) took care of the projects and their investors. UK does have a specific winding down policy.

- The cases show projects much smaller than 5 million EUR. Is that amount enough to build a proper RES project?

A: It highly depends on the project (and the technology) as well as the regulation in the respective country. But yes, it is possible. At the same time, it is important to know that a project is not necessarily fully funded through crowdfunding but has additional financial sources.

- Do you have any data on the motivation of the investors?

A: We have conducted a survey about personal investment choices. The full reports can be found on the project website.²

- What about the profile of the investors? Is it mainly very rich people that invest in RES projects?

A: Yes, usually it is rich people. Around 80 % of the funds come from wealthy people. But in France a lot of people also invest smaller amounts of 25 EUR, simply because they want to be part of the RES movement.

- Do you have any findings about the risk assesment (information given to the investors by the crowdfunding platform)? What is your experience in the UK?

A: We have used appropriateness tests now for a number of years and have found them helpful for screening out investors who do not understand the risks. We do not believe crowdfunding platforms should be fearful of these types of tests as they help ensure you have a good community of investors who understand the risks of the platform and therefore ultimately less likely to raise questions further down the line or create regulatory risk for the platform operator. In terms of conversion attrition, we only get a 5% failure rate which is not material.

² http://www.crowdfundres.eu/wp-content/uploads/2016/08/CrowdFundRES_D3.2_Economic_Agent_Survey.pdf



Figure 4: Karl Harder (Abundance) during his presentation

The Clean Energy Package and its financing measures

Ms. Sofia Pinto-Barbosa, Policy Officer at DG Energy (European Commission) held a presentation on the post-2020 policy on renewable energy and consumers. The European Council agreed on the climate and energy objectives 2030 in October 2014, which aim at a reduction of greenhouse gas emission of 40 %, a 27 % renewable energy target and likewise energy efficiency target of 27 %* (* the proposal for the revision of the energy efficiency directive considers a 30 % EU target).



Figure 5: Ms. Sofia Pinto-Barbosa (European Commission, DG ENER) during her presentation

Sofia Pinto-Barbosa pointed out the three objectives of the energy union (see figures 6) and stated that the European Union is on track to meet the 2020 target, with an estimated renewable energy share of 16,4% of gross final energy consumption. Furthermore, Ms. Pinto-Barbosa touched upon the key objectives of the revised RES directive, which imply EU's ambition of becoming world number 1 in renewables, in line with the political priority as well as the achievement of the EU-level binding target of at least 27% renewable energy in a cost-effective way.

By pointing out the consumers' needs to be central in the clean energy package, Ms. Pinto-Barbosa set the link to crowdfunding and indicated the requirement for private capital in the RES sector. She welcomed the crowdfunding as a viable tool for financing renewable energy projects and emphasized the importance of energy communities at a local level.

CLEAN ENERGY FOR ALL EUROPEANS

CLEAN ENERGY FOR ALL EUROPEANS

energy
efficiency
first

global
leadership in
renewables

a fair deal
for
consumers

3 #EnergyUnion



Figure 6: Presentation DG ENER: Clean Energy for all Europeans

Panel discussion: Policy recommendations for Renewables and Crowdfunding

Following the presentation of the draft policy recommendations by Oliver Gajda (European Crowdfunding Network), a panel discussion was set up hosting a group of five discussants from different fields. The main statements of each discussant are summarized in the following paragraphs.

Tanja Aschenbeck-Florange – Lawyer, Osborne Clarke

Cross-border transactions in crowdfunding are an enormous issue. Countries like Canada and USA would be interested to take part in the European market, but there is not a harmonised framework at EU level, as the EU market does not exist as such. Players interested in cross-border transactions have to go to national level markets, but would prefer the European market as a whole. There is a lot to do for cross-board, nowadays MiFID and local regulation do not fit. No securities for start-ups and young companies. Crowdfunding projects are start-ups. It is an idea, it is a risky project, the crowd has to be aware of that. It is unusual that the market asks for

regulation, but from a lawyer's perspective it would be very easy if Mifid and the prospectus regulation would not be limited to securities but open to all kind of investment products.

