Handbook on Investment schemes for REScoop projects

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RESCOOP 20-20-20

Co-funded by the Intelligent Energy Europe Programme of the European Union

About REScoop 20-20-20

REScoop 20-20-20 is an initiative launched by the Federation of groups and cooperatives of citizens for renewable energy in Europe with the support of the Intelligent Energy Europe Program (European Commission). The project is dedicated to promoting the renewable energy sources cooperative models (REScoops) and to increasing the number of successful citizen-led renewable energy projects in order to achieve the European 20-20-20 energy goals by increasing the involvement of citizens.

Twelve organizations in seven European countries (Belgium, Denmark, UK, France, Germany, Italy, and the Netherlands) have joined forces in REScoop 20-20-20. Coming from various backgrounds (renewable energy cooperatives, federations of REScoops or coops, local energy agencies, academic partners, and sustainability agencies), they all share a work experience related to renewable energy sources and cooperatives, and a tenacious desire to speed up local and citizen-led renewable energy projects across Europe.

Specifically, the project makes an inventory of the existing REScoops in Europe, learns from them, tests methodologies based on best practices and shares practical knowledge about setting up and running local and citizen-led initiatives with existing and new REScoops. It also promotes the REScoop approach to policy makers on a local, national and EU level.

The success of REScoop 20-20-20 relies on raising a collective and citizen-based dynamics around the project and the existent and upcoming renewable energy sources cooperatives. The project website (www.rescoop.eu) plays the role of an interactive platform to give REScoops across Europe a chance to pool their knowledge, effort and enthusiasm. In this perspective, all the outputs of the project (reports, guides, handbooks, etc.) are freely available on the website. A toolbox – gathering other useful REScoop 20-20-20 guides and handbooks among other interesting resources – and a Wiki are completing the set of tools made available on our interactive website.

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Introduction

i. What is a REScoop?

The word "REScoop" results from the contraction of "Renewable Energy Sources" (RES) and "cooperative" (coop). REScoops are groups of citizens, cooperatives or community-based organizations that cooperate and develop activities in the field of renewable energy sources, i.e. sources of energy that can be naturally replenished on a human time scale (solar, hydro, wind, biomass and geothermal). REScoops are involved in the energy transition towards renewable energy and develop the following activities: the production, supply and/or distribution of renewable energy, as well as the provision of other support services to members (for instance to help them reduce their energy consumption) and to other organizations.
REScoops are cooperatives in the sense of the ICA (International Cooperative Alliance) definition, i.e. "autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise". Not only cooperatives in the limited legal definition of the word, but rather all the groups of citizens inspired by the cooperative principles, are in the scope of REScoops.

REScoops tend to implement bottom-up and collective dynamics based on the active participation of citizens and the involvement of multiple stakeholders (local authorities, local economic players, other cooperatives, etc.). Some citizens become members of the cooperatives, i.e. owners and users of the cooperative; in that sense, citizens engage in the cooperative through the traditional governance mechanisms of the cooperative model. But citizens can wear different hats in REScoops: citizens can for example become directors of the board, volunteers or employees of the cooperative, being engaged in the organizational structure. They can also finance the cooperative, through their investment – they are then shareholders or investors - or through their consumption – they are then consumers. Citizens can also own production installations, individually or collectively; they then become producers. They can also remain as external stakeholders, such as residents living close to energy production installations, workers in the energy field (engineers, etc.), owners of the production sites/lands or roofs, people aware of social enterprises and/or environmental challenges, etc. These different hats do not imply the same level of involvement and the actions to take to engage these different types of audiences must then be adapted.

ii. How to use the REScoop Handbook on Investment Schemes?

The Handbook is divided in 3 sections:

- The first part focuses on the type of investment schemes there are and how to pick one for your project. In this section you can find a methodology set up by the partners of the REScoop 20-20-20 project to help you pinpoint an investment scheme which corresponds to the main characteristics of your RES project. However, it is important to take into account the local and national context of your project and most particularly the regulatory context for setting up each of these schemes because it differs from one country to another.

- The second section of the handbook is dedicated to the description of practical cases of REScoop investment schemes. It focuses on 4 key examples from the REScoop movement in Europe which have been identified as best practices based on different criterion among which the technical and economic sustainability of the project and the financing schemes and participation of citizens as shareholders. These replicable examples are detailed so as to give a more precise idea on how to set up such an investment scheme applied to a specific electricity production project. These practical cases also highlight the fact that a REScoop project is not forcibly the application of 1 specifically identified investment scheme but more a combination of tools that is adapted to its characteristics.

- The third and final section of the handbook depicts new investment schemes that are either very punctually used or not yet set up to finance REScoops. It briefly explores a few leads, discussed and imagined in a collaborative way among the partners of the REScoop 20-20-20 project as a direct answer to today's barriers to set up new REScoop projects in Europe. This part of the handbook's main objective is to give an overview of the potential of several tools, methods and ideas which could be supported and exploited by the citizen-based projects in the renewable energy sector in the future.

I. What is an investment scheme for REScoops?

I.A. REScoop investment schemes

1. What is an investment scheme?

In the context of REScoops, an investment scheme has to be defined as a type of investment which fulfils several objectives directly linked to the nature and identity of a REScoop project.

The European Charter for REScoop which has been discussed and validated by the partners of the REScoop 20-20-20 project states for instance that an investment scheme has to contribute in a broader sense to the development of energy efficiency and the renewable energy sector, while minimizing the negative impact of renewable energy projects on the environment. Therefore a REScoop investment scheme has to be compatible with the International Cooperative Alliance principles and the common ecological, social and ethical values that were identified by the partners of the REScoop 20-20-20 project.

These values are the following:

Ecological principles

- Reduce the impact of climate change by supporting the efficient use of energy and the implementation of renewable energy technologies: the energy transition;
- Protect the environment while minimizing the impacts of RES installations;
- Ensure the preservation of renewable energy sources, water and soil as well as their quality.

Social and ethical principles

- Support the local economy by stimulating growth and employment (ex: by prioritizing the local economy and avoiding business relocation);
- Restrict the exclusive pursuit of financial profit;
- Optimize the energy supply cost and management through local energy autonomy and short distribution loops;
- Ensure financial transparency;
- Support the active involvement of prosumers (producer/consumers) as a priority ahead of technological approaches such as smart meters;
- Encourage Fair Trade in RES projects;
- Ensure the fair access to common goods.

So as to take into account such values in an investment scheme, it is important to define an adequate business model to a REScoop project. The business model will set the basis of a project and key principles to a project's identity and activities. That way, each project will put in place its own investment scheme that will respond to its values and needs. In order to give a large overview of the possible investment schemes available for REScoop projects, this handbook will focus on schemes that will answer the following aims:

- to allow citizens to invest in renewable energy production (particularly local projects);
- to involve European citizens willing to invest in citizen RES-projects, offering limited risk opportunities that generate tangible outcomes in terms of RES-e generation;
- to finance local renewable energy projects, to allow access to the energy market, and, at the same time, to provide financial means, if possible at affordable rates, to citizens RES-project developers which often have limited assets and guarantees to propose.

2. How to finance a REScoop?

Financing a REScoop depends mostly on the type of project planned: its size, the type of technology used and the type of activity (whether it produces, supplies or distributes energy or services). In order to decide on what type of investment scheme is best for the project, it is important to decide on several aspects of the project that will be the base of the business model of the project. Based on these general aspects that are governance, technology, size of the project, etc. you can study the different financing tools available to your project depending on the regulation in place in your country.

It is important to know that investment is largely regulated in certain country depending on your activity and the nature of your organisation (cooperative, association, etc.). Therefore you will have to gather information on the legal framework of project financing in your country early in the setting up of your project planning.

Different types of financing stages can be defined for a project, depending on its primary activity. However, for the purpose of this handbook, we will focus on the financing of electricity production projects. The key phases for the development of a REScoop project can be identified as follows:

- The pre-planning phase
- The development phase
- The construction phase
- The operating and maintenance phase.

Phase	Description	Type of financing	Challenges / level of risk
1. Pre-planning	• Project planning • Identification of site/type of RES • Feasibility Study • Draft Business Plan • Legal agreements	• Grants • Soft loans • Self financing • Seed capital	• First phase of the project, most risky part of the project to fund, investors are not often willing to risk investing in the early stages of a project • Financial guarantees needed by financial institutions in case the energy production does not repay the interest costs of the loan • Patrimonial guarantees requested by banks

2. Development	• Business plan • Permitting procedure • Grid access permit • Power Purchase Agreements • Legal agreements • Legal & Financial Due Diligence • Financial closing	• Equity investment • Grants • Loans	
3. Construction	• Construction contracts • Connection to the grid		• Construction risks: financial operators are willing to take on construction risk often subject to their appointment of an independent consultant to undertake due diligence on the contracts, business models, etc (has to be taken in charge by the REScoop).
4. Operating & Maintenance	• Production • Operation & Maintenance Contracts	• Revenues from energy production • Public support schemes for RES	• Revenues • Regulatory risks on public support schemes • Financial viability of the installer and the manufacturer and credibility of their warranty

Costs per type of Renewable Energy Source[1]:				
RES	Investment costs (€/kWel)	O&M costs [€/(kWel*year)]	Lifetime average (years)	Plant size (MWel)
Biogas	1350 - 4525	50 - 175	25	0,1 - 8
Biomass	450 - 4375	65 - 176	30	1 -- 25
Biowaste	5500 - 7425	145 - 258	30	2 _ 50
Geothermal	2575 - 6750	113 - 185	30	5 -- 50
Large Hydro	850 - 5750	35	50	20 - 250
Small Hydro	975 - 6050	40	50	0,25 - 9,5
PV	1800 - 4750	30 - 42	30	0,005 - 0,05
Solar thermal	3600 - 5025	150 - 200	30	2 -- 50
Tidal	5650 - 8000	145 - 160	25	0,5 - 2
Wave	4750 - 7500	140 - 155	25	0,5 - 2
Wind onshore	1000 - 1525	35 - 45	25	2
Wind offshore	2450 - 3500	90 - 120	25	5

For this handbook we will focus on solutions to cover the investment costs of a REScoop project and therefore the phases 1, 2 and 3.

[1] See REScoop 20-20-20 report on Financial barriers and existing solutions

I.B. How to choose the right investment scheme for your REScoop?

1. Matrix methodology: to help you choose the right investment scheme

Two REScoop dimensions are relevant to determine the financing needs of the initiative: the technical and legal features of the RES project; the business and governance model to be adopted. These two dimensions are evaluated on a continuum from a low level to a high level: the technical and legal features determine the level of complexity (simple/complex) of the RES project; the business and governance models determine the level of citizens involvement (private/collective).

The level for each dimension is determined by several independent variables that will be assessed by the REScoop developers (look at the following Self-Assessment matrices).

Dimension 1. Technical and legal (RES) features of the RES project

- Size of the project (power installed in kW)
- Type of RES
- Timing in the process (how difficult is it to collect financing according to different phase?)
- Social acceptance of RES in the local context
- Geographical Scope (national REScoop /local REScoop)
- National RES tariffs available for different technologies and sizes

Dimension 2. Business and governance model of the RES project

- Number of citizens/actors engaged
- Nature of the actors involved in the project (citizens, public administrations, private investors, corporations)
- Patrimonial guarantees of the investors
- Willingness of people to invest (capital endowment and trust) into new REScoop
- Legal forms (governance model: one head one vote could be problematic) and related constrictions (as shares public offering, exit strategy)
- Mutual objective (energy consumption versus capital remuneration)

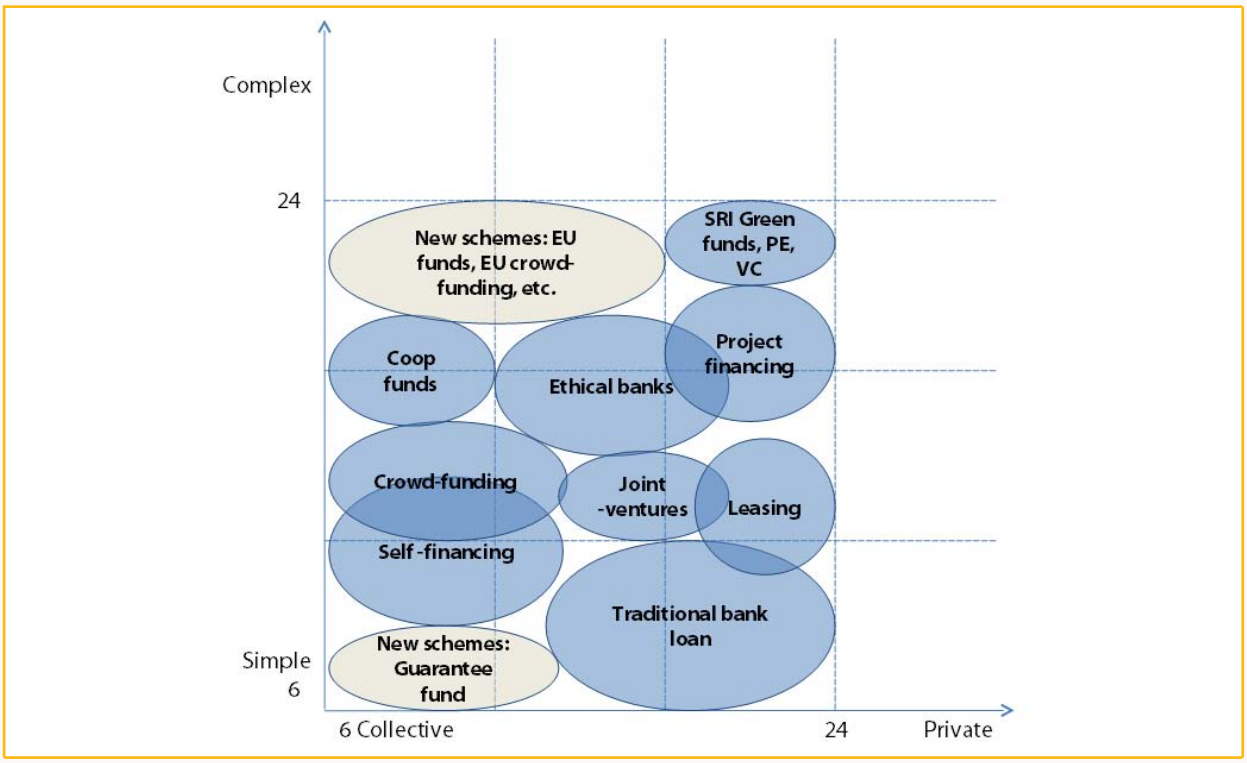
From simple to complex

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Size of the project	<200 kW	200-1000 kW	1000-5000 kW	>5000 kW
Type of RES	Mini wind, PV	Mini hydro, Biogas	Wind on-shore, Solid biomass	Wind off-shore, Wind on-shore, Hydro
Timing in the process (how difficult it is to collect financing according to different phases of the project?)	Operating phase	Construction phase	Permitting phase	Planning phase
Social acceptance of RES	Social acceptance	Few opponents	Local scepticism	NIMBY ("Not In My Back Yard")
Geographical Scope	Neighbourhood	Local/Municipal	Regional	National
National RES tariffs	High Feed in/premium tariff	Medium tariff	Low tariff	No tariff Selling to market
Total Y	Sum of row values (1-24)			

From collective to private

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Number of citizens/actors	>500	100-500	30/09/00	01/10/14
Nature of the actors involved in the project (citizens, public adminis-trations, private investors, corporations)	4 types	3 types	2 types	1 type of actors (i.e. corporation)
Patrimonial guarantees of investors	No guarantees	Few investors with patrimonial guarantees	Many investors with patrimonial guarantees	Patrimonial guaran-tees of all investors
Willingness of people to invest (capital endowment and trust) into new REScoop	>75% of engaged actors	50-75% of engaged actors	25-50% of engaged actors	<25% of engaged actors
Legal forms (limit and con-straints)	Cooperative	Community-owned company	Private company (Ltd)	Public company (Plc)
Mutual objective	Energy consumption	Capital remuneration and energy con-sumption	Low capital remu-neration	High capital remu-neration
Total X	Sum of row values (1-24)			

The combination of the two dimensions will suggest the best investment scheme for the RES project: in some cases, the matrix could suggest existing investment schemes; in other cases the matrix could indicate the need for new investment schemes. In that case we suggest new options or we can give advices to change the RES project along some development paths. For instance, due some variables of the project, and then a result in terms of existing or non-existing schemes, we can suggest to change the size or the business model in order to reach new investment opportunities.



2. Description of the existing investment schemes present in the matrix

This part of the handbook describes through a series of fact sheets the different investment schemes that exist and, when relevant, gives examples of these schemes applied in REScoops or citizen-led projects. Each fact sheet is detailed according to the following sections:

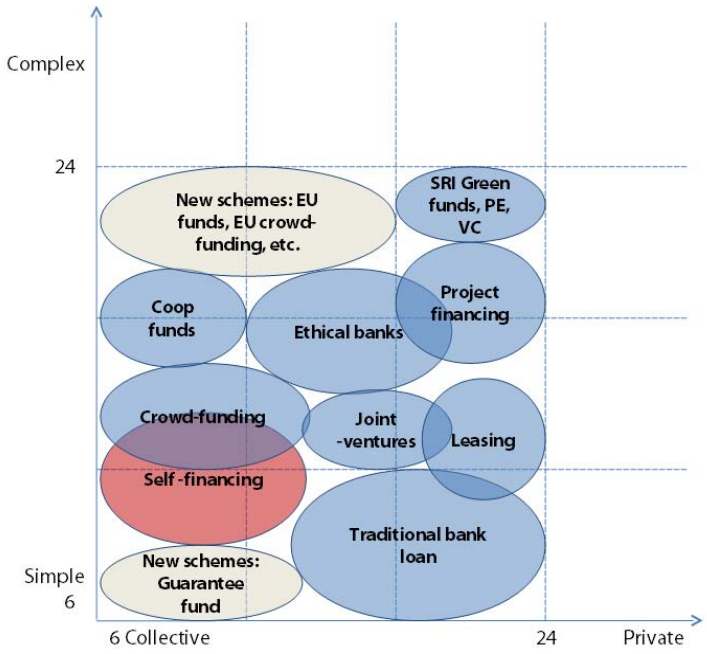
- an **infographic** section that locates the scheme in the matrix and indicates at what stage of the project this scheme can usually be used
- a **definition** of the scheme
- the main **characteristics** of the scheme
- the specific **tools** that are needed to set-up this scheme
- a non exhaustive list of practical **examples** of this scheme, when relevant for REScoop projects.

Below you will find the following fact sheets:

1. Self-financing
2. Crowdfunding
3. Traditional bank loan
4. Joint ventures
5. Ethical or not traditional banks
6. Cooperative fund
7. Leasing
8. Project financing
9. European cooperative fund

1. SELF-FINANCING

Self-financing in the matrix



When to use this method?

Pre-planning tends to be very risky and while not impossible, many founding members of co-ops tend not to seek funds from citizens. Once the permits have been realised, then a community of citizens are more willing to invest in the project. This capital is generally used to repay the risk capital and to fund construction of the project.

Pre-planning Phase

Development Phase

Construction Phase

Operating & Maintenance

What is a self-financing scheme?

When citizens become members of a co-operative they must become economic participators in the business. For RES, where members own the generating asset, the funds to build it come from investment by co-op members.

Self financing is when project capital is raised from members of the co-operative. This can be existing members, or if it is a new scheme, by attracting new members from the community. The capital can be raised in a variety of ways, such as equity, bonds or debt. Co-operatives are unique in that they are generally exempt from financial regulation (this can vary by country) which makes raising capital easier. REScoops tend to require large sums of capital to make them happen so it is often necessary to offer reasonable return on investment or interest on bonds. Typically a co-operative will raise equity from members and pay an annual share interest on that equity, relative to available profit. Projects may also combine equity and debt in the same way as a privately funded scheme.

What are the characteristics of a self-financing scheme?

- Capital is raised by the membership rather than private investors
- Share or bond offers are open to everyone though local people may be given priority
- Some co-ops tend not to borrow capital, though some find it necessary to raise the sums required

Specific tools needed to set up a self-financing scheme

What do you need to set up a self-financing scheme?

- A well written offer document that gives confidence to citizens
- A project that generates sufficient profit to repay capital and offer a reasonable return to members
- A good marketing strategy, so that everyone get to find out about the opportunity

How does self-financing impact the governance of a project?

- In a cooperative, members who invest equity in the project are given a single vote, no matter how much they invest. This is what makes a co-operative an equitable business, democratically run for its members

What type of return? (How long? How much?)

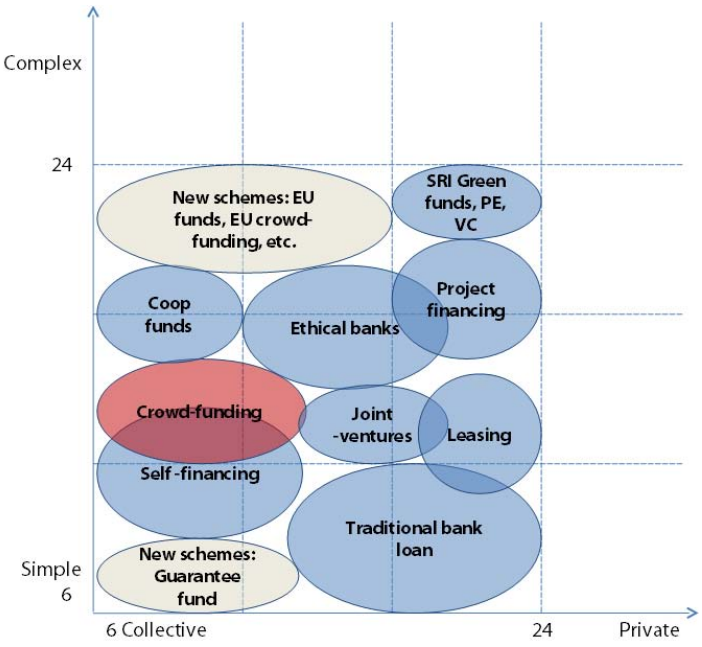
- Return is normally paid out as share interest at the end of the financial year, depending on how well the business has traded and after members have voted on how the profits are to be distributed at the General Assembly.
- Bond holders are paid out interest according to the value of their bond.

Existing examples of self-financing for financing REScoop projects

- Drumlin Wind Energy Co-operative in the UK raised £2.7m to build four 250kW wind turbines. Nearly 90% of capital was raised as equity from the public share offer from just over 750 members and 10% was borrowed from a social lender. Return on Investment was offered at an average of 10% over twenty years, including a government tax relief. The loan is for a period of 3 years at an interest rate of 5%

2. CROWDFUNDING

Crowd-funding in the matrix



When to use this method?

The crowdfunding scheme can be used in the development phase. After the REScoop foundation, a crowdfunding campaign may be launched to collect the capital needed to invest in the renewable energy project. An important issue to be addressed in this phase is the nature of the collected capital. Part of that may be needed to finance the activity of the REScoop even if it represents the equity of the cooperative.

Pre-planning Phase

Development Phase

Construction Phase

Operating & Maintenance

What is crowdfunding?

Crowdfunding is an emerging alternative form of financing that connects directly those who can give, lend or invest money with those who need financing for a specific project.

The practice is becoming more and more widespread since the financial crisis, as banks' lending activity is reduced and access to finance is more difficult. In 2012 crowdfunding in Europe saw an estimated 65% growth compared to 2011 and reached € 735 million. This figure is promising compared to the shrinking European venture capital market of € 3 billion, although it stays modest if compared to the European Initial Public Offering markets (in the range of € 16.5 billion).

Crowdfunding refers to open calls to the wider public, typically through the internet, to finance projects that are directly chosen by the citizens who become involved as investors in the project development. These calls usually state the funding needs and the purposes of the project, defining a limited funding period. Crowdfunding campaigns typically collect small individual contributions coming from a large number of individuals. The projects usually have relatively small funding targets – although there are some exceptions. Crowdfunding is in its early stage of development and so its different models, benefits and risks are still changing.

Typically on the two sides of a crowdfunding transaction there is a person with an idea for a project who sets up a crowdfunding campaign on one side (project owner or campaigner), and many people who give money to realise this idea on the other side (contributors).

The campaigner can collect funds directly, but often a web-based intermediary (so-called 'crowdfunding platform') will assist in publishing campaigns, reaching contributors and collecting funds. These platforms usually perform certain screening and monitoring functions as well, and they typically charge a fee for these services.
In 2012 it was estimated that there were more than 200 crowdfunding platforms in Europe.

Project owners at the end of the crowdfunding campaign can either keep any amount that has been offered, or keep the money only if the defined target amount of the campaign has been reached. In the latter scenario, if the target is not reached, the campaigner has to return all the money pledged to those who offered to contribute.
Crowdfunding can take many different forms. One taxonomy follows the type of exchange between the project owner and the contributor (what contributors get in return for their money):

- donations,
- sponsoring (advertising in exchange for financing),
- rewards (a product or service of lower value than the contribution),
- pre-selling (collecting funds to develop and deliver a product),
- lending (the project borrows money from the crowd with or without interest)
- securities-based investments (where the project issues shares or bonds to contributors to the crowdfunding campaign).

What are the characteristics of a crowdfunding scheme?

The most interesting scheme for REScoops are the securities-based investments, in particular the shares-based crowdfunding. The main characteristics of this scheme are the following:

- Citizens invest through the crowdfunding platform mainly because they trust the project and support the aims of the initiative. The value of the shares offered by the cooperative is not revealed by the trading market, but it's settled by the promoters. This raises the risk of over-valuation of projects. Contributors risk also the dilution of their investment value if the company decides to issue new equity to further investors.
- As in any other form of financing, the risk of project failure exists. For the contributors (shareholders) this means they could lose the amount they invested. If the venture survives but turns out to be less successful than contributors thought, it might pay lower and less frequent dividends than contributors had hoped for.
- Buying shares brings with it also certain voting rights, which can protect the interests of the investor. But investors need to be prepared to exercise those rights. They might be able to make their investment through the internet, but casting their votes may not always be possible from a distance.
- Finally, when investors wish to exit the investment (i.e. sell their shares) there is in principle no active and liquid secondary market where they could easily do so. Contributors should be aware of this fact at the time when they decide whether to invest into shares through crowdfunding.

Crowdfunding has many potential advantages to offer to project owners. The flexibility and speed of fundraising, easier and cheaper access to finance, and reduced dependence on traditional forms of financing are further advantages. This form of fund raising is a viable alternative to getting bank financing, even if it means giving decision rights to shareholders. In addition project owners can get feedback and advice or other resources from the crowd (networking, crowd-sourcing, etc.).

Specific tools needed to set up a crowdfunding scheme

- What do you need to set up a crowdfunding scheme?

  The REScoop can decide to set up a crowdfunding scheme or to enter an existing crowdfunding platform.
  In any case a web-based support is needed. In the first case the REScoop has to create a landing web page to explain the project and to launch the fundraising campaign. Moreover, the scheme should be supported by a banking operator or other financial intermediary that guarantees transparency and efficiency of all transactions. The payment method has to be secure and trusted by the citizens: money transfer to a bank account registered in the name of the REScoop is the preferable option. In the case of existing platform, the REScoop may start easily the fundraising activity also without many costs, but this option has several shortfalls.

  Equity crowdfunding platforms, still not much widespread in the market and mainly focused on the start-up technological sector, have to be accredited by the national financial authorities which set the standards that they must meet and can take action against firms if they fail to meet the required standards.
  Moreover, many platforms have the following operating rules:
  - if the target amount set by the entrepreneurs will not be reached, the collected amount will be returned to the investors;
  - success fees of about 5% (+ VAT) of the target amount and listing fees are charged.

  Warning: Crowdfunding is currently unequally regulated depending on the countries in the EU. It is important to check your country's national regulation related to crowdfunding before setting up such a scheme.

- How does crowdfunding impacts the governance of a project?

  The governance model of a REScoop with thousands of members engaged through the internet may be complicated, but it's not different from a traditional cooperative model. Many of them could not be inclined to attend plenary assemblies or prepared to exercise certain voting rights. Indeed they might be able to make their investment through the internet, but casting their votes may not always be possible from a distance. For this reason some innovative web-based tools should be adopted by the REScoop in order to facilitate the communication and the participation of members to the corporate governance.

- What type of return? (How long? How much?)

  Crowdfunding can take the form of donations, where people give money to a given project and they are not promised anything in return. The size of this type of crowdfunding campaigns is typically small, an estimated €500 on average in Europe. Despite their small size, this is the most frequently used model of crowdfunding: 62% of crowdfunding campaigns world-wide were donation-based.
  Given that contributors are not promised to get anything in return, the only risk they take is that the money they give is not used for the stated purposes (fraud), which is a risk present in any other form of crowdfunding as well as in traditional forms of donations and charitable giving.

  Reward-based campaigns offer, in exchange for contributions, some products or services typically of a lower value. Social causes, artistic projects and business ideas seem to be the main beneficiaries of this form of crowdfunding. In this case, no other return is expected, and the risk is the same as donations.

In cases where shares are issued to contributors, the expected return will depend on the business profitability. In theory, shares give members the right to receive distributed dividends (pro quota) on a yearly basis. The risk/return profile must ponder also:

- lack of secondary markets for trading (lack of liquidity)
- potential dilution of investors investment value through further equity sales
- difficulties in exercising shareholder rights in a complex ownership model
- losses from project failure (contributors do not receive what they were promised).

Existing examples of crowdfunding for financing REScoop projects

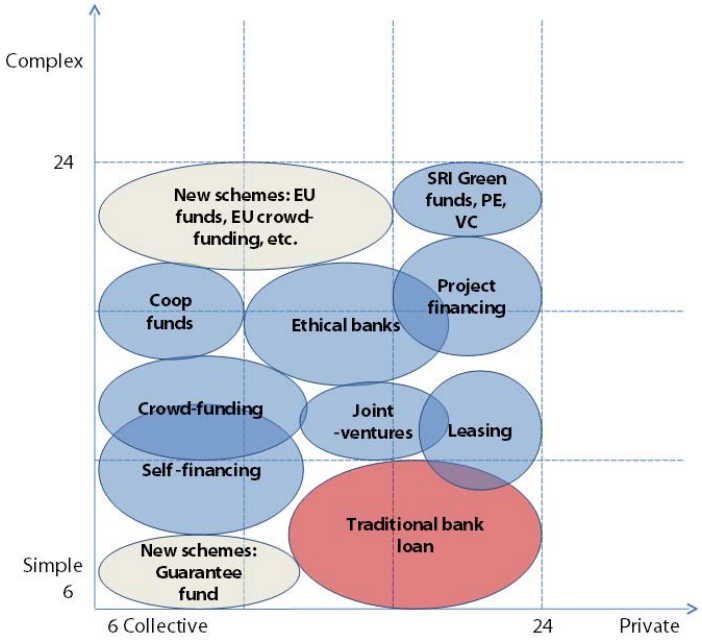
- See the Som Energia example from Spain in the Practical cases section.

- Abundance is a crowdfunding platform based in the UK dedicated to the renewable energy sector, even if not focused on cooperative projects. Abundance acts as an intermediary between the RES projects that issue debentures (long term investments mixed loan/equity) and customers that want purchase them to invest in RES generation. Anyone can invest from just £5 and get regular returns of 6-9% Internal Rate of Return for long period of 20-25 years. But there is a risk, if something goes wrong or if the Energy Project fails during the life of the Debenture, that investors not get back all or any of original investment. The return of the investment finally depends on the ability of the energy projects to pay it back. In terms of exit, the Debentures are transferable, but they will be harder to sell than some investment products because there is no regulated marketplace and the options to sell the Debenture are limited.

- Trillion fund is a portal to investments in renewable energy projects, whether they are crowdfunds, bonds or shares in a local co-operative or Public Limited Company. The reward to investors can be financial profit, such as an annual dividend or equity stake: the returns, currently an average of 5.67 per cent.
  Investors' money goes straight to the business, via the crowdfunding platform. The business – not the investor – pays fees to the crowdfunding platform for the listing.

3. TRADITIONAL BANK LOAN

Traditional Bank Loan in the matrix



When to use this method?

After the development phase. Some of the banks will even never accept to finance the construction but only post finance (buy back the project once it is functioning)

Pre-planning Phase

Development Phase

Construction Phase

Operating & Maintenance

What is a traditional bank loan?

It is a financing in debt which requires guarantees and the payment of interests.

In comparison with an ethical bank, a traditional bank will :

- rarely accept small and medium loan (less than 500 k€/ 1M €) which are less profitable
- can require further due diligences to the project leaders (to check the guarantees and the ability to lead the project) - which can cost 20 to 30 000 euros
- may be less willing to finance citizen projects whose governance is seen to be more complicated

Nevertheless, the loan can be similar concerning the interest rates and the guarantees asked.

What are the characteristics of a traditional bank loan?

- Important amount : > 500 k€/ 1M €
- Interest rates : depending on the "market cost of money" – quite low in Europe at the moment –for example between 4 and 5 % on a length of 10/15 years
- Further due diligences can be required

Specific tools needed to set up a traditional bank loan

- What do you need to set up a traditional bank loan?

  In order to have access to a traditional bank loan, it is needed to be at least in the construction phase of a project and to require an amount of at least 500 k€/ 1M €.

  Generally project owners also need to bring at least 20% of self-financing for 80% of loan and to pay for a due diligence process that checks the technical and economical viability of the project as well as the guarantees.

  It is also necessary for the REScoop to bring several type of guarantees :
  - Guarantees on the building (or on the long term mortgage lease if you rent the building)
  - Pledge on the production tools
  - Sometimes a bank account with 6 months of loan reimbursements blocked.

- How does self-financing impact the governance of a project?

  In a cooperative, members who invest equity in the project are given a single vote, no matter how much they invest. This is what makes a co-operative an equitable business, democratically run for its members.

- What type of return? (How long? How much?)

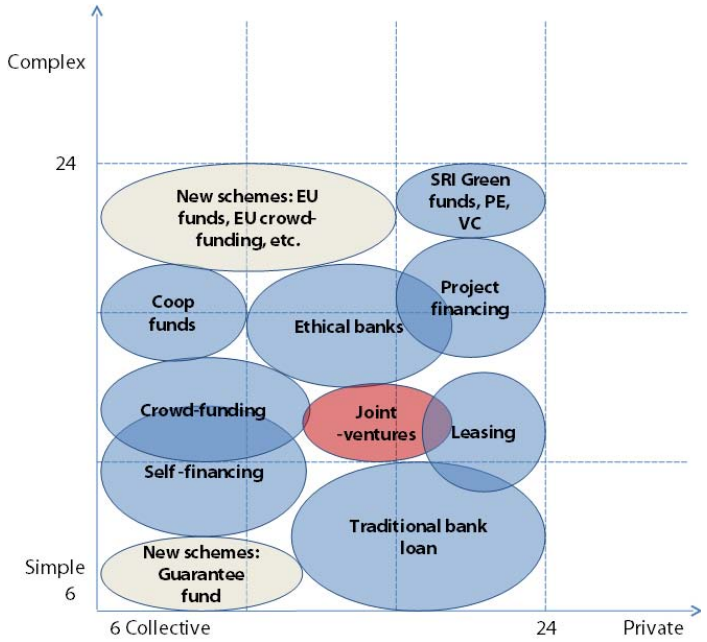
  Return is normally paid out as share interest at the end of the financial year, depending on how well the business has traded and after members have voted on how the profits are to be distributed at the General Assembly. Bond holders are paid out interest according to the value of their bond.