Dr. Jean-Pierre Bussalb – Policy Officer, BaFIN

Estimation of 50 to 60 crowdfunding platforms operating. RES crowdfunding it is not a big topic considered in Germany, because RES start-ups normally draft a prospectus, hand it in a they received the BaFin approval. But certainly, crowdfunding and renewables will be a major topic in Germany in the future. Crowdfunding platforms in Germany are mostly covered (licensed) by chambers of commerce. There are many outlander offers by a platform, and people are just attracted by the interest rate.

Ms. Sofia Pinto-Barbosa – Policy Officer, European Commission DG ENERGY

Sofia: Consumers are becoming more aware of sustainable issues and there is an appetite from citizens to participate in RES projects. As the current time is marked by low interest rates, crowdfunding platforms can certainly offer interesting alternative investment opportunities, so the citizens can make an investment and at the same time be part of the clean energy transition. The use of crowdfunding is certainly increasing. EU offers interesting investment opportunities. At the EU level DG ENER sees a lot of energy communities' which demonstrate local engagement, this is crucial for the local acceptance. Ms. Pinto-Barbosa mentioned that enabling energy communities to participate in tenders could be a good opportunity for energy communities, but it is also task for member states to bring this further. Colleague Jonathan Bonadio (Policy Officer DG ENER, specialized in energy communities) adds that the data for crowdfunding changes rapidly and are higher, which is promising and the appetite for RES financing through crowdfunding cannot be denied.

Question from the audience:

- The current proposal from the Commission is not satisfactory as it does not set the right framework for the development of renewables. CrowdFundRES recommendations should address more precisely the need for a market fit for RES (which is not the case at the moment with flexibility leverages not developed yet), the need for support schemes, including the need for strong guidance. Priority access and priority dispatch are also crucial for the development of renewables, and the proposal from the Commission can be

detrimental to the development of renewables. The frame for private investment (addressed in CrowdFundRES) should not be separated from the regulatory framework in place for the development of renewables.

- A: Sofia Pinto-Barbosa explains: The approach is that the market should fit with RES and RES should fit with the market. This strategy should be the most effective one to ensure reaching decarbonisation target. According to support schemes for power generation from renewable sources agreed with Members States. The schemes will increase electricity produced from renewable sources, and reduce the cost of RES deployment without unduly distorting competition. Jonathan Bonadio adds: RES has low marginal costs; RES should be the last to be curtailed; Market should be able to make RES profitable.
- Support for renewables is necessary for the energy transition. Priority dispatch should be maintained for renewables. More work should be done for citizen encouragement. Energy communities should be given a specific regime, notably an exemption from certain market-based mechanisms that are not fit for actors/projects of small sizes. For example, they are not able to participate to the tenders.

Alex Raguet – CEO and co-Founder, Lumo (crowdfunding platforms dedicated to renewable energies)
A lot has changed in the last few months in France with regards to crowdfunding regulation. It has been some changes at the national level but there still exist a lack of definition in this context (Lumo is operating under MiFID, but for instance they cannot operate in Germany). The first law on crowdfunding was set up by the ministry of finance in 2014, where the limit for crowdfunding was set at 1 million EUR and raised again in August 2016 to 2,5 million EUR. Before that the limit of crowdfunding was 100,000 EUR. The biggest change comes from the ministry of energy who has allocated green bonds to RES projects where people are involved.

Andrea Beltramello - European Commission DG FISMA

A lot has changed in terms in regulation in member states, thanks to the EC work (capital markets, stakeholder's forum, crowdfunding promotion) and there are certain principles to keep in mind:

- Crowdfunding has opened many opportunities to invest in projects that would not be possible with another way of finance.

- In order to regulate cross border, they should see that there is a cross market activity. This means that should be a cross boarder dimension.
- He disagrees when it is said that there is not a clear framework. The view from DG FISMA is that there is one framework regulated under MiFID. Cross border needs to be addressed carefully because the risk of cross-board is that you could kill the National Market. Andrea mentioned that the European Commission is aware about issues with cross-border investment, and they are investigating this.
- He remarked the importance of investors protection.
- In June 2017, there will be a communication from EC on the implementation of the action plans where crowdfunding will be also included.
- Regulation matters, but also a country's culture has an impact in how each Members States take action.

Comment from the audience:

- In the Netherlands, platforms need another license in addition to the “passport” provide by MiFID. Andrea on behalf of DG FISMA answered that they will be happy to receive comments related to issues in specific countries to further investigate them.