Existing examples of traditional bank loans for financing REScoop projects

- Regional traditional cooperative banks or traditional banks dedicated to ecological projects (for instance "Unmwelt bank" in Germany) or to social/local/cooperative projects (Crédit Coopératif in France, Bank fuer Sozialwirtschaft in Germany, BBK in Spain, Banche di Credito Cooperativo e Casse Rurali in Italy,Co-operative bank in the UK, etc., sometimes finance REScoop projects.
- For example, Crédit Coopératif in France experimented in 2012 (with the wind farms developer Valorem) a saving product dedicated to financing a wind farm in the south of France.

4. JOINT VENTURES

Joint ventures in the matrix



When to use this method?

- Pre-planning Phase
- Development Phase
- Construction Phase
- Operating & Maintenance

What is a joint venture?

A joint venture refers to the creation of a partnership or conglomerate, in which 2 or more companies combine part of their assets. It corresponds to a new legal entity and is often created to share risk or expertise on a temporary basis.

An international joint venture is a joint venture that has at least one partner organization head quartered outside the country of operation, or that has a significant level of operation in more than 1 country.

What are the characteristics of a joint venture?

- joint ventures are typically not a passive investment
- generally the parties need to contribute skills as well as money
- joint ventures are typically for a single business, development or project
- joint ventures usually are not the major activity of the parties concerned
- the joint venture is a collaborative extension of their commercial activities
- the association of participants is almost invariably regulated by a written agreement called a joint venture agreement (JVA) -> a contract between the parties

- The creation of a joint venture can be motivated by different reasons:
  - minimizing the transaction costs
  - reducing contractual difficulties
  - enhancing competitive positioning
  - entering a new market
  - pooling resources and knowledge to create economies of scale

- Warnings and limits of a joint venture:
  - the presence of multiple stakeholders in a JV may result in an ineffective monitoring and make it difficult to manage the resource
  - cultural differences in organizational practices can lead to management difficulties in a joint venture, it is recommended to identify ahead of the JV's creation the key staff in charge of the JV's management and activity inside each partner organization
  - the negotiation and setting up of a JV can take a long time
  - the launching phase of a JV is very important and often overlooked concerning general strategic orientations, operational management and governance
  - partners have to be careful and try to avoid duplicating the management and organizational costs of the JV, it is better to pool resources from the start of the partnership
  - joint ventures are not appropriate for long term projects

Specific tools needed to set up a joint venture

- What do you need to set up a joint venture?

  In order to set up a Joint Venture, a REScoop needs to be in contact with other partners that are ready to get involved in a partnership during a set time frame. The common goal has to be clearly identified by the partners.

  In order to set up a joint venture, a legal contract has to be signed between the parties creating a legal entity that will embody the partnership. All the parties involved should take part in the negotiation of the contract.

- How does a joint venture impacts the governance of a project?

  The creation of a joint venture can impact the governance of a project, depending on the arrangements and terms of the contract made between the partners. Before the launching of the JV, it is important to take the time to agree with all the partners involved on the decision marking processes of the JV. It is sometimes recommended to apply a flexible governance with clear processes. Choose an appropriate Board structure.

- What type of return? (How long? How much?)

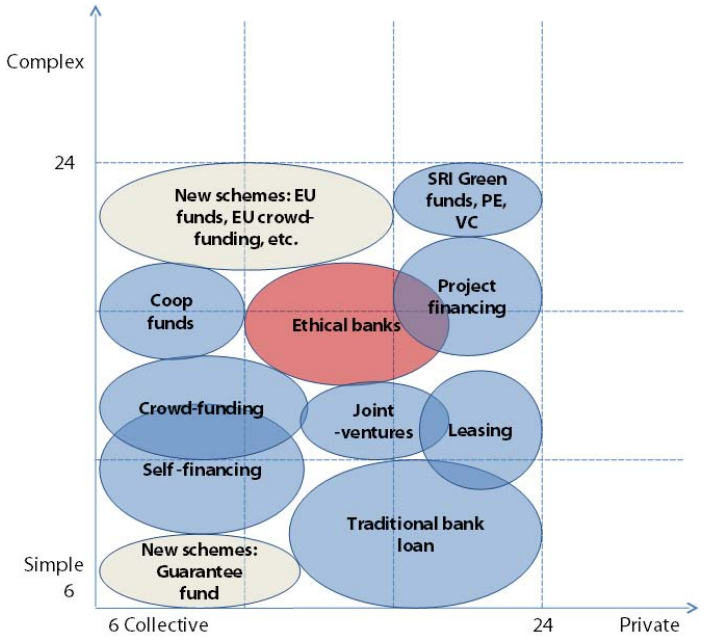
  A joint venture being a legal entity combining part of the assets of at least 2 partners, the type of return will depend on the terms of the partnership. A joint venture can correspond to a capital investment, but it can also correspond to the sharing of skills or operational means. Therefore the return on investment will depend on the terms of the agreement between the parties.

Existing examples of joint ventures for financing REScoop projects

See the Coopérnico project in Portugal in the Innovative new financial schemes part.

5. ETHICAL OR NOT TRADITIONAL BANK

Ethical or not traditional bank in the matrix



When to use this method?

- Pre-planning Phase
- Development Phase
- Construction Phase
- Operating & Maintenance

What is an ethical or not traditional bank?

It is a bank whose mission is not to maximize the profit but to foster cultural, social and ecological projects: it does not invest in the financial markets and it makes loans exclusively to economically viable projects of the social economy: organic agriculture, social or cultural projects, energy saving, renewable energy production, etc.

It also organizes a transparent circulation of money; the list of the financed projects is published each year.

Most of the time they are cooperative banks: savers and borrowers are also members of the cooperative and have a right to vote each year during the general assembly.
More than the right to vote, ethical banks offer to savers and borrowers the possibility to create links among them, which is a strong added-value for REScoop projects managers.

What are the characteristics of an ethical or not traditional bank?

Most of the time the ethical banks will spend more time with the projects' leaders and will be more attentive for small and cooperative projects than a traditional bank. The trust between the bank and the project's managers is very important for the ethical bank: if the project's managers share the same values as the ethical bank, the credit will be easier to implement.

Moreover, the savers of the ethical bank shares also strong values and the human relationship is very important: so it can open some opportunities such as looking for individual investors.

The ethical bank will make smaller loans if the project is socially and ecologically interesting even if the loan is not very profitable (but of course the project has to be able to reimburse the loan). It can finance projects from 10 000 to a few million euros.

Nevertheless, the interest rate will be more or less the same as in a traditional bank, as well as the guarantees asked. In case of small and short term loans to cooperatives, some public funds (such as France Active in France) can bring the guarantee.

The closer relationship between project managers and the ethical bank can allow to increase reciprocal confidence and therefore to make easier the implementation of new loans after a first positive collaboration. Besides this confidence reduces the risk for the bank and so often the interest rate becomes lower (which has been demonstrated on the example of la Nef in France by a scientific-led research).

Specific tools needed to set up a cooperation with an ethical or not traditional bank

- What do you need to set up a cooperation with an ethical or not traditional bank?

  In order to have access to a traditional bank loan, it is needed to be at least in the construction phase of a project. The organisation asking for the loan needs to be economically viable and therefore to be able to reimburse the loan.

  Generally you also need to bring at least 20% of self-financing for 80% of loan.

  It is also necessary for the REScoop to bring several type of guarantees :
  - Guarantees on the building (or on the long term mortgage lease if you rent the building)
  - Pledge on the production tools
  - Sometimes a bank account with 6 months of loan reimbursements blocked
  - In the case of small and short term loans some public funds can bring guarantee.

- How does a traditional an ethical or not traditional bank impacts the governance of a project?

  It does not impact the governance of a project.

- What type of return? (How long? How much?)

  Even if the ethical banks are not implicated in financial markets, they need to be competitive with traditional banks. Therefore the interest rates depend on the "market price" but not on the "market cost of money": for example, the interest rate can be the addition of 2,5 % for the savers + 1% for the credit costs + 1% for the risk = 4,5 % on a 10 to 15 years long loan.

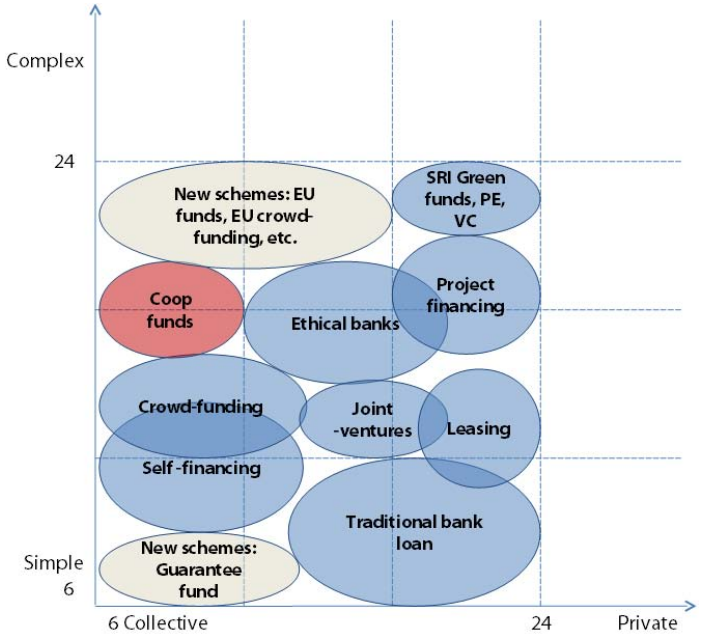
  4 to 5 % interest rate in average on 10 to 15 years is quite competitive at the moment, but was less competitive when the "market cost of money" was around 0 % for traditional banks in Europe after the 2008 crisis.

Existing examples of an ethical or not traditional bank for financing REScoop projects

- Banca Etica (Italy)
- GLS Bank (Germany)
- Triodos Bank (Netherlands, UK, Germany, Spain, Belgium)
- Merkur Bank (Denmark)
- la Nef (France)
- Crédal/Hefboom (Belgium)
- Ekobanken (Sweden)
- Fiare (Spain)
- Cultura Bank (Norway)
- Alternative Bank (Switzerland)

6. COOPERATIVE FUND

Cooperative fund in the matrix



When to use this method?

- Pre-planning Phase
- Development Phase
- Construction Phase
- Operating & Maintenance

What is a cooperative fund?

It is a not speculative fund that is managed collectively by different stakeholders whose goal is to encourage and foster the energetic transition.

It can be funded directly by individuals (citizen funds) or by institutions.

It invests in capital (equity) in project of renewable energy production and takes part in their management not to control it but to accompany it in some aspects (legal and economical).

What are the characteristics of a cooperative fund?

- Contrary to crowdfunding, the risks are mutualized for:
  - the shareholders that do not invest directly in a project, it is a more secured investment
  - the project leader because even if he does not find the direct investors locally he can benefit from the funds
- The "cooperative" character ensures that the fund is not speculative – the dividends distribution can be limited by the statutes or by law – and that it is managed collectively.
- It invests long term, "patient" capital and does not expect very high and rapid returns even if of course the projects financed have to be economically viable.

Specific tools needed to set up a cooperation with a cooperative fund

- What do you need to set up a cooperation with a cooperative fund?

  The project has to be viable economically and technically: the business model has to show its viability whereas the projects leaders have to be skilled (even though voluntary workers are not to be excluded) and the main authorisations to launch the activity have to be obtained.

  The project needs also to fulfil the ethical expectations, concerning the governance, the not speculative and ecological commitment: often a chart has to be signed.

  Some funds may ask that the project leaders raise themselves a certain percentage of the investment amount from local investors to ensure a citizen local acceptance and guarantee for the project.

- How does a cooperation with a cooperative fund impacts the governance of a project?

  The cooperative fund invests in capital and intervenes in the board of the project (but stays in minority): the goal is to assist the projects leader especially on legal and economical questions if needed ; there is a co-construction on legal and economic aspects.

  The goal of the fund is to ensure that the governance meets the ethical expectations in terms of participation, transparency, etc.

- What type of return? (How long? How much?)

  The return is in dividends for the funds, it is mid-long term return (5 to 7 years for wind or solar energy, 7 to 10 for biomass for example).

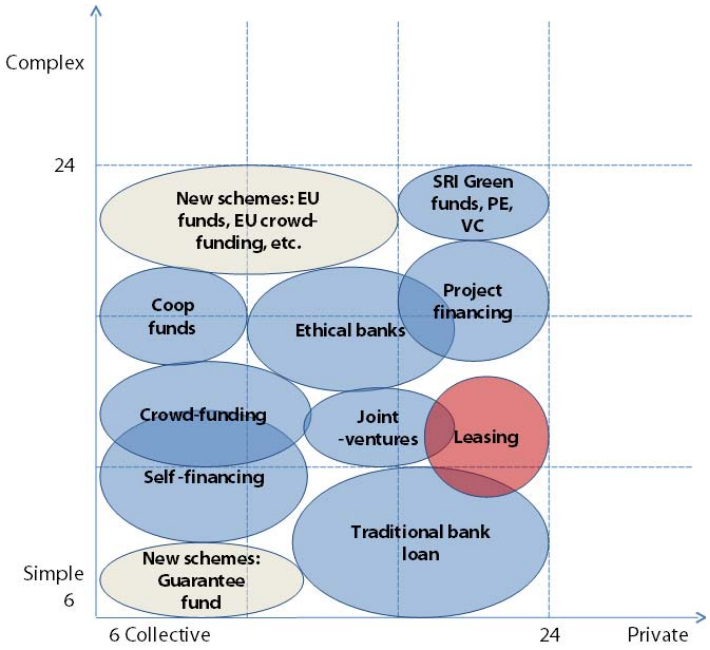
  The returns expected are low. They depend on the economic model but are traditionally low in comparison with speculative funds (between 2 and 6 % / year).

Existing examples of a cooperation with a cooperative fund for financing REScoop projects

- Oekogeno (Germany)
- The Co-operative Membership Community fund (United Kingdom)
- Énergie Partagée (France)

7. LEASING

Leasing in the matrix



When to use this method?

he leasing for large RES projects (wind power) is a sort of project financing that starts at the early stages of the project development (pre-planning/development).

The leasing for small plants is used in the pre-planning phase.

Pre-planning Phase

Development Phase

Construction Phase

Operating & Maintenance

What is leasing?

Leasing is a financing scheme by which a firm or an individual can obtain the use of a certain fixed assets for which it must pay a series of contractual, periodic, tax deductible payments. At the end of the contract term , the user may become owner of the good by paying a fixed quota settled before the signature of the contract.

The leasing for large renewable plants is a sort of project financing realized through a financial leasing that implies the presence of a plurality of actors: sponsor, Special Purpose Vehicle, banks or leasing company, developers, operating managers and finally the purchasers of the energy.
Due to the complexity of the operation, the leasing company starts playing at the beginning of the project and it will finance only solid business plans up to 90% of the total investment. This means project with the following features:

- one capitalized actor should hold the major part of the shares;
- high levels expected of productivity of the plant;
- public incentives and expected prices of energy;
- operating and managing costs.

In the renewable energy sector leasing contracts are also used for small operations, in particular for private PV installations. In this case the user pays a large fee at the signature, a periodical fee, and the end of the agreed period can decide to buy the PV panels paying the balance to the leasing company. Financial solutions are designed to meet the needs of clients, who receive full access to selected suppliers, personalized financial planning and support with insurance coverage.

Leasing companies primarily finance:

- photovoltaic installations
- wind power installations
- hydroelectric plants
- biomass and biogas plants with reliable supply concepts.

The companies generally offer:

- cash-flow-based leasing solutions tailored on each project (for financing amounts above € 2 million)
- client-based solutions for smaller projects
- lean due diligence processes by leveraging on the in-depth expertise of dedicated teams.

The financial operation is supported by full-range technical and financial consultancy:

- preliminary assessment of client needs
- context analysis for proposed business plans
- identification of potential challenges
- proposal of customized contract solutions
- provision of technical and financial consulting during the construction phase
- direct access to renowned suppliers
- provision of financing products according to new developments during the project.

What are the characteristics of leasing?