Figure 7: Panel discussion

Results of the Group Work

In the group work sessions, the draft policy recommendations (session I) and the guidelines (session II) were discussed. The draft policy recommendations, presented by Oliver Gajda (European Crowdfunding Network), are supposed to create more favourable conditions for crowdfunding of renewable energy projects. A set of two crowdfunding and three RES policy recommendations were discussed in Session I of this group work. Ariel Bergmann (UNIDUN) introduced the three draft guidelines, which were discussed in group work session II. The aim of the guidelines is to support easier, more effective and wider accepted practices in crowdfunding renewable energy projects. The participants chose their break out groups depending on their expertise and/or their interest. The consortium agreed beforehand to focus on two to three policy recommendations to be discussed in the working groups.

The aim of session I of group work was to validate the draft policy recommendations for boosting the potential for crowdfunding to finance renewable energy projects.

The following questions were considered when discussing the policy recommendations:

- What is your opinion about the problem depicted?
- What is missing? What are **opportunities and challenges**?
- Is the recommended policy option that you think **can be adopted**?
- How would it be designed? How would **actions** look like?
- What is the timeframe to **implement** the measures?

In session II the group took a closer look at the draft guidelines for crowdfunding platforms, investors and RES developers, to support easier, more effective and wider accepted practices in crowdfunding renewable energy projects.

The following questions were considered when discussing the draft guidelines:

- What are the specific challenges for efforts aimed at widening RES participation?
- What are you missing in the draft guides?
- How can the contents of a guide be influenced?



Figure 8: Group Work Session I

Key takeaways: Draft policy recommendations

I. Cross border Investments

Problem: Extremely fragmented regulatory environment, in which cross-border crowdfunding appears to be very complicated or in some cases not possible at all. For all platforms, the size of their investor base and cost of acquiring new investors is the core restraint to growth. The

majority of them have plans to expand their operations and services to non-national investors but face obstacles relating to legal aspects.

Recommendations to improve policy: Policy should encourage project developers and citizen's participation models in projects by establishing the legal basis for the financing of RES projects through crowdfunding and citizen participations models for cross border investments and purchase schemes for local residents. The European Commission should adopt an EU wide crowdfunding regulation which comprises a binding regulation (and no directive to be (differently) implemented in the member states) and mandatory thresholds / regulations. Improvements in this context shall be achieved by opening crowdfunding platforms' operations and services to other EU citizens. Prior establishment of a legal framework harmonized amongst EU that enables cross-border investments.

Suggestions from group:

- The objective of the discussion: how can we create crowdfunding platforms that can do cross-border investments?
- At the moment, it is not possible to do cross-border, but it is possible to actively attract cross-border investment.
- Suggestion: English should be considered a sort of global language, so that translating a platform into it, could be done without incurring into risk.
- ECN thinks it should be possible to translate the website in any European language.
- On the other side, a better specified EU Distance marketing directory, obliges the company to give information to consumers in a language they understand. → to be checked. This could be a recommendation.
- Tax regimes are the main problems preventing cross-border investment.
- How could platforms expand into other countries? Now, the most common way is expanding through acquisitions or partnerships. But is the subsidiary as successful as the headquarter? In many cases it was not.
- Suggestion: create an alliance of MIFID regulated platforms and allow cross borders among the communities of those. Reward crowdfunding platform PPL tried it with

Oneplanetcrowd, but it was difficult to find projects that were as attractive to both countries.

II. Transparency

Problem: The CrowdFundRES data shows that among the factors affecting citizens' decision to invest through crowdfunding, transparency ranks the highest. But there is a lack of transparency with regard to crowdfunding RES projects.

Recommendations to improve policy: How can CF platforms be incentivised to give clear instructions to the project owners on the processes followed both on their and on the developers' side. E.g. by providing fact sheets on terms and services. How can the often worryingly low levels of due diligence be improved? Standardized credibility checks or due diligence on RES project developers, or the labelling of platforms to increase the public's and RES developers' confidence could help. How can crowdfunding platforms be encouraged to install resolution plans, capital adequacy requirements and client money segregation that ensure loan repayments will continue in the event of a platform collapsing. And other than regulatory, or how to harmonise across EU member states?