- Small amount of up front capital needed for the investment: leasing is less capital-intensive than purchasing, so if a REScoop has constraints on its capital it can develop by leasing RES installations than by purchasing RES installations
- Business plan security for financial investors, thanks to legal, commercial and technical due diligence process
- Lease payments are considered expenses rather than assets, which can be set off against revenue when calculating taxable profit at the end of the relevant tax accounting period
- The duration of the contract is strictly related to the life cycle (economical and technical) of the asset
- The contract between parties is similar to a mortgage
- Large flexibility of the contract in terms of duration, amount and terms of fees, value of the final balance
- The contract includes assurance of the correct functioning of the asset
- Leasing contracts are more suited for contracts between professionals stakeholders (for a company with another company or for a company with a bank)

Specific tools needed to set up a leasing scheme

- What do you need to set up a leasing scheme?
  - The process to set up a leasing scheme entails four steps:
  - The due diligence and assessment process by the lessor (owner of the asset) to evaluate the user's proposal
  - The definition of the contract that involves the payment of the first large fee and the installation of the plant
  - The regular payment of the fees during the contract that for the REScoop means to generate enough cash flow from the RES production

- The economic evaluation on the "call–option" at the end of the contract

The REScoop has to present several documents in the due diligence phase: copy of the corporate balance, list of real estate assets and banking dealings. It seems clear that this financing scheme is quite difficult to be awarded to new ventures without assets and patrimonial guarantees. Only in few cases, the members of the REScoop could give their own patrimonial guarantees.

- How does a leasing scheme impacts the governance of a project?

A leasing contract doesn't impact directly the governance of a REScoop, because the lessor has to be considered as an external provider. The only impacts could be indirect, related to the patrimonial guarantees requested to one or more members of the REScoop. This could imply some changes of the governance model to give more protection to them. The presence of a Public Administration as shareholder could facilitate the process to obtain a leasing financing contract.

However, the leasing companies may be reluctant to give credit to REScoops because the governance model, "one member one vote", which doesn't ensure the presence of one subject responsible for the investment that furnish technical and patrimonial guarantees. Moreover they normally ask for EPC contractors that they will want to nominate at the beginning of the project, and also in case of large projects (>500k Euros) these companies subcontract assessment activities and due diligence to other providers which represents additional costs for the REScoop.

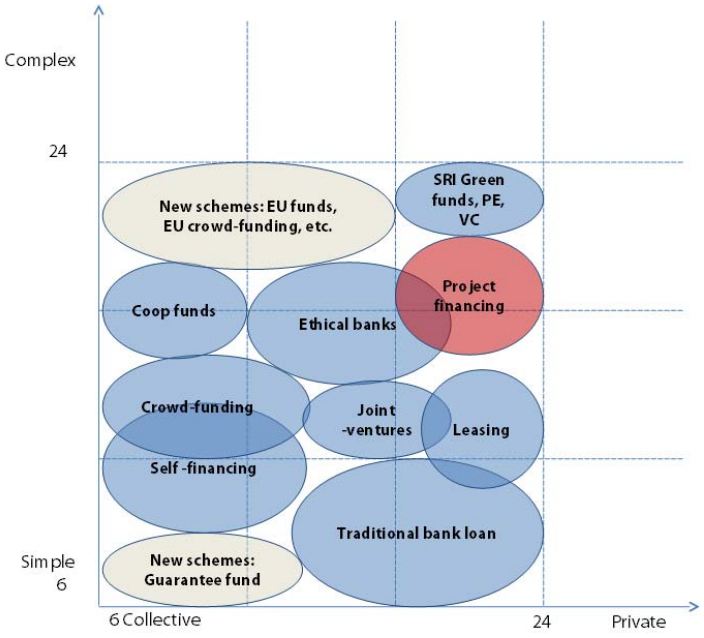
- What type of return? (How long? How much?)

The leasing contracts are not standard but flexible in terms of duration and return for the borrower: the specific terms of the contract have to be agreed between parties according to the features of the RES project.

In general, the duration varies between 60 and 180 months. The interest rate could be fixed (about 7%) or flexible (at the moment 4,5%).

8. PROJECT FINANCING

Project financing in the matrix



When to use this method?

- Pre-planning Phase
- Development Phase
- Construction Phase
- Operating & Maintenance

What is project financing?

Project finance is provided by commercial banks as debt that is secured on the cash flow generated by the project, rather than a call on an asset owned by the company applying for the loan. It can also be called non-recourse debt and is always backed by equity, provided by the project's parent company, shareholders or in the case of a co-operative it's members.

What are the characteristics of project financing?

- Banks will only consider project finance where the business model can be proven to offer a strong enough cash flow to cover the interest payments and repay capital
- Banks will want to undertake expensive due diligence on the business model and contracts so it is only worth considering on larger projects. For instance some banks won't lend less than several million Euros
- There is nearly always a requirement for all contracts to be secured over the life of the loan. This can reduce project revenues because long term contracts on Power Purchase Agreements (PPAs) usually offer a lower price than short-term contracts
- There is usually a requirement for a debt service reserve which must be added to the capital cost of the project. This is to cover for the eventuality of a delay in trading, usually equal to 6 months of revenue and has to be held as a bond that will be returned after the loan has been repaid.

Specific tools needed to set up a project financing scheme

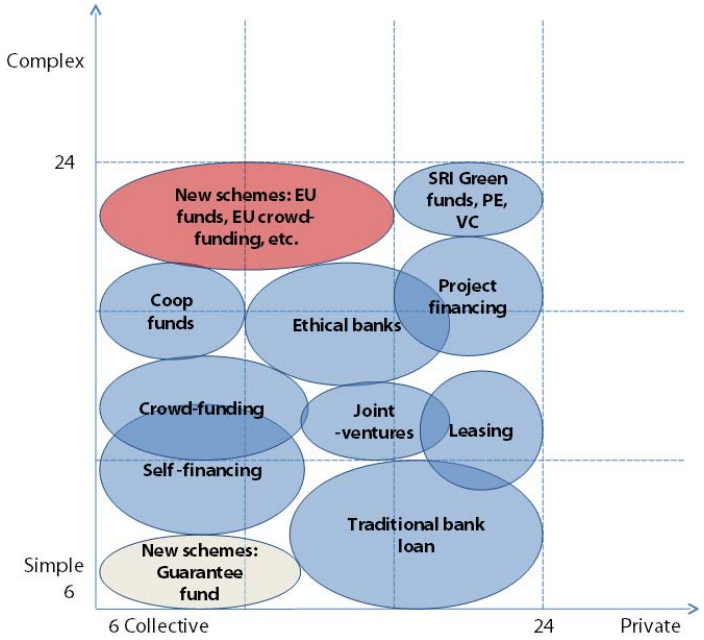
- What do you need to set up a project financing scheme?
  - A robust business plan with legal agreements, insurances etc. to cover as many risks as possible
- How does a project financing scheme impacts the governance of a project?
  - Banks usually require a lien on shares (the right to step in and retain them) which is against the standard Rules of co-operation (this is the case in the UK). Provided the business is solvent the co-operative can be Governed according to its Rules
- What type of return? (How long? How much?)
  - Banks will determine the interest rate they charge on the loan relative to the risk. The term is usually between 10 & 12 years

Existing examples of "project financing" for financing REScoop projects

- Westmill Wind farm in the UK is a 6.5MW wind farm comprising of 5 X 1.3MW wind turbines. Total project costs was approximately £7m of which 60% was raised as equity with 40% project finance from the Co-operative Bank. The bank waived the lien on shares which made the loan eligible in UK co-op law.

9. EUROPEAN COOPERATIVE FUND

European Cooperative Fund in the matrix



When to use this method?

- Pre-planning Phase
- Development Phase
- Construction Phase
- Operating & Maintenance

What is a European Cooperative Fund?

A European cooperative fund is the same as a cooperative fund but at the European level: the investors can come from all the countries of Europe as well as the financed projects. It is a not speculative fund, it is managed collectively by different stakeholders whose goal is to encourage and foster the energy transition at the European level. It can be funded directly by individuals (citizen funds) or by institutions. It invests in capital (equity) in projects of renewable energy production and takes part in their management not to control it but to accompany them on some aspects (legal and economical).

What are the characteristics of a European Cooperative Fund?

- A European cooperative fund has the same characteristics as a cooperative fund,
- Contrary to crowdfunding, the risks are mutualized for:
- the shareholders that do not invest directly in a project, it is a more secured investment
- the project leader because even if he does not find the direct investors locally he can benefit from the fund.
- The "cooperative" character ensures that the fund is not speculative – the dividends distribution can be limited by the statutes or by law – and that it is managed collectively.
- It invests does not expect very high and rapid returns even if, of course, the projects financed have to be economically viable.

- Besides these characteristics, a European cooperative fund allows :
  - a deeper mutualization as there is also a mutualization of the risks among the countries
  - it may foster the cooperation and best practices exchanges among the projects financed in different countries, especially for the European cooperative fund dedicated to one field (such as renewable energy).

Specific tools needed to set up a cooperation with a European Cooperative Fund

- What do you need to set up a cooperation with a European Cooperative Fund?

  The project has to be viable economically and technically: the business model has to show his viability whereas the projects leaders have to be skilled and the main authorisations to launch the activity have to be obtained.

  The project needs also to fulfil the ethical expectations, concerning the governance, the not speculative and ecological commitment: often a chart has to be signed.

  Some funds may ask that the projects leader raises himself a certain percentage of the investment amount from local investors to ensure a citizen local acceptance and guarantee for the project.

- How does a cooperation with a cooperative fund impacts the governance of a project?

  The cooperative fund invests in capital and intervenes on the board of the project (but stays in minority): the goal is to assist the project leaders, especially on legal and economical questions if needed; there is a co-construction on legal and economic aspects.

  The goal of the fund is to ensure that the governance meets the ethical expectations in terms of participation, transparency, etc.

- What type of return? (How long? How much?)

  The return is in dividends for the fund, it is mid-long term return.

Existing examples of cooperation with a European Cooperative Fund for financing REScoop projects

- TAMA, European Cooperative Fund, more information on: www.tama-coop.eu

II. Practical cases

II.A. Choice of Best Practices

This second section of the handbook focuses on the practical cases of 4 acknowledged best practices among REScoop production projects.

These best practices are the following:

- **The Children windmill**, a symbolic example of investing in renewable energy for the future generations from Belgium. This particular example highlights the possibility of mobilizing the citizens around a specific project with the support of key actors from the community. This model is now supported through the Kids&Wind foundation created in 2013 by the driving members of the original project.

- **The Drumlin project**, launched by Energy4All in Northern Ireland. Energy4aAll is a not-for-profit agency that has helped successfully to set up new cooperatives through local communities in the United-Kingdom. E4A specializes in organizing public share offers for its co-ops (under FSA regulation) and has created a series of innovative business models to fit local circumstances from the Midlands to the Isle of Skye. As a not-for-profit company and receiving no grant support from public sources, E4A draws its income from the share offers and by delivering professional management services to its member co-operatives throughout their lives with any surplus ploughed back into long term development.

- **The Picanya project**, set up by the Spanish cooperative supplier of renewable energy Som Energia. The particularity of the example of Som Energia is its prodigious development in the last 4 years since its creation with today a total of a little under 15 000 members and a total investment of over 3,5M€ in solar projects. Som Energia gives the opportunity to its members not only to buy shares into the social capital of the cooperative, but also to invest directly in production projects through a crowd-funding mechanism on its website that allows members to loan money to their cooperative for a period of 5 years.

- **The Kluizendok project**, one of the wind park of the Belgian cooperative Ecopower. Considered as one of the best examples in Europe of a successful REScoop, Ecopower is a supplier and producer of energy from renewable sources. It has today a little under 50 000 members and produces energy from wind, hydro, solar PV and cogeneration plants. And since 1991, has inspired many other groups of citizens across Europe to set up energy producer and supplier cooperatives.

II.B. Best practices' investment schemes as practical examples

1. PRACTICAL CASE - THE CHILDREN WINDMILL

REScoop project: Allons en Vent

Country	**Belgium**
Activity	**Production**
Date of creation	**2001**
Number of members	**900**
Total production	**800kW**
Turn over	**Average of 120 000€/ year**

Example of production Project

Focus on	**The Children Windmill**
Type of RES	**wind**
Size	**800kW**
Investment needed	**920 000,00 €**
ROI	**6% (since 2011)**
Initial return	**8 years**

The Children windmill project in the matrix

From simple to complex

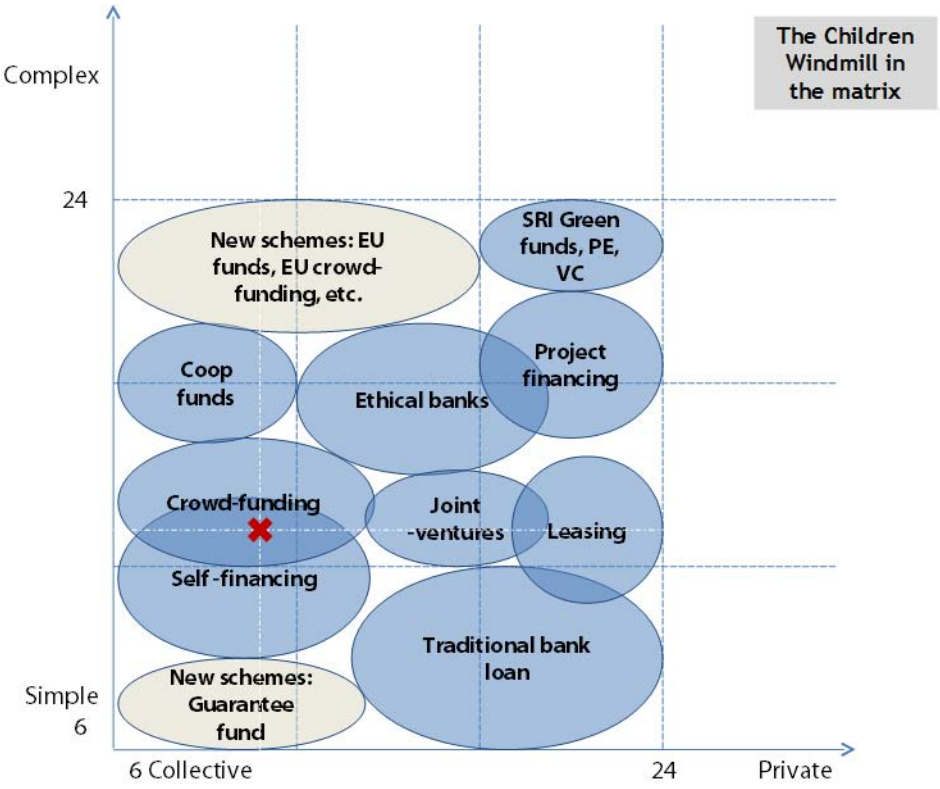
	Low (1)	Medium (2)	Medium-High (3)	High (4)
Size of the project	<200 kW	**200-1000 kW**	1000-5000 kW	>5000 kW
Type of RES	Mini wind, PV	Mini hydro, Biogas	**Wind on-shore, Solid biomass**	Wind off-shore, Wind on-shore, Hydro
Timing in the process (how is difficult to collect financing according to different phase?)	**Operating phase**	Construction phase	Permitting phase	Planning phase
Social acceptance of RES	Social acceptance	**Few opponents**	Local scepticism	NIMBY
Geographical Scope	Neighbourhood	Local/Municipal	Regional	**National**
National RES tariffs	**High Feed in/ premium tariff**	Medium tariff	Low tariff	No tariff Selling to market
Total Y	Sum of row values (1-24): **13/24**			

From collective to private

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Number of citizens/actors	**>500**	100-500	30/09/00	1-10
Nature of the actors involved in the project (citizens, public administrations, private investors, corporations)	4 types	3 types	2 types	**1 type of actors** (i.e. corporation)
Patrimonial guarantees of investors	**No guarantees**	Few investors with patrimonial guarantees	Many investors with patrimonial guarantees	Patrimonial guarantees of all investors
Willingness of people to invest (capital endowment and trust) into new REScoop	**>75% of engaged actors**	50-75% of engaged actors	25-50% of engaged actors	<25% of engaged actors

Legal forms (limit and constraints)	**Cooperative**	Community-owned company	Private company (Ltd)	Public company (Plc)
Mutual objective	Energy consumption	Capital remuneration and energy consumption	**Low capital remuneration**	High capital remuneration
Total X	Sum of row values (1-24): **11/24**			

Suggested investment schemes: Self-financing & Crowd-funding



Detailed description of Allons en vent's investment schemes

Description of the project and its financing scheme

The concept of the Children Windmill is that the windmill is owned by the adults of tomorrow, therefore today's children.

The first project started through the association Vents d'Houyet, initiator of the project, that had the construction permit of the wind turbine and wanted the local children to become its owners. That way they supported the creation of Allons en Vent, a cooperative that launched a call for local children to buy 2000 shares of the cooperative at 100€ the share. But in order not to lose time in the project, and because they already had the construction permit and needed to start paying for the construction phase, the association Vents d'Houyet decided to buy 60% of the shares and to sell it back to the children later during the project construction. This allowed the project to apply for a bank loan and to pay little by little for the different types of expenses of the construction phase.

Allons en Vent's investment scheme consisted in the following:

In shares	200 000€ of capital (of which 60% was bought by Vents d'Houyet at first)
In grants	120 000€ of subsidies from the Wallon Region
In loans	550 000€ of bank loan
TOTAL	870 000,00 €

What made this project a success was therefore the fact that the association Vents d'Houyet was able to buy 60% of the shares and then sell it back to the children with no interests. This gave time to the cooperative to raise the capital through a public share offer and to organize the communication on buying back the shares from Vents d'Houyet. When the wind turbine was inaugurated in February 2006, Vents d'Houyet had only 80 shares left over the 1200 they had bought at the beginning of the project, and by the end of the inauguration celebration, they had no more shares left. All the shares are now owned by the local children. The subsidy of 120 000 € was also a strong lever for the project.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- The concept of the children windmill was a good concept in terms of communication, however it had to be clear from the start that the children would be the owners of the windmill and that this windmill was made to produce electricity which benefits would be directly used by the children.
- A good dynamic had to be created from the start of the project because the public offering of shares to the citizens is rarely a fast enough process. Therefore the good practice of the children windmill's example has been to be able to rely on a third actor (Vent d'Houyet in this case) that could buy a large part of the shares at the beginning and could then sell back the shares to the local citizens little by little.
- The capital of the cooperative was extended by 50 000€ in order to accept new members in the cooperative who were on a waiting list. This also allowed the cooperative to reimburse its bank loan in advance, and today the cooperative Allons en Vent has paid back its bank loan (since 2012). This was possible because of a very good relationship between the bank and the cooperative, the bank was very flexible on the terms of the reimbursement of the loan, but also benefited from the image of the project through its communication.

Specific steps to setting up the scheme

	Check-list	Warnings
1	Group of local people available to initiate the project and a good site for the installation. A site can be considered good when it is easily accessible for the children, so that they can visit the site.	It is important not to pick 1 children windmill in a bigger wind park project. It is better to have a ratio of 1 children windmill in a park with 3 turbines so that the project can really have an impact for the children and is not drowned inside a big project.
2	Agreement of the local landowner(s) who will be affected by the wind park. Then set-up a wind measuring mast. From then start collecting money through a legal structure (no matter the type of legal structure in the beginning).	or the wind study, it is possible to install a measuring mast not too expensive and to set it up for at least 12 months. However, if the results are already non conclusive after 6 months, you can take it down and cut the expenses.

3	Make a business plan. This will allow to decide on launching the project or not.	It's essential to know and understand the political and regulatory context of the country where the project is built.
4	Undertake the impact studies – which represent risk capital – this part of the project cannot be financed by the children – In this practical case, it was financed by Vents d'Houyet.	It's better to find someone who is ready to take the risk of this phase in charge and then buy back the construction permit with a risk margin. For a wind project under 3MW, the impact studies should cost between 50 and 75 000€.
5	Construction permit, purchase of the wind turbines. Start of fund raising.	In the case of Allons en vent, it was Vent d'Houyet who negotiated the deal with the bank and a wind turbine manufacturer.
6	Public offering.	Be careful that the organisation is authorized to proceed to a public offering. Otherwise, it has to be done through another organization which has the legal authorization to do so (like Energie Partagée in France for instance).
7	Communication advices for public offerings: • organizing celebrations, events (remember it's a children windmill!); • being present at local town meetings, regional events, etc. The most efficient method is to be present at as many events as possible to promote the project and have face to face chats with potential participants; • organizing visits to the site, even if the wind turbines are not there yet; • having a website (it's important to be able to buy shares directly online and then send a receipt directly to the new members).	The share has to be in the name of the child, it's offered to him/her by its "tutor". From a legal point of view, it is the legal representative of the child who represents the child (not the "tutor"). It's also important to include in the legal statutes that for the general assemblies of the organization, the one holding the vote of the child is its legal representative. If you want to enable the "tutor" to vote instead of the child, it has to be mentioned in the statutes.
8	The cooperative didn't have any employees. In this case, Allons en Vent signed a contract with Vents d'Houyet in order for the latter to be in charge of operating and maintaining the wind park. However this is not an obligation, the operating and maintenance of the installation can be done by the members of the cooperative. The cost for operating and maintenance of the Allons en Vent project is around 250€ per month.	For the purchase of wind turbines, it is important to include maintenance guarantees by the manufacturer. Moreover, the operating manager of the wind park has to be local or regional in case there is a problem with the installations and they have to intervene rapidly.

Useful communication tools to set up the scheme

- Description of the tool + where to find it (for instance websites, prospectus, etc.)
  - Websites:
    - Kids & Winds foundation: kidsandwind.wordpress.com
    - Vents d'Houyet: www.vents-houyet.be
    - Allons en vent: allonsenvent.be
  - Warning: the children windmill model is currently in the process of becoming a franchise. Contact Kids&Wind foundation for more information.
- Communication tips on how to communicate with the different actors involved in the scheme (banks, public institutions, citizens, etc.)
  - Banks are generally favourable to this type of project, because the children are future clients/consumers. Moreover, it is possible to create a partnership for the children to open a bank account with the participating bank into which the dividends of their shares are deposited.
  - It is very useful for the project to appear in the local press and media. Appearing in the local news can also trigger a wider interest in the regional/national media.

Specificities of the Belgian context which made it possible to set up the scheme

- general description of the context (national or regional) into which the scheme has been set up
  - The subsidy from which the project benefited is a grant from the Wallon Region that only applies to windmills of less than 1MW.
- Other elements of context that might be important to understand when setting up such scheme
  - Allons en vent was approved as a Cooperative by the National Council for Cooperation in Belgium, which then allowed the cooperative to avoid the obligation of publishing a prospectus for a public offering.
  - The projects of children windmills are set up with the support of the Kids&Wind Foundation.

2. PRACTICAL CASE - THE DRUMLIN PROJECT

REScoop project: Energy4all

Country	**United-Kingdom**
Activity	**Co-op Renewable Energy developer**
Date of creation	**March 2002**
Number of members	**12**
Total production	**0 kWh**
Turn over	

Example of a production Project

Focus on	**Drumlin project**
Type of RES	**Wind**
Size	**1000 kW**
Investment needed	**£2,700,000**
ROI	**10.% on 20 years**
Initial return	**2 years**

The Drumlin project in the matrix

From simple to complex

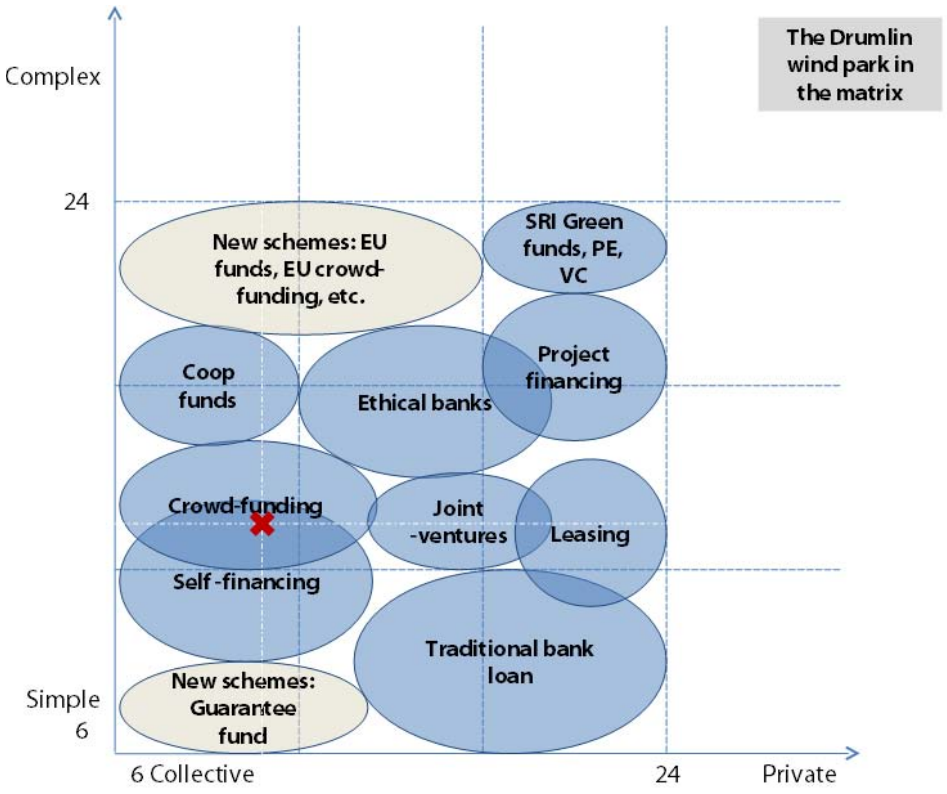
	Low (1)	Medium (2)	Medium-High (3)	High (4)
Size of the project	<200 kW	200-1000 kW	**1000-5000 kW**	>5000 kW
Type of RES	Mini wind, PV	Mini hydro, Biogas	**Wind on-shore, Solid biomass**	Wind off-shore, Wind on-shore, Hydro
Timing in the process (how is difficult to collect financing according to different phase?)	**Operating phase**	**Construction phase**	Permitting phase	Planning phase
Social acceptance of RES	Social acceptance	**Few opponents**	Local scepticism	NIMBY
Geographical Scope	Neighbourhood	Local/Municipal	**Regional**	**National**
National RES tariffs	**High Feed in/ premium tariff**	Medium tariff	Low tariff	No tariff Selling to market
Total Y	Sum of row values (1-24): **13,5/24**			

From collective to private

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Number of citizens/actors	**>500**	100-500	30/09/00	1-10
Nature of the actors involved in the project (citizens, public administrations, private investors, corporations)	4 types	3 types	**2 types**	1 type of actors (i.e. corporation)
Patrimonial guarantees of investors	**No guarantees**	Few investors with patrimonial guarantees	Many investors with patrimonial guarantees	Patrimonial guarantees of all investors
Willingness of people to invest (capital endowment and trust) into new REScoop	**>75% of engaged actors**	50-75% of engaged actors	25-50% of engaged actors	<25% of engaged actors

Legal forms (limit and constraints)	**Cooperative**	Community-owned company	Private company (Ltd)	Public company (Plc)
Mutual objective	Energy consumption	Capital remuneration and energy consumption	Low capital remuneration	**High capital remuneration**
Total X	Sum of row values (1-24): **11/24** (axis x)			

Suggested investment schemes: Self-financing & Crowd-funding



Detailed description of E4A's investment schemes

Description of E4A, the Drumlin project and its financing scheme

Energy4All is funded by the co-operatives it creates. E4A finds opportunities to work with communities and helps them with the skills and raising of capital required to develop and build the project. Once the finance is raised E4A takes a small percentage of the project cost and offers the co-operative an administration service.

Drumlin is one of the latest co-operatives created by Energy4All. An agreement was reached with a local developer in Northern Ireland for the option to develop up to 5 250kW wind turbines. The developer received a lump sum for each site taken by the co-op, plus a share of the profit. The capital was then raised with a public share offer which offered a 10% return on investment over 20 years, which included the income tax relief offered by the UK government. The initial share offer period was 3 months, after which the co-op raised enough capital to build two turbines,

however the Board decided to extend the offer and after a period of one year eventually raised £2.7m, enough to build four of the planned five turbines. There was also provision for a small loan from a social investment bank who offered up to 10% of the capital cost as a short-term loan at an interest rate of 5%.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- This type of scheme works best for projects that are using technology that is classified by banks as fundable.
- The cost of putting together the share offer and marketing it, means that it is only worth doing on projects of a certain scale. The developer had to be paid for the sites and Energy4All required paying for raising the money and managing the project, which is why it could only work with a minimum of two turbines.

Specific steps to setting up the scheme

	Check-list	Warnings
1	Do the due diligence on the sites being offered	Measured wind data is important so you can predict the turbine's annual electricity yield and how much cash will be generated
2	Put all the information you can into a business model to see if the project is financially viable	If too many assumptions are made, then the project will appear too risky to potential investors
3	Produce a good quality share offer document which gives the reader confidence	A poor share offer document will not raise all the money you need
4	Make sure people get to hear about it	Drumlin had to extend the share offer and repeatedly put out calls for more money
5	Tendering the construction of the turbines is a lengthy process	Don't underestimate the time required to agree terms with the contractor
6	Managing the contract	If you have negotiated the contract well there shouldn't be any issues during construction, though things always crop up

Useful communication tools to set up the scheme

- Description of the tool + where to find it (for instance websites, prospectus, etc.)
  - You can visit www.drumlin.coop to download a copy of the share offer document
- Communication tips on how to communicate with the different actors involved in the scheme (banks, public institutions, citizens, etc.):
  - **Citizens**
    - Word of mouth is your best form of advertising
    - An interview on a popular radio programme delivered the most interest
    - Make sure it is easy for people to download the share offer document
    - Use social media to promote your offer

- **Developer**
  - If you are working with a developer make sure they share the philosophy of community ownership. If they are just trying to make lots of money, this make it harder.
- **Contractors**
  - There is enormous benefit from undertaking a robust tender process and employing an experienced practitioner is worthwhile to help manage the contracts
- **Banks**
  - Even if bank loans aren't being used you will need a bank to hold the money and pay contractors etc. Make sure your bank is acceptable to your suppliers

Specificities of the British context which made it possible to set up the scheme

- General description of the context (national or regional) into which the scheme has been set up:
  1. This was the first co-operative wind project in the region which was good for getting media coverage but a lot of people had difficulty trusting in the concept
  2. Northern Ireland has a renewable policy that offers 4 X Return On Capital for a single 250kW turbine which is why there were 4 single turbines in the co-operative.

3. PRACTICAL CASE - THE PICANYA PROJECT

REScoop project: Som Energia

Country	**Spain**
Activity	**Energy supplier and producer**
Date of creation	**2010**
Number of members	**14000 (April 2014)**
Total production	**881273 kWh**
Turn over	**3.5 m€ (2013)**

Example of production Project

Focus on	**Picanya project**
Type of RES	**PV**
Size	**290 kW**
Investment needed	**585 000,00 €**
ROI	**11,5% on 25 years**
Initial return	**8 years**

The Drumlin project in the matrix

From simple to complex

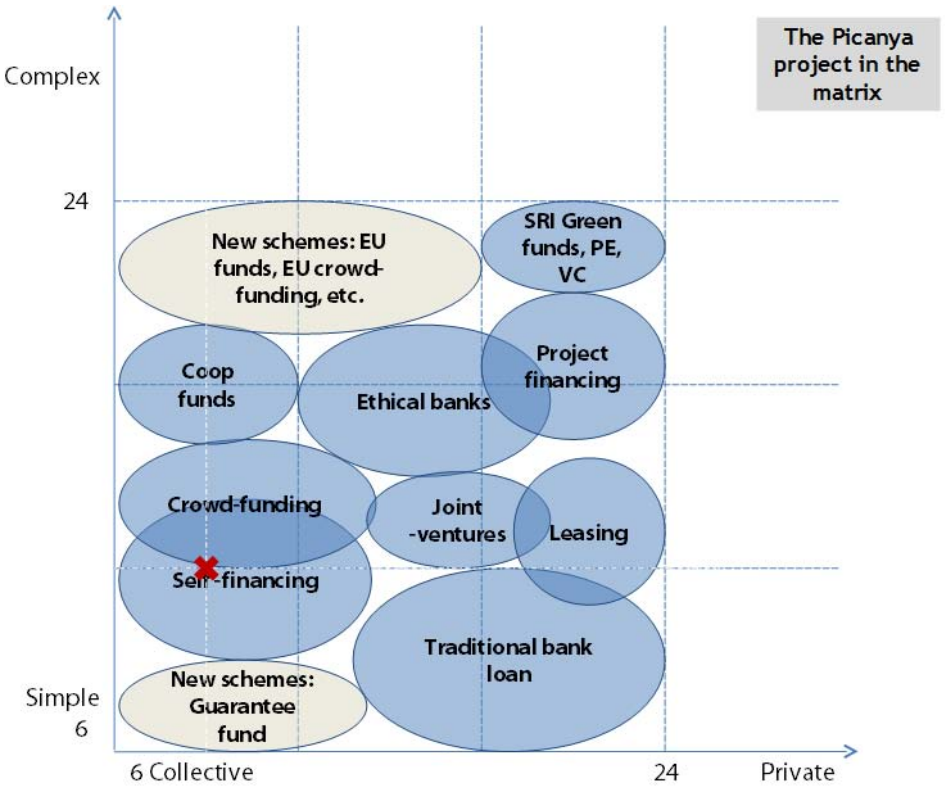
	Low (1)	Medium (2)	Medium-High (3)	High (4)
Size of the project	<200 kW	**200-1000 kW**	1000-5000 kW	>5000 kW
Type of RES	**Mini wind, PV**	Mini hydro, Biogas	Wind on-shore, Solid biomass	Wind off-shore, Wind on-shore, Hydro
Timing in the process (how is difficult to collect financing according to different phase?)	**Operating phase**	Construction phase	Permitting phase	Planning phase
Social acceptance of RES	**Social acceptance**	Few opponents	Local scepticism	NIMBY
Geographical Scope	Neighbourhood	Local/Municipal	Regional	**National**
National RES tariffs	High Feed in/ premium tariff	Medium tariff	**Low tariff**	No tariff Selling to market
Total Y	Sum of row values (1-24): **12/24** (axis Y)			

From collective to private

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Number of citizens/actors	**>500**	100-500	30/09/00	1-10
Nature of the actors involved in the project (citizens, public administrations, private investors, corporations)	4 types	3 types	**2 types**	1 type of actors (i.e. corporation)
Patrimonial guarantees of investors	**No guarantees**	Few investors with patrimonial guarantees	Many investors with patrimonial guarantees	Patrimonial guarantees of all investors
Willingness of people to invest (capital endowment and trust) into new REScoop	**>75% of engaged actors**	50-75% of engaged actors	25-50% of engaged actors	<25% of engaged actors

Legal forms (limit and constraints)	**Cooperative**	Community-owned company	Private company (Ltd)	Public company (Plc)
Mutual objective	**Energy consumption**	Capital remuneration and energy consumption	Low capital remuneration	High capital remuneration
Total X	Sum of row values (1-24): **9/24** (axis x)			

Suggested investment schemes: Self-financing & Crowd-funding



Detailed description of Som Energia's investment schemes

Description of the project and its financing scheme

Som Energia is a Spanish REScoop which created an innovative solution to raise initial capital for new projects.