Suggestions from group:

- The objective of the discussion: What creates transparency and foster confidence and trust in crowdfunding platforms?
- Some think it is only the platform which can build it. But there are cases of regulators requiring more information from the platforms, like default data (the Netherlands).
- Suggestion: Promote standardized key performance indicators (KPIs) for all platforms. Examples of KPIs: success rate, past performance.
- Ideally the industry can start self-regulation on this. Only a few big players could start doing it. The rest will follow. However, it will be difficult for small players to comply with it.
- Suggestion: lending crowdfunding should standardize the credit rating system. As well as IRR measurement.

- Conclusion: the industry should try to promote more transparency, by publishing data, ideally in the form of standardized KPIs. If they will not do it, the regulator will demand it at a certain point.

III. Ceilings and threshold

Problem: No harmonized ceilings and thresholds in EU – each member state has different thresholds for different types of financial products. Also, the thresholds up to which each investor may invest in crowdfunding projects are not harmonized, e. g.:

- Austria: EUR 5,000 per year and further requirements;
- Belgium: EUR 3,000 and further requirements;
- Germany: up to EUR 10,000 and further requirements).

Recommendations to improve policy:

- Consistent (prospectus) thresholds throughout EU-28 that mandatorily must include all types of financial products (e.g. securities and other investment products).
- fixed minimum and maximum thresholds by European legislator
- irrespective of offering of equity-, mezzanine- or debt-based financial products
- possibility of co-investment of retail investors and professional investors (e. g. Business Angels, VC, etc.)
- consistent thresholds for investments of each investors and harmonization of further requirements in this regard (e. g. self-exploration regarding minimum wealth or income requirements or appropriateness tests)

Suggestions from group:

- Mandatory thresholds for all EU Member States (no possibility for gold-plating etc.)
- Proposed prospectus thresholds:
 - EUR 5 million and more
 - ⇒ requirement to prepare a prospectus – approved by competent supervisory authority
 - between EUR 100.000 and EUR 5 million
 - ⇒ prospectus „light“ – without any approval by any supervisory authority

- up to EUR 100.000
 - ⇒ no prospectus requirement
- Proposed thresholds for investors:
 - EUR 2.000 (per campaign)
 - ⇒ knowledge-test
 - up to EUR 2.000 per campaign
 - ⇒ no test / no limitation

No liability of crowdfunding platform on investor declaration.

IV. Legal definition for crowdfunding models and market actors

Problem: Unclear definition of different crowdfunding models, e. g. in case of equity-based crowdfunding and lending-based crowdfunding or the use of “crowdinvesting” instead of crowdfunding.

Recommendations to improve policy:

Regulators should seek inspiration and benchmarks and draw on the experience of other EU countries where the CF sector is forging ahead at full speed, e.g.: UK.

Provide clear definitions for the Crowdfunding models and the relevant market parties. These definitions should be – on the other side – flexible enough to include future business models and let room for national peculiarities of fast-changing crowdfunding business.

Suggestions from group:

- „...a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organizations. This is usually done via or with the help of the internet. Individual projects and businesses are financed with small contributions from a large number of individuals...” source: “A framework for European Crowdfunding”
- The group agreed to find *one* definition for crowdfunding, which must include crowdinvesting (debt, mezzanine and equity), reward-based crowdfunding, donation-based crowdfunding.

V. Prevent retroactive changes

Problem: Retroactive changes in RES regulation jeopardize ongoing projects, notably those financed by crowd-investors. Examples: retroactive changes in Spain and Greece. The current regulatory framework does not prevent retroactive changes. How does the Clean Energy package introduce this?

Recommendations to improve policy: Ensure a stable regulatory framework that brings confidence and assurance to investors, notably retail investors, enabling the regulatory framework to make renewables a viable domain for citizens to invest in is needed. The European Commission should address this issue in the new REDII. Legal certainty is key for a secured environment for investments. Compensation when business plans are impacted by external changes (e.g. change in network tariffs or in curtailment rules) could provide a safeguard for investors.

Suggestions from group:

There was a consensus in the group that the reference to retroactive changes should be understood in a broad sense. The idea is to have a stable and predictable regulatory framework. The stability of the regulatory framework does not only concern retroactive changes, but any change in the regulatory framework (such as tax regime, network tariffs, grid connexion costs, etc.) made by national authorities after the decision of developing a renewables project is detrimental for the development of renewables. Such changes have occurred (ex: tax increase in Spain) and impede the reliability of investments in renewables projects. Project developers must rely on the actual regulatory framework at the moment of their investment decision in order to assess correctly the profitability of the project they intend to develop. Investors should be protected from any change in the rules that were in place at the moment of the investment decision.

Besides the retroactive changes, Ariel remarked the problem that the notice period given is short. The group agreed that a legal agreement is needed to ensure stability. This is in line with: Legal certainty is key for a secured environment for investments. Establishment of a regulatory framework that makes renewables a viable domain for citizens to invest in is needed, and that that brings confidence and assurance to investors, notably retail investors

VI. Incentivize Citizens' Participation in RES development

Problem: Lack of encouragement for citizens to engage in renewable energy source projects. A certain number of crowdfunded projects are small scale projects. The local proximity and human dimension of renewables projects is often attractive for citizens willing to crowdfund a project. Small installations developers cannot participate themselves directly on the electricity market, and would need an intermediary for that. This process would involve technical and administrative burden, and could lead to prohibitive costs. The specificity of small scale installations should be acknowledged and protected from a fully market-based approach for the development of renewables.

Recommendations to improve policy: Shape regulatory frameworks in a way that **citizens' and communities' engagement in RES projects is encouraged**. Adoption of citizen participation models for small RES Projects by explicit and simple rules. Prohibitive barriers for prosumers should be avoided (e.g. taxation of self-consumption, high network charges, etc.).

Suggestions from group:

For community projects:

- The participation through tenders has been considered too complicated for small project such as those one financed by community. The projects financed by community should not go for the tendering. They could benefit from a support regime with the price set in the winning bid of the tender process.
- Feed in tariff could be higher for community projects.
- Self-consumption should be better incentivized.
- Taxes incentives on investments for citizens (such as tax exemption of capital income from RES projects could be put in place).
- Participation from municipalities should be better supported. (e.g.: In Italy the 70% RES projects have been proposed by people with the support of the municipalities) Municipalities involvement help to encourage and incentivize citizen participation.
- In France there is a green bonds allocated by the Ministry to RES projects where people are involved. This is considered as a best practice to be implemented at National and European level.

- Intervention and support is needed if we want to reach a more decarbonized energy system and more participation of citizens.
- Priority dispatch was mentioned as still important for the development of renewables.
- A clear definition of energy communities was also mentioned.
- Municipalities are key for promoting crowdfunding as a tool of financing of RES projects. From the point of view of developers, the involvement of municipalities provides reliability to the project. Information campaign towards local authorities was mentioned as a good incentive for the development of crowdfunding for renewables projects.

VII. Incentivize RES projects' financing through crowdfunding

Problem: Lack of promoting crowdfunding as a viable tool of financing for RES projects to fill the financing gap between the bank and SMEs.

Recommendations to improve policy: RES project developers should be incentivized to offer citizens financial participation (e.g. obligation of means). Such incentive could consist in e.g. an advantage in the tendering process for RES projects offering financing through crowdfunding. Municipalities and local energy agencies can have a greater role of bringing together the community and RES project developers.

Suggestions from group:

See suggestions from group for VI



Figure 9: Group Work Session II

Key takeaways: Draft guidelines

Draft guidelines for crowdfunding platforms

Suggestions from group:

- Data protection is missing from the recommendation on crowdfunding. New EU regulation is going to be strict on privacy.
- Cyber security is also missing.
- Highlight better that crowdfunding it is not an „off-the-shelf product“. In the longer term it requires a lot of work to build trust and comply with regulations.
- Business model is missing. Does it add something to the process?
- Examples and case studies of more early stage platforms should be included.
- Dos and Don'ts should be included.
- The guideline seems to be more promoting crowdfunding than stating the risks about it.
- The introduction should mention clearly the mission of a crowdfunding platform. Give a definition of what it means to run a crowdfunding platform (responsibilities, duties etc.)

- Missing: How do you structure a project? What security can be offered to investors?
- Due diligence part: missing what is duty of care and to whom does the platform have duty of care.

Draft guidelines for investors

Suggestions from group:

- Good document
- Investors should perform a “due diligence” on the platform
- Investors should not invest more than 10 % of their savings
- Investors should be provided with tax information (information if interest / dividends are subject to tax)
- Investors should receive the recommendation to diversify their investments
- Investors should not invest borrowed money

Draft guidelines for renewable energy project developers

Suggestions from group:

Overall agreement on the usefulness of the document, the approach through questions to be asked by the project developers, and the questions chosen.