In Spain, the Som Energia cooperative project was launched in December 2010 and acquired more than 10.000 members in three years. The crowdfunding scheme of Som Energia is mainly based on the investment of members into the cooperative through 2 options:

- buying shares of the cooperative to become a member (1 share = 100€ with dividends around 3%) – buy back guarantee from the cooperative
- buying participatory securities – invested during 5 years to finance new projects of the cooperative (with an expected return on investment of 5%).

Som Energia is Spain's first renewable energy cooperative and is the first crowdfunding scheme applied to REScoop projects. The campaign has been launched through the web site of the cooperative and the fundraising is still open, because there is not a fixed target amount. The most interesting feature of this initiative is the effective exploitation of social media that represents a necessary condition for successful crowdfunding.

To fund the Picanya project, Som Energia collected funding through a members' only crowd-funding, via their own online platform. They set up 2 commonly applied financing methods for which the legal contracts were copied (with permission) from existing coops:

- voluntary contribution to social capital: variable interest rate currently 3%, withdraw money at 3 months notice, totally 2 million €
- loan: (official called 'participation titles'): fixed interest rate of 5%, five year fixed financing, totally 1.6 million €, early withdrawal is possible, but at a penalty of one year of interest income

Up to now, almost no money was withdrawn. About 1000 members participated, with an average participation of 3600 Euros. Even tough participation could start at 100€, almost all participations were 1000€ up.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- Keep it simple
- Use instruments commonly used by cooperatives in your country and adapt them to your need

Specific steps to setting up the scheme

	Check-list	Warnings
1	Check financing methods already used by coops	
2	Make an online process as clear and simple as possible.	
3	Take as much as possible work out of the hands of your participants to distinguish operational from "political" management	
4	Be honest, clear and conservative in the financial projections	
5	Most members participate because they like to invest in renewable energy projects, not for the highest possible financial return.	

Useful communication tools to set up the scheme

- Please find full overview of Som Energias' terms and conditions here.
- Som Energia informed its members via e-mail, Facebook, twitter and also held face to face town meetings to explain the projects and investment options.

Specificities of the Spanish context which made it possible to set up the scheme

- General description of the context (national or regional) into which the scheme has been set up
  - No public support was received or demanded for this project
  - Som Energia is regulated according to the regional (Catalan) cooperative laws.
  - Starting up was real simple and did not involve authorization of the authorities.
- Other elements of context that might be important to understand when setting up such scheme
  - There are low feed in tariffs in Spain, which were reduced retro-actively in July 2013. At the moment, they don't know what the tariff is.

4. PRACTICAL CASE - THE KLUIZENDOK PROJECT

REScoop project: Ecopower

Country	**Belgium**
Activity	**Energy supplier and producer**
Date of creation	**1991**
Number of members	**43.308 (end of 2012)**
Total production	**94 million kWh/year**
Turn over	**24 million euro/year**

Example of production Project

Focus on	**Kluizendok project**
Type of RES	**Wind (on-shore)**
Size	**4,4 MW**
Investment needed	**4,7 million €**
ROI	**6% on 20 years**
Initial return	**15 years**

The Kluizendok project in the matrix

From simple to complex

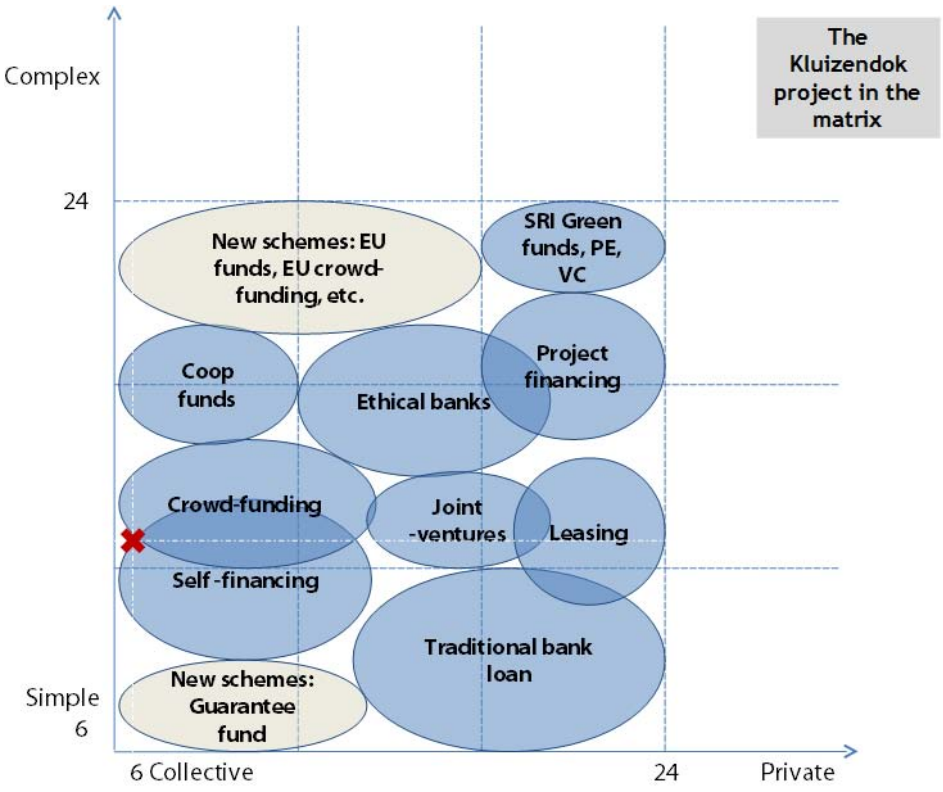
	Low (1)	Medium (2)	Medium-High (3)	High (4)
Size of the project	<200 kW	200-1000 kW	**1000-5000 kW**	>5000 kW
Type of RES	Mini wind, PV	Mini hydro, Biogas	**Wind on-shore, Solid biomass**	Wind off-shore, Wind on-shore, Hydro
Timing in the process (how is difficult to collect financing according to different phase?)	**Operating phase**	Construction phase	Permitting phase	Planning phase
Social acceptance of RES	Social acceptance	**Few opponents**	Local scepticism	NIMBY
Geographical Scope	Neighbourhood	**Local/Municipal**	**Regional**	National
National RES tariffs	High Feed in/ premium tariff	**Medium tariff**	Low tariff	No tariff Selling to market
Total Y	Sum of row values (1-24): **13/24** (axis Y)			

From collective to private

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Number of citizens/actors	**>500**	100-500	30/09/00	1-10
Nature of the actors involved in the project (citizens, public administrations, private investors, corporations)	**4 types**	3 types	2 types	1 type of actors (i.e. corporation)
Patrimonial guarantees of investors	**No guarantees**	Few investors with patrimonial guarantees	Many investors with patrimonial guarantees	Patrimonial guarantees of all investors
Willingness of people to invest (capital endowment and trust) into new REScoop	**>75% of engaged actors**	50-75% of engaged actors	25-50% of engaged actors	<25% of engaged actors

Legal forms (limit and constraints)	**Cooperative**	Community-owned company	Private company (Ltd)	Public company (Plc)
Mutual objective	**Energy consumption**	Capital remuneration and energy consumption	Low capital remuneration	High capital remuneration
Total X	Sum of row values (1-24): **6.5/24** (axis x)			

Suggested investment schemes: Self-financing & Crowd-funding



Detailed description of Ecopower's investment schemes

Description of the project and its financing scheme

Kluizendok is a project of 11 onshore wind turbines in the port of Ghent, a city in Flanders. The turbines (Enercon E70 - 2 MW) are owned by SPE Power (80%) and Ecopower (20%). The project produces about 44 million kWh/year which can cover the electricity consumption of about 12.500 households. The project was realised in 2005.

Ecopower needed to find 7,5 million euro and covered the initial investment with private equity. There were no loans back then. The project was covered by 18.800 shares (250 euro/share) and about 5.500 cooperative members (average 3,4 shares per member).

Check-list and warnings: how and when to use this scheme?

Specific steps to setting up the scheme

	Check-list	Warnings
1	Make sure you have an economically viable project and a legitimate organisation that people can trust	Financing the project with private equity was only possible because Ecopower was already considered a legitimate player in the field of renewable energy back then. This allowed us to attract money more easily.
2	Make sure you comply with the law before you start gathering money from citizens (cf. prospectus)	Sometimes private equity can turn out considerably more expensive than bank loans.
3	Start-up an information/communication campaign.	

Useful communication tools to set up the scheme

- As soon as a Belgian cooperative gathers 5 million euros/year through a public offering (shares) it must make a prospectus in which it warns investors for the risks of their investment
- Although Ecopower does not longer have a prospectus we do warn people through an information document.

Specificities of the Belgian context which made it possible to set up the scheme

- General description of the context (national or regional) into which the scheme has been set up. Ghent is located in Flanders which has its own support scheme for RES projects. For every MWh being produced the owners of RES projects receive 1 green certificate. The certificate corresponds to a value of 90 euros/certificate (cf. On shore wind energy). They receive the certificates for a period of 15 years.

III. New investment schemes

III.A. Innovative and new financial schemes for the early start-up phase of a REScoop

This final section of the handbook explores solutions to the financing of REScoop projects that are not yet widely spread or that are only used in specific countries. Thus the idea is to highlight several of these innovative schemes and underline their potential to hopefully inspire others to develop such schemes in their projects or countries. The list schemes described below represents only a glimpse of the examples of innovative investment and financing methods that could be applied to REScoops and is of course not exhaustive.

Revolving fund and Seed Investment Tax Incentives

Examples exist in different countries like the CARES Scotland fund, Energy Prospects Co-operative, Elabora revolving fund in Italy, Seed Enterprise Investment Scheme in the United-Kingdom.

Cooperation between cooperatives

- Guarantees or loans from existing cooperatives
  In some countries, existing REScoops give a loan with interest (lower than the bank) to a start-up REScoops to invest in research for the project. The idea is often that the new REScoop tries to get the money for the research first from its members as social capital. If that is not enough the old REScoops help out. Sometimes a guarantee to the bank is given by the old REScoops for the new REScoop. Example of Enercoop and Ecopower cooperation.
- Joint venture of cooperatives
  Example of Boa Energia in Portugal and the joint venture of Som Energia/Ecopower/Beauvent/de Windvogel.

Cooperation with cooperative/ethical banks

- Make a deal with a cooperative bank
  This scheme is an idea from Italy which consists of the establishment of a partnership with a cooperative bank. The bank invests and borrows money to the REScoop, but not with the full amount of interest. The cooperative agrees to deliver cheaper electricity to the members of the bank.
- Cooperate with banks for the feasibility study
  Another example from Italy of BCC and Legambiente.

1. INNOVATIVE INVESTMENT SCHEMES: REVOLVING FUND – CARES IN SCOTLAND

Example: CARES (Community and Renewable Energy Scheme)

Country	**Scotland (UK)**
Activity	**Support for community ownership of RES**
Date of creation	**2011**
Number of projects financed	**>400**

Specific barriers the scheme can solve

- Initial Project Development: CARES start up grants up to £10,000 for feasibility, community consultation etc.
- Pre-planning costs: CARES unsecured loans up to £150,000, repayable only if project becomes operational, thus removing risk of failing planning permission
- Post-planning costs: help applying for REIF (Renewable Energy Investment Fund) loans secured against project
- CARES community buildings grants for deprived areas: up to £150,000
- CARES Infrastructure & Innovation Fund - grants for innovation in energy distribution, management & storage
- Free advice and support

Actors involved or potentially involved in the scheme

- Scheme is funded by the **Scottish Government**
- Scheme is delivered by **Local Energy Scotland**, a consortium dedicated to enabling community and local uptake of renewable energy projects.
- **Scottish Investment Bank** - delivers REIF on behalf of the Scottish Government

Description of the barrier faced by the REScoop(s)

At the start of many RES project ideas, it is not known whether the project will be feasible or whether it will be allowed planning permission. These stages can be very lengthy and expensive so there is potentially a very significant risk in investing in early stage projects. The CARES scheme reduces this risk by providing small start-up grants for the tasks of initial feasibility studies and the community consultation process, and then an unsecured loan to take the project through to the planning application stage, which is written off if the project fails to become operational.

The CARE Scheme has been set up by the Scottish Government in February 2011. The main objective of this scheme is to provide a system of loans to finance the pre-planning stage of local renewable energy projects. The particularity of this scheme is also that it supports exclusively projects which are driven by local groups and which bring benefits to the local community. This is therefore orientated towards the supports of projects such as REScoops. Moreover, the dedicated organization, Local Energy Scotland, provides projects with technical guidance as well as the administration of the grants and/or loans of the CARE scheme.

The scheme can supply several types of financial tools as mentioned above:

- Start up grants for communities at initial stages of project development (up to £10k)
- Loans for pre-planning costs (up to £150k, unsecured, repayable only if project becomes operational, 10% interest)
- Loans for post-planning costs (up to £300k, secured against project, circa 8% interest)
- Facilities Grants for micro generation projects in community owned buildings in deprived and fuel poor areas (up to £150k)
- Infrastructure and Innovation Fund for innovation in energy distribution, management and storage (e.g. Batteries, electric vehicles, hydrogen generation)
- Capital costs for large scale projects >£150k funded by a mixture of commercial finance and public grant

The main characteristics of the loans for pre-planning phases are the following:

- it finances projects up to 5 MW
- the loans available are of up to £150,000 and cover up to 90% of agreed costs
- the loans have fixed interest rate at 10%

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

The CARE Scheme is only available for residents of Scotland.
The CARE Scheme has an eligibility matrix that allows projects to check for what type of funding they are eligible. The main feature that is taken into account for eligibility is the type of organization that is creating the project (statutes).

Specific steps to setting up the scheme

	Check-list	Warnings
1	Check existing grants and loans available through the CARE scheme	There is a specific calendar to apply for loans – Careful not to miss the deadlines for applying.
2	Check eligibility of the project	
3	Consult the online tool kits on the local energy Scotland website	
4	Contact a local adviser at Local Energy Scotland	
5	Apply for a Loan or a Grant – fill in application form	There is a specific calendar to apply for loans – Careful not to miss the deadlines for applying.

Specificities of the British/Scottish context which made it possible to set up this scheme

General description of the context (national or regional) into which the scheme has been set up

The CARE Scheme has only been set up in Scotland by the Scottish Government. CARES is designed to accelerate progress towards the Scottish Government's target of generating 500MW from community or locally owned renewables by 2020. This is detailed in the Scottish Government's 2020 Routemap for Renewable Energy in Scotland, which is a very ambitious program for Scotland's renewable energy development that sets up for instance a target of 100% electricity demand equivalent from renewables by 2020 and a new target of 500 MW community and locally-owned renewable energy by 2020.

2. INNOVATIVE INVESTMENT SCHEMES: GUARANTEES OR LOANS FROM EXISTING COOPERATIVES – COOPERATION BETWEEN COOPERATIVES IN FRANCE AND BELGIUM

REScoop project: Enercoop

Country	**France**
Activity	**Energy supplier**
Date of creation	**2005**
Number of members	**17000**
Total production	**63 GWh (from local producers members of the cooperative)**
Turn over	**14M€**

Specific barriers the scheme can solve

- Secure a loan from a Bank for a REScoop
- Secure the buying of energy from external sources
- Response to a call for tender (for either selling or buying energy or a related service that requires a guarantee)

Actors involved or potentially involved in the scheme

- **Enercoop,** a French cooperative that supplies electricity from renewable sources, was the applicant to a call for tender organized by EDF
- **EDF**, historical public monopoly for production and supply of electricity in France, organized a call for tender to sell electricity from renewable source
- **Crédit Coopératif**, French cooperative bank, Enercoop's banking partner, would not risk guaranteeing the response of Enercoop to the EDF call for tender alone (need for counter guarantees from third parties in order to take the risk of guaranteeing Enercoop's bid)
- **Ecopower**, Belgian cooperative that produces energy from renewable sources and supplies it to its members, decided to vouch for Enercoop to Triodos in order to support Enercoop's project and the REScoop movement
- **Triodos**, Dutch bank (with a branch in Belgium), banking partner of Ecopower, vouched for Enercoop by bringing a counter guarantee to the Crédit Coopératif
- **Cooperatives Europe**, European branch of the International Cooperative Alliance, was in contact with both Ecopower and Enercoop, allowed both cooperatives to meet in Brussels for the first time
- **La Nef**, French ethical finance operator, partner of Enercoop, brought a counter guarantee to the Crédit Coopératif for Enercoop
- **MACIF**, French mutual fund, partner and co-founder of Enercoop, brought a counter guarantee to the Crédit Coopératif for Enercoop
- **SOREGIES**, French local supplier of electricity, supported Enercoop in its projects and brought professional legitimacy to Enercoop's business reputation as a supplier of electricity

Description of the barrier faced by the REScoop(s)

The French cooperative Enercoop needed to send a response for a call for tender organized by EDF to buy electricity produced by a hydropower plant in order to supply its consumers. The call for tender took place in 2008 and, partly because of the monopolistic condition of the French electricity market, took the form of a bidding process that would allow the highest bidder the ability to buy the electricity produced by the EDF hydropower plant during 5 years.