A remark was shared by the group on the fact that people tend to read the first pages and need to be appealed to read the entire document. That remark led to a suggestion of making the document easier to read for developers, by adding infographics, and tables, notably on the use cases at the beginning of the document, in order for project developers to directly see that all kinds of projects can fit with financing through crowdfunding, and therefore make the relation between the project they are developing and the crowdfunding conditions.

A comment was made on the relevance to add a specific question on the investor’s relationship management on the need for project developers to be prepared to engage in a specific relationship with a retailer investor.



Figure 10: Group Work Session II

Conclusion and next steps

Before concluding the meeting, Kathrin Kohl (ECN) thanked all participants for their contributions and invited them to use the coffee area for further networking.

The main outcomes of this workshop can be concluded as follows:

Consensus was found that there is a demand from the renewable energy side to be involved in crowdfunding financing. This serves as an important step towards more citizen's participation and consequently a better local acceptance. In the workshop discussions, it became clear that private capital is essential for the growth of the renewable energies sector. Hence, crowdfunding can serve as a viable alternative for financing RES projects, if energy communities at a local level as well as municipalities are sufficiently involved.

The validation of the draft policy recommendations showed that in particular the issue with cross-border crowdfunding appears to be a major obstacle for crowdfunding in general and for RES project financing. With regards to the aspect of incentivizing RES project developers to boost the use of crowdfunding consensus was found that municipalities are key for promoting crowdfunding and providing reliability to a RES project on a local level. This in turn could contribute to an increase of citizen's participation, as long as the community is brought together with RES project developers through a local authority.

The drafted guidelines for crowdfunding platforms, investors and project developers were generally perceived to be helpful after further revision. Improvements were in particular recommended for the platforms guidelines on issues to be included such as: data protection, case studies, risk assessment and cyber security.

The outcomes of this workshop will be used for the finalization of the policy recommendations as part of WP 4.

Annex I – List of Participants




Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects

European Policy Workshop

16th February 2017

Attendance List

#	Last NAME	First NAME	ORGANISATION	Signature
1	Alveraz	Pablo	Nosa Enerxia Sociedade Cooperativa Galega	
2	Beltramello	Andrea	European Commission DG FISMA	
3	Bonadio	Jonathan	European Commission, DG Energy	
4	Belletti	Vincenzo	European Heat Pump Association	
5	Bussalb	Jean-Pierre	BaFin - Federal Financial Supervisory Authority	
6	Candelise	Chiara	Ecomill (IT)	
7	Caruana	Matthew	Zaar (MT)	
8	Chazeau-Guibert	Amaury	European Commission DG FISMA	
9	Chone	Anne	ESMA	
10	Dirat	Delphine	AMF	
11	Dragan	Mihaela	Windeurope	
12	Elias	Minerva	European Investment Fund	
13	Embling	Damon	Freelance Journalist at youris.com	
14	Ferrando Casanova	Francisco	IVACE	



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15	Garabetian	Thomas	European Geothermal Energy Council
16	Gverić	Zvonka	Croatian Regions Office
17	Hakvoort	Anne	FG Lawyers
18	Heerink	Bertil	European Renewables Energy Federation
19	Hysi	Joanna	University of Manchester
20	Kallio	Aki	Ministry of Finance of Finland
21	Lebelt	Uwe	Independent Consultant
22	Lönnmark	Kimmo	Privanet (FI)
23	Maffini	Irene	UNDP
24	Melone	Armando	European Commission, DG Grow
25	Nesme	Yoann	PPL (PT)
26	Orozco	Gustavo	Acció
27	Pinto-Barbosa	Sofia	European Commission, DG Energy
28	Pirlot	Pierre-Yves	ecco nova (BE)
29	Rioja	Gustavo	Econactiva (ES)
30	Roth	Yannig	Wiseed (FR)
31	Schmidt	Alexander	Trinomics
32	Schwerin	Joachim	European Commission, DG Grow
33	Valiulis	Mindaugas	European Commission, DG FISMA
34	Vaudrey	Robin	European Investment Fund
35	RADEMAEKERS	Koen	TRINOMICS
36	FANTINI	CLAUDIA	ICLEI
	SEIDITA	ERICA	MEP ASSISTANT - EP