The Crédit Coopératif, Enercoop's banking partner, would not take the risk of guaranteeing this amount alone and asked for counter guarantees. They also asked Enercoop to recapitalize the cooperative before supporting Enercoop in the bidding process. Enercoop finding no other support among its partners in France decided to ask Cooperatives Europe and Ecopower for help. Ecopower and Enercoop had never met in person and Cooperatives Europe organized a meeting in Brussels. This first meeting resulted in the decision of Ecopower to support Enercoop in its project by vouching for Enercoop through their banking partner Triodos. Ecopower also decided to support the project by buying shares of the cooperative Enercoop in order to participate to its recapitalization. This had a lever effect and Triodos, la Nef and the Macif decided to bring counter guarantees to the Crédit Coopératif. SOREGIES, a local supplier of electricity, also brought their support to Enercoop by guaranteeing they would buy back the energy from the call for tender to Enercoop if Enercoop went into bankruptcy. The Crédit Coopératif then agreed to sign the guarantee for Enercoop's response to the call for tender. Enercoop was then able to participate and win the call.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- Obtaining a guarantee is a long and time consuming process. It is important to take the time to convince the partners who will bring the guarantees.
- It resulted more efficient to gather several partners rather than having only one that would guarantee the whole project.
- Having a partner that could vouch for Enercoop's business reputation as a supplier was also a key advantage for the cooperative.
- Being able to rely on a strong network of actors from the social and solidarity-based economics' sector is crucial when setting up such a scheme.

Specific steps to setting up the scheme

	Check-list	Warnings
1	Contact 2 or 3 banks to know and study their conditions for a guarantee	Do not only go to one bank, having several options is useful
2	Convince 2 or 3 partners to counter guarantee – this also allows to lower the cost of the guarantee	Be careful not to have too many either because it can be too time consuming (no more than 2 or 3 for a counter guarantee)
3	Prepare completed files on the project and the details of the guarantee for each partner	
4	Organize meetings with partners	It is important to meet in person your partners, not only through calls
5	Establish a guarantee file by the guarantor (in this case , the Crédit coopératif) and counter guarantee files for the guarantor (Each partner bringing a counter guarantee established a file for the Crédit Coopératif)	Plan for numerous exchanges around the constitution of a guarantee and counter guarantees files. Especially if several banks are involved in the process.
6	Finalize the response to the call for tender, to which the guarantee file is added.	The deadline for responding to a call for tender is non negotiable.

Specificities of the French context which made it possible to set up this scheme

General description of the context (national or regional) into which the scheme has been set up

- In France, the generation of electricity from renewable energy sources is promoted through a feed-in tariff scheme. EDF (as the historical producer and supplier) is obliged to enter into agreements on the purchase of electricity at a price fixed by law ("obligation to conclude agreements").
- RES producers receive a fixed guarantee on a time frame stretched between 12 and 20 years. The tariffs are different depending on technology and on the size of the installation. This fixed price is paid by the historical supplier EDF and the difference between the fixed price and the market price (wholesale) is transferred to the consumer through the CSPE tax (Contribution au Service Public de l'Electricité) which is directly included in the consumer's invoice.
- There is no access to the "obligation d'achat" (obligation to conclude agreement) mechanism for other suppliers than EDF. EDF, due to its historical monopoly is the only supplier to have access to this resource. Therefore it is very difficult for other suppliers than EDF to have access to the existing renewable energy production. However, EDF had to sell through call for tenders part of its historical production of energy from renewable sources since the liberalization of the electricity market. This is why Enercoop could bid for the buying of hydropower production in 2008. Since then, Enercoop has contracted with around 100 small producers of electricity from renewable sources and supplies electricity to its consumers without buying back electricity through call for tenders from EDF.

3. INNOVATIVE INVESTMENT SCHEMES: JOINT VENTURE OF COOPERATIVES – COOPERNICUS IN PORTUGAL

REScoop project: Coopernicus

Country	**Portugal**
Activity	**Energy producer**
Date of creation	**July 2012**
Number of members	**75**
Total production	**60MWh**
Turn over	**€10k excl. membership fee €19k**

Specific barriers the scheme can solve

- Rapidly mobilize funds from different existing coops to finance an external project
- No start-up capital for starting REScoops
- No need for financial institutions

Actors involved or potentially involved in the scheme

- **Boa Energia**, The starting REScoop in Portugal
- **Beauvent**, Belgian REScoop with different RES projects in Belgium
- **Som Energia**, Spanish REScoop started in 2012, working on all kinds of renewable energy projects
- **CWW Waterland**, Wind cooperative in the Netherlands
- **De Windvogel**, Wind cooperative from the Netherlands. Helped set up the joint venture but backed out on participation due to lack of capacity to take on the project
- **REScoop.eu**, federation of groups of citizens and cooperatives for Renewable energy in Europe. After the request of Boa Energia. REScoop.eu sent out a request to its members who was willing to participate in the project.

Description of the barrier faced by the REScoop(s)

The main barrier that Coopernicus faced was that the opportunities to start concrete projects preceded the involvement of members.

Description of the scheme

Boa Energia, a citizen RES initiative that provides citizens and organizations with investment opportunities in the renewable energy sector developed 4 PV projects that needed an investor before the deadline for the feed-in tariff application. Boa Energia offered the projects for different REScoops in Europe to invest. The REScoops that were interested in the projects decided amongst each other that it would be against their principles to be foreign investors without giving Portuguese citizens a chance to invest as well. Boa Energia agreed to set up a local REScoop which was named Coopernicus.

The joint venture agreed to buy the projects and become owner of the PV installations. Coopernicus would get a 4% share in the joint venture with the possibility to buy back up to 100% shares of the joint venture, when their member base, and with it its social capital, would grow and in the end will end up becoming an autonomous REScoop.

The total amount invested is around 315 000€ divided between the 4 partners of the joint venture according to set percentages agreed when signing the joint venture agreement and proportional to the participation of each partner.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- The investing REScoops become owner of the installation. It is not simply a loan for the start-up phase of a REScoop. This way the investors are not simply involved from a distance of the starting REScoop.
- Agree on when and how shares can be bought back by the starting REScoop and the cost of the shares at different times in the project.
- Agree on the distributions of revenue and costs.
- The best practice in this joint venture is that every partner brought in the experience that was needed.
- Make sure there is no money transfer to the starting REScoop until all contracts, invoices and feed-in tariffs agreements are finished to lower the risk of losing money when project's applications fail.
- This scheme works because the investments are small investments (€50.000,-) per partners and it involves investment in concrete projects with hardware. It is not an investment in project development which is much more a high risk investment.

Specific steps to setting up the scheme

	Check-list	Warnings
1	Partners	Make sure to have the knowledge to understand the national situation
2	Business cases	Make sure the business cases are understood by all partners
3	Joint venture agreement	See document in the annexes.
4	Project development	Done by local REScoop, no risk investment by participating REScoops.

Specificities of the Portugese context which made it possible to set up this scheme

General description of the context (national or regional) into which the scheme has been set up

- Portugal became a major player and investor in renewable energy and has significant RES share in its electricity mix (24,6% in 2010).The renewable sector is mostly dominated by large companies but small scale RES production has been leveraged by feed-in tariffs that provide interesting ROIs and long term stability to investors.
- Currently large renewable projects are stopped in Portugal (only those authorized before 2012 can still be implemented) but the small scale renewable project (<250 kW) implementation was never interrupted. Feed in tariffs for small scale RES projects have recently lowered to almost meet the domestic consumer electricity price (currently 0,151€/KWh).
- The feed-in-tariff is defined yearly in Portugal. Projects of 20kWp or under, that are concluded and approved by the certifying entity, are guaranteed the yearly defined tariff of that given year for a period of 15 years – 0,151€/kWh in 2013. Projects above 20kWp and below 250kW enter an inverted auction. There are previously scheduled sessions for license attribution and each promoter offers a discount to the reference tariff.
- At the moment the Portuguese government is exploring the possibility of self-consumption.

4. INNOVATIVE INVESTMENT SCHEMES: COOPERATION WITH A COOPERATIVE BANK – RETENERGIE IN ITALY

REScoop project: RETENERGIE

Country	**Italy**
Activity	**RES energy production**
Date of creation	**19/12/08**
Number of members	**662**
Total production	**445 kWp**
Turn over	

Specific barriers the scheme can solve

- The REScoop signs a deal with an ethical or cooperative credit bank
- The bank lends money to the REScoop, but not with the full amount of interest and without patrimonial guarantees
- The bank also offers special credit conditions to members of the REScoop in order to finance private energy efficiency measures and renewable energy installations (loan, mortgage)
- The REScoop may also agree to deliver cheaper electricity to the members of the bank.

Actors involved or potentially involved in the scheme

Two examples of deals between ethical and cooperative credit banks and REScoops or citizens' initiatives come from Italy:

The **first is the case of Banca Popolare Etica**, the only financial institution so far involved in a REScoop project, that signed a deal with "Retenergie" to finance the investment of the REScoop in PV installations but also to stipulate a commercial agreement that foresees favourable credit conditions for the REScoop members.

Investment scheme

The bank lends money to the REScoop with an interest rate lower than the market and without patrimonial guarantees. The total amount financed by the Bank for three PV projects is about 550.000 euros (two loans for 100.000 euros each, and one more for 350.00 euros). These amounts covered 50% of the total amount of the projects; the duration of each loan is 12 years.

The interest rates were lower than the market one:
2.60 points (spread) + euribor 3 months for the loan of 350.000 euro, in 2012.
1.60 points (spread) + euribor 3 months for the other two, in 2011.

Due to a commercial agreement, the bank also offers special credit conditions to members of the REScoop in order to finance private investments in energy efficiency and renewable energy. The agreement foresees lower interest rates and preliminary costs of the mortgages stipulated for:
- purchase of high energy efficiency house
- purchase of the family house and energy refurbishment
- RES installations, energy efficiency measures and purchase of efficient household appliances.

The REScoop may also agrees to deliver cheaper electricity to the customers/members of the bank. In this deal, the most interesting thing is that no patrimonial guarantees (for small projects) have been requested by the bank, this is because the bank recognized the solidity as well as social and environmental added value of the project.

Actors involved

The REScoop involved in the scheme is Retenergie Società Cooperativa, established the 19th of December, 2008 in Cuneo at the initiative of a group of people already committed to promoting the production of energy from renewable sources. The basic idea of this cooperative is to create a model that will permit the production and use of electrical energy from renewable sources by grassroots action. This project takes its inspiration from the "adopt a kW" program of solar collective association that promoted the construction of a 20 kW photovoltaic plant in 2008.The most important challenge faced by the new cooperative is to include the end users of energy in the picture, thus creating a virtuous circle from production to consumption. This is an ideal and economical opportunity to respond to a range of environmental and social problems such as pollution, the limits of natural resources, and fair distribution. The cooperative form was chosen because the objectives have to be consistent with the means used: participation, self-reliance, solidarity. The start-up of the REScoop has been financed by the founders members whit three loans from Banca Popolare Etica to invest in PV installations. **Banca Popolare Etica** is the Italian Ethical and Cooperative Bank, member of the the European Federation of Ethical and Alternative Banks (FEBEA). The idea behind Banca Etica consists in creating a place where savers, driven by the common desire of a more transparent and responsible management of financial resources, may meet socio-economic initiatives, inspired by the values of a sustainable social and human development. The bank manages savings raised from private citizens, as singles or families, organisations, companies and institutions in general, and invests them in initiatives pursuing both social and economic objectives, operating in full respect of human dignity and the environment. Banca Etica developed within the "Progetto Energia" specific financing products for families and individuals mainly addressed to promote energy efficiency and renewable energy production at a small scale.The **second deal** to be mentioned, even if not strictly related to a REScoop project, is the case of a **BCC** (cooperative credit bank) which have stipulated an agreement with Legambiente (national environmental association) to give private citizens, businesses, local authorities the opportunity to receive financing up to 200,000€ - 100% for total amount – to realize investments in renewable energy production (solar roof, mini-hydro, etc..) and energy efficiency. The due diligence is partly done by the bank (economic assessment) and partly by the environmental association (technical issues).

Description of the barrier faced by the REScoop(s)

Some difficulties arose during the first year of activity, due to the knowledge gap and the lack of expertise of the REScoop members as far as the bureaucracy and legal framework of the energy market are concerned.
Then the REScoop faced some problems for the development of new RES installations due to the revision of the legislation and the excessive fragmentation and slowness of the authorization procedures.
The revision of the legislation led to the introduction of several administrative constraints that make it difficult to build new plants. The political direction led to a progressive disappearance of tariffs.

From a financial point of you, the REScoop invested in three PV installations thanks to the deal with Banca Etica that supported the project from the beginning and thus it borrowed 50% of the invested amount.
The deal with Banca Etica indeed allowed to overcome some barriers for financing the RES projects.

The uncertainty of access to tariffs and the length of the authorization process negatively affect the willingness of traditional banks to give credit to RES developers. However many banks have developed specific products for renewable energy installations, but due to the transaction costs, they are mainly addressed to large RES projects. The amount funded could reach 5 million euros and could be settled through traditional mortgage or hypothecation for larger plans. The actor responsible for the investment should present the project proposal and his personal income statement as assurance because the tariffs from the supporting scheme are not considered sufficient to access credit. Normally, the financing is delivered up to 50% upfront at the beginning of the project implementation and the rest of the amount at the end of the installation work.

Specially for REScoop, the main obstacle is related to the guarantees that the projects can give. Banks usually prefer to make business with companies which could demonstrate expertise in the field of RES (with a track record of projects) and with patrimonial guarantees. In general the members (or only the administrators) of coop are asked to give some patrimonial guarantees in order to receive loans (or other financing) from banks. But in the energy sector, investments are relevant and members aren't able to furnish enough guarantees for investments and the bank may also have some difficulties to collect and manage guarantees from all coop members.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- The scheme is appropriate when the bank fully support the project not only in financial terms
- Relationship between the REScoop and the bank should be based on trust and faithfulness
- The deal should include some benefits also for the bank
- The scheme is a loan that could be useful to finance RES installations not for funding the REScoop venture

Specific steps to setting up the scheme

	Check-list	Warnings
1	REScoop start-up	The funders must have its own financial resources to create the REScoop
2	RES project planning	To involve banks at the beginning of the project development
3	Bank identification	Approaching a bank that fully supports the cooperative aims
4	Deal definition	Benefits for both parts of the agreement

5. INNOVATIVE INVESTMENT SCHEMES: SEED INVESTMENT – SEED ENTERPRISE INVESTMENT SCHEME IN THE UNITED-KINGDOM

REScoop project: Seed Enterprise Investment Scheme

Country	**Italy**
Activity	**RES energy production**
Date of creation	**19/12/08**
Number of members	**662**
Total production	**445 kWp**
Turn over	

Specific barriers the scheme can solve

- Poor or under performing projects
- Investor confidence
- Chances of raising the required capital

Actors involved or potentially involved in the scheme

- **Board members** who put their name to the share offer
- **Investing members** who pay income tax and reclaim on their tax return
- **The UK Government** who supports the scheme

Description of the barrier faced by the REScoop(s)

- Projects can often be difficult to finance in the early stages, where risk is generally higher. For organisations that need up to £150,000, the Seed Enterprise Investment Scheme allows them to offer 50% of their investment back from their income tax bill, provided the activity being undertaken by the organisation qualifies for the scheme.
- The generation of renewable energy is an excluded activity from the SEIS scheme because the FiT is already an incentive, however co-operatives have an exemption
- The £150k that is raised through SEIS can be applied to early stage feasibility and permitting activities or to pay deposits on grid and turbine supply. Once the money has been spent it is then possible to raise further money under the EIS scheme which offers 30% tax relief up to a figure of £5m
- Investors can only claim their tax relief once the business has started trading and are not allowed to sell their shares or redeem them (in the case of withdrawable shares) for a period of three years.

Check-list and warnings: how and when to use this scheme?

General comments and advices when setting up such scheme

- Just because investors can claim 50% of their investment back, it doesn't mean that a poor project or an badly written share offer will raise the money
- Make sure the project is viable without the tax relief is it doesn't offer extra cash to the business
- Try to reward those who have supported the scheme from the beginning as they deserve the opportunity to benefit the most

Specific steps to setting up the scheme

	Check-list	Warnings
1	It is important to get the scheme pre-qualified by the tax authorities before offering it by going through an advanced assurance process	If you don't have this assurance and go out with the share offer saying your investors can have it, then you will have some very upset investors if the authorities find a reason not to give it to you
2	See what the SEIS and EIS does to your financial model in terms of the returns it offers to your investors	If you are trying to generate a surplus for community benefit, then it is important not to reduce the member's returns too much and relying on the tax relief to attract capital. It should be considered a bonus to help raise funds
3	Make a big deal out of the tax incentives in your marketing of the share offer. It will help give investors confidence	Make sure you take time to explain how the scheme works. Most people aren't familiar with it
4	Make some provision during the first three years to return some member's capital	While most investors will understand that investing in renewable energy is a long-term commitment, some investors will inevitably want to remove their money from the scheme at the first opportunity.

Specificities of the British context which made or would make it possible to set up this scheme

- The UK Government is using the tax system to incentivise the start-up of new businesses or the growth of existing businesses. It's available to all types of organisational structures, but co-operatives have been awarded a special exemption for renewable energy generation
- The current Government in the UK increased the EIS incentive from 25% to 30% and introduce the 50% SEIS scheme in a recent national budget review. This shows that the scheme has been effective and how the UK Government is using this scheme as an efficient method of generating growth within the economy
- The SEIS scheme which offers 50% tax relief up to £150k is for early investors and the EIS scheme which offers 30% relief up to £5m is for later investors. These can be tinkered with by the tax authorities and could be removed in the future so timing is important as well as the latest information
- Governments who don't currently offer this scheme will need to be persuaded of it's benefit to co-operatives that are working on community renewable projects. There are plenty of examples in the UK of it working to good effect e.g. Dingwall Wind Co-operative, Harlaw Hydro, Osney Hydro.