35	RADEMAEKERS	Koen	TRINOMICS
36	CLAUDIA	FANTINI	ICLEI
37	ERICA	SEIDITA	MEP ASSISTANT - EP



Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects

Attendance Consortium Partners

#	Last NAME	First NAME	ORGANISATION	Signature
1	Alonso	Pablo	WIP	
2	Arnaud	Christophe	Solar Power Europe	
3	Aschenbeck-Florange	Tanja	Osborne Clarke	
4	Bergmann	Ariel	UNIDUN	
5	Caneva	Silvia	WIP	
6	De Vries	Coenraad	Oneplanetcrowd	
7	Dlouhy	Alexander	Osborne Clarke	
8	Gajda	Oliver	ECN	
9	Harder	Karl	Abundance	
10	Kohl	Kathrin	ECN	
11	Passeri	Francesca	ECN	
12	Raguet	Alex	LUMO	
13	Tordera	Irene	ECN	



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Annex II – Agenda

European Policy Workshop

16th February 2017, Brussels

Time	Content	Responsible
09:00 – 09:30	Participants registration & Welcome coffee	
Introduction Session		
<i>Title: CrowdFundRES Project</i>		
09:30 – 09:45	Welcome & Introduction to CrowdFundRES project	ECN and WIP
09:45 – 10:00	Review of crowdfunding regulation & market developments for RES project financing in the EU	Osborne Clarke
10:00 - 10:15	Case Studies & Practical Experience in RES crowdfunding	ABUNDANCE
Session I		
<i>Title: Opportunities and Challenges associated with the Implementation of the Policy Recommendations – Identifying priorities and setting a timeframe</i>		
10:15 – 10:30	The Clean Energy Package and its Financing Measures Ms. Sofia Pinto-Barbosa, Policy Officer, European Commission - DG ENERGY (Renewables and CCS Policy)	KEYNOTE SPEECH
10:15 – 10:30	Policy recommendations on regulatory and market framework improvements for crowdfunding RES projects	ECN
10:45 – 11:30	Policy recommendations for Renewables and for Crowdfunding: Overcoming challenges related to the implementation of the policy recommendations <u>Discussants:</u> Tanja Aschenbeck-Florange – Lawyer, Osborne Clarke Dr. Jean-Pierre Bussalb – Policy Officer, BaFIN Ms. Sofia Pinto-Barbosa – Policy Officer, European Commission DG ENERGY Alex Raguet – CEO and co-Founder, Lumo Andrea Beltramello - European Commission DG FISMA <u>Moderation:</u> Oliver Gajda, European Crowdfunding Network	PANEL DISCUSSION
Group work Session I		
11:30 – 12:30	Group Work on Policy Recommendations followed by wrap-up by group	All participants
12:30 – 13:30	Lunch & networking break	

Session II

Title: Opportunities and challenges associated with the implementation of the guidelines – Identifying priorities and setting a timeframe.

13:30 – 13:45	Draft guidelines for RES developers, Investors and crowdfunding platforms	UNIDUN
	<i>Group work Session II</i>	
13:45 – 14:30	Group Work on Draft Guidelines followed by wrap-up by group	All participants
14:30 – 17:00	Farewell speech and time for networking	

Technical references

Project Acronym	CrowdFundRES
Project Title	Unleashing the potential of Crowdfunding for Financing Renewable Energy Projects
Project Coordinator	Silvia Caneva & Pablo Alonso Wirtschaft und Infrastruktur GmbH & Co Planungs-KG (WIP) silvia.caneva@wip-munich.de pablo.alonso@wip-munich.de
Project Duration	February 2015 – January 2018 (36 months)

Deliverable No.	D4.3 - Proceedings European Policy Workshop
Dissemination level*	PU
Work Package	WP 4 - Guidelines Application and Revision
Task	T4.3 – European Policy Workshop and Policy Meetings with National Decision Makers
Lead beneficiary	ECN
Contributing beneficiary/ies	All partners
Due date of deliverable	31 March 2017
Actual submission date	31 March 2017

PU = Public

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

RE = Restricted to a group specified by the consortium (including the Commission Services)

CO = Confidential, only for members of the consortium (including the Commission Services)

v	Date	Beneficiary	Author
1.0	20/02/2017	ECN	Kathrin Kohl
2.0	31/03/2017	WIP	Pablo Alonso & Silvia Caneva



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