III.B. Innovative and new action tools and financial schemes in general

Finally, this handbook will briefly explore a few leads, discussed and imagined in a collaborative way among the partners of the REScoop 20-20-20 project. As a direct answer to today's barriers to set up new REScoop projects in Europe, several tools, methods and ideas could be supported and exploited by the citizen-based projects in the renewable energy sector.

The strengths of the REScoop movement are:

- the local and decentralised model of each project that is based on a close-knit community engaged in the energy transition
- the cooperative movement, which values are based on the cooperative principles – no competition, help each other, one person one vote, etc.

These strengths combined with the assessment that REScoops are today facing several constraints due to an unfit regulation and a lack of acknowledgement in most European countries, led the partners of the REScoop 20-20-20 project to draw the following conclusions.

1. There is a need to join forces in order to overcome the barriers we are facing today. Cooperation is in fact the key to help support the new REScoop projects across Europe
2. A common tool is needed to support several key points of the REScoop development:
    - a better communication on the REScoop model to raise awareness
    - a toolbox to empower local initiatives to develop their own projects
    - a financial tool to help the citizen-led projects overcome their financial struggles.

Whether this common tool incorporates all of these 3 features is secondary; however the REScoop.eu federation has already started engaging these challenging tasks.

We will here develop the last of these key points and elaborate on the necessity of a common financial tool for REScoops in Europe. It is clear that there is today a continuous need for dedicated financing to enable REScoops to invest in sustainable energy or energy efficiency projects. Several examples exist of national or regional solutions which have been developed by REScoops so as to overcome this need for dedicated financing to enable investment in projects. In France for instance, the ability of the REScoop projects to organize a public offering of securities is mainly deterred by a strict regulation which has not yet been adapted to citizen-led projects. In order to mutualize the costs of organizing a public offering, several actors have created the investment fund Energie Partagée. This fund can be described as an innovative solution which has been set up in order to give the opportunity to citizens to pool their financial resources to support the financing of renewable energy and energy efficiency projects and to collectively raise enough capital to have a lever effect on investment. It is the first citizen investment fund that finances local and citizen-led RES production projects in France.

A similar tool on a European level, that would allow REScoops and European citizens to pool their financial resources together to enable investment in RE and EE projects, could be decisive in the development of new REScoop projects on a larger scale.

Several potential uses can be thought of for this European financial vehicle:

Allowing any European citizen to directly invest in the fund

Thus, any citizen in Europe could decide to directly invest via the European vehicle and not indirectly via their local REScoop. This could be an option to finance this European tool. A crowd-funding system could be set up through the support of existing networks and most particularly the REScoop.eu federation, through its website and the support of its members, among which several have the experience of such practices, like Som Energia.

Facilitating the possibility for REScoops to provide capital to new projects

REScoops which are already well operational, from all over Europe, could "pool" or "aggregate" their financial resources in order to enable investment into a large number of projects all over Europe. Pooling financial resources would also allow REScoops to help solve the existing gaps that often happen when a REScoop has a project but no available financing and when a REScoop has "too much" equity, but not enough projects mature enough to invest in. Like it was the case in the example of the joint venture Coopernicus in Portugal, where the local PV projects didn't have access to equity fast enough to benefit from the feed-in-tariff meanwhile several European REScoops could invest immediately.

This could mean that REScoops would dispose easily over a kind of "roll-over" credits, that are very flexible and adapted to their needs: if the capital from new local members of the REScoop comes in faster than expected after realisation of a project, they can reimburse the credit faster, if appropriate; or if the credit is needed longer, it can be extended through this vehicle.

Another option would be to promote a type of revolving fund that would help cover the early start-up phase of new REScoop projects by providing a grant or a loan to cover the cost of feasibility studies, like it is the case in the CARE scheme in Scotland.

Facilitating the access of REScoop projects to other existing funds and financial tools adapted to their needs

The network of existing REScoops can advise new projects toward adapted funds and schemes, whether by putting in contact local REScoops with each other, or by coordinating directly with European schemes. Such assistance might very well result in the need for aggregation of projects from various REScoops. This particularly applies when looking at public funds on a European level, like the European Investment Bank for instance, where eligible investment volumes have to be over 30 million euros. It would then be pertinent to bundle the know-how and expertise on financing instruments for sustainable energy investments with the know-how on the investment approach used by REScoops.

Promoting a model of guarantee for REScoops

A European fund could offer the possibility of supporting REScoops through financial guarantees, enabling the participation of other financial actors in the investment. The fund could also buy shares in the cooperatives it supports so as to help recapitalize REScoops, like in the example of cooperation between cooperatives where Ecopower provided a counter-guarantee for Enercoop.

Developing a European Cooperative Society

The creation of this common financial vehicle on a European level would have to be integrated into an existing network of actor already involved on a European scale such as the partners of the REScoop 20-20-20 project. However, the financial vehicle would need specific statutes and legal structure to be created which would allow all the participating REScoops to be included in the governance of the fund. The European regulation offers the possibility of establishing a European Cooperative Society, which would have to be explored as a framework for the common tool, but would most likely be adapted to the cooperation of cooperatives on the European level.

"The European Union facilitates cooperatives wishing to engage in cross-border business, by making legislative provision which takes account of their specific features. It allows the creation of new cooperative enterprises by natural or legal persons at European level. It ensures the rights of information, consultation and participation of employees in a European cooperative society (SCE).[1]"

[2] http://europa.eu/legislation_summaries/employment_and_social_policy/social_dialogue/l26018_en.htm

The example of TAMA

A European Cooperative Society, pioneer in this field of European cooperation has been brought into being in June 2013, TAMA, led in Brussels. Wishing to promote both the development of citizens initiatives and their spreading between countries in order to create the dream of solidarity among the nations of Europe, six solidarity-based finance cooperatives from four European countries (Crédal and Hefboom in Belgium, Fundacion Fiare in Spain, Oekogeno in Germany, la Nef and Cfé in France) have decided to come together to create TAMA European Cooperative.

The mission of TAMA is to prove, in an experimental and practical fashion, that an innovative, ecological, social and participative citizen's Europe is possible. The objective is to promote the development of citizen projects in Europe through funding, support, connecting them via networks and spin-offs (more details in the annexes on TAMA European cooperative example in details).

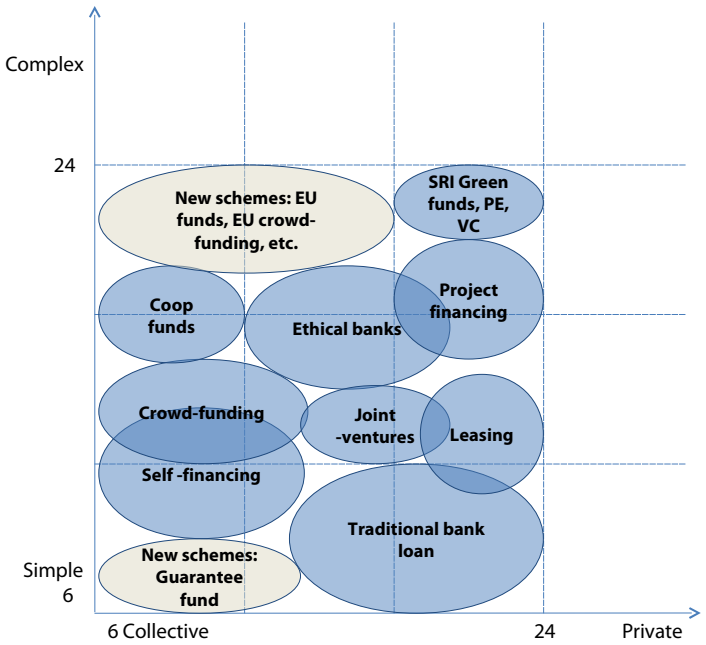
Thus, this European tool could complement the existing national and local networks as a third step to the cooperative financing model. With a European Cooperative Society on the European level, networking organizations on the national level such as Energie Partagée in France, REScoop.be in Belgium or Energy4All in the UK and REScoops on the local level, engaging directly with the local communities and environment to launch new citizen-led projects leading to a decentralised energy transition through the support of wider and stronger net of cooperation.

IV. Annexes

1. Blank example of the matrix table for readers to be able to fill it in

PROJECT:

Self-financing in the matrix



When to use this method?

- **Pre-planning Phase**
- **Development Phase**
- **Construction Phase**
- **Operating & Maintenance**

Fill in the tables below and calculate the profile of your project by adding up the value of each factor

From simple to complex (axis Y)

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Size of the project	<200 kW	200-1000 kW	1000-5000 kW	>5000 kW
Type of RES	Mini wind, PV	Mini hydro, Biogas	Wind on-shore, Solid biomass	Wind off-shore, Wind on-shore, Hydro
Timing in the process (how is difficult to collect financing according to different phase?)	Operating phase	Construction phase	Permitting phase	Planning phase
Social acceptance of RES	Social acceptance	Few opponents	Local scepticism	NIMBY
Geographical Scope	Neighbourhood	Local/Municipal	Regional	National
National RES tariffs	High Feed in/ premium tariff	Medium tariff	Low tariff	No tariff Selling to market
Total Y - Sum of row values (1-24) for value axcis Y				

From collective to private (axis X)

	Low (1)	Medium (2)	Medium-High (3)	High (4)
Number of citizens/actors	>500	100-500	30/09/00	1-10
Nature of the actors involved in the project (citizens, public administrations, private investors, corporations)	4 types	3 types	2 types	1 type of actors (i.e. corporation)
Patrimonial guarantees of investors	No guarantees	Few investors with patrimonial guarantees	Many investors with patrimonial guarantees	Patrimonial guarantees of all investors
Willingness of people to invest (capital endowment and trust) into new REScoop	>75% of engaged actors	50-75% of engaged actors	25-50% of engaged actors	<25% of engaged actors
Legal forms (limit and constraints)	Cooperative	Community-owned company	Private company (Ltd)	Public company (Plc)
Mutual objective	Energy consumption	Capital remuneration and energy consumption	Low capital remuneration	High capital remuneration
Total X-Sum of row values (1-24) for value on axis X				

2. Example of Joint Venture Agreement

CONTRACTUAL JOINT VENTURE Boa Energia Portugal“

Between the following shareholders:

1. **Boa Energia sociedade por quotas de responsabilidade limitada,** with registered office in the Av. António Augusto de Aguiar, 163 – 5º Dto. 1050 – 014 Lisbon, **PORTUGAL**. Registered in the VAT register of Portugal under number 510324347, legally represented by the Directors Nuno BRITO Jorge and Ricardo Coutinho Iglesias, Hereinafter referred to as, **“BOA Energia”**

2. **Som Energia sccl**, with registered office in 17003 Girona, **SPAIN**, C. Pic de Peguera 15, registered in the cooperative register of Catalonia (registration nº 1, page nº 13.936), legally represented by Gijsbert HUIJINK and ……., hereinafter referred to as **“Som Energia“**

3. **Cooperative association for collective possession of windmills, De Windvogel B.A.,** with registered office at the President Johan Willem Frisolaan 166 in 2263 EC Leidschendam, **THE NETHERLANDS**. This cooperative association is registered in the register of the Chamber of Commerce under the KvK-number 29037015 with site number 000008830967. This cooperative association is legally represented by its directors, Siward ZOMER and Dick VAN ELK. hereinafter referred to as **“De windvogel”**

4. **Coöperatie Windenergie Waterland U.A.**, with registered office in the Oude zijds Burgwal 28, in 1141 AB Monnickendam in the municipality of Waterland, **THE NETHERLANDS**. This Cooperative is entered in the register of the Chamber of Commerce in The Netherlands with KvK-number 36033388 and site number 000010906665. This cooperative is legally represented by its directors, Wouter TILLEMANS and Gerard MEIJSSEN Hereinafter referred to as **“Windernergie Waterland”**

5. **BeauVent cvba** with registered office in 8630 Bulskamp, Sint-Bertinusstraat 39, registered in the legal persons register in Veurne, **BELGIUM** with company number 0472.292.307, legally represented by its directors, Mr. Niko DEPREZ and Mr. Paul PROOT, hereinafter referred to as **„BeauVent“**

hereinafter jointly referred to as the „shareholders“ or „partners“

IS EXPLAINED BEFOREHAND:

The shareholders have established CONTRACTUAL JOINT VENTURE (hereinafter also referred to as the „SHV“) under Belgian law in accordance with the provisions of the Company Code for the activities listed in article 3. In this agreement they lay down the way to collaborate.

The CONTRACTUAL JOINT VENTURE may enter into force only provided that the following conditions are met in advance:

- The shareholders agree to this agreement, which shall determine the rules of their relationship
- The suspending conditions are complied with. See article 5.

The contractual joint venture has as objective the investing in and exploitation of various solar installations on the Portuguese mainland. In addition, the contractual joint venture has as objective to support the local, novice cooperative initially through know-how and financial resources in order to achieve and to exploit the projects mentioned in this agreement. Then the contractual joint venture offers the opportunity during a certain period, for the local Portuguese cooperative to start its operation and to fully take over the installations, so that a dynamic local force can be placed on its own feet.

THE SHAREHOLDERS HAVE AGREED AS FOLLOWS:

ARTICLE 1 – ESTABLISHMENT

The shareholders have agreed to form a CONTRACTUAL JOINT VENTURE (hereinafter referred to as the „SHV BOA Energia PV“) in accordance and pursuant to the provisions of the Belgian Company Code.

ARTICLE 2 – REGISTERED OFFICE

The SHV has its registered office in 8600 Diksmuide, Ijzerdijk 47, Belgium.

ARTICLE 3 – OBJECTIVE

The SHV is commercial by nature and has as objective:
The research of the possibilities, the installation, implementation, operation and dismantling or transfer after 15 years of operation of the solar installations listed under article 7.

ARTICLE 4 – DURATION

The SHV starts on the date of signature of this agreement. It terminates after the full auditing and closing of the obligations inherent to the objective for which it was created.

ARTICLE 5 - SUSPENDING CONDITIONS

1. The presentation of the documents which prove that the solar installations can be installed at the corresponding locations. There must be an English translation present thereof. A lease or similar right is of crucial importance in this respect. The project cannot be started, nor be achieved before there is a signed agreement with the owner for the use and exploitation of the roof for a minimum of 15 years.

2. Stability studies which prove that the installations can be supported by the existing roof structure on which they will be installed. This may also be a statement of the installer that he accepts all stability risk. Or an statement of the building-owner that he takes all responsibility for the stability of the roof.

3. A complete financial plan of the investments is to be made. Both the invested amount, as well as the annual costs and the potential revenues must be known. This plan is an integral part of this agreement. If misleading figures are used in this plan, BOA Energia can be held responsible for this.

4. There is a consensus to choose the materials to be used (solar panels and inverters) and the installer. The shareholders can choose a certain installer for each project.

5. A reference number and approval of the Portuguese authorities of a feed-inn rate for the installations listed in article 7. For details see article 7.

ARTICLE 6 – CHOICE OF THE MATERIALS / INSTALLER

An installer shall be selected for a cost-effective installation, with knowledge of the business and a sufficient list of references.

The system is equipped with a monitoring system that is connected to the internet. Thus all partners can also remotely follow up the installation. This system will make free use of the existing internet connection in various locations.

ARTICLE 7 - SUBJECT OF THE AGREEMENT

7.1. SIZE OF THE INVESTMENT

This agreement is started to achieve solar projects in Portugal with a total investment amount between 200,000 euro and 250,000 euro.

7.2. APPROVAL OF THE PROJECT

The list of the projects in 7.3. is subject to change in function of obtaining a feed-in tariff. There will only be an investment in projects that have received an authorisation (=feed-in rate) from the Portuguese authorities. BOA Energia will present the documents with the registration and the granting of the feed-in rate from the authority to the partners. The registration numbers of the installations will be added after the signing of this agreement. If the projects are not granted a feed-in tariff, then they will be deleted from this list and will obviously not be invested in by the partners. The partners are from the start in agreement that they can invest in the following projects. In the case that one or more projects fall out, then replacement projects can be considered within the limits in 7.1. This project must be approved unanimously by all Directors.

7.3. LIST OF PROJECTS

Below is a list of the projects with the most important parameters. BOA Energia declares that this list is complete and that the parameters below are a true picture of the situation on the ground.

See list installations in Dutch version.

ARTICLE 8 – CONTRIBUTION

The shareholders commit to contribute the following in the SHV:

8.1. BOA ENERGIA:

- Contribution of all collected fees, duties, documents, agreements, project info, ... undertaken with the customers, authority, installer, ... for the installations mentioned in article 7. (such as. 15 year old roof rent, maintenance contracts, granting of feed-inn rate, ...) In short, all documents that are required to be recognised as a legitimate owner of the installations. The SHV pays for this paper a sum for each project which is equal to the development costs to BOA Energia. These amounts are listed in article 7.
- The necessary documents/agreement showing that the owner of the building/ground declares himself in agreement in writing with the fitting of these solar installation on the roofs described in article 7. In addition, the written approval that the project can be sold during the period to one of the partners of the SHV or other partner that is indicated by the SHV.
- Knowledge of the local political situation, the local authorities, agencies, local market conditions, the legislative framework and the feed-in system in Portugal to realise this project.
- Timely contributions of financial resources, in accordance with its correct participation rate, to realise the project.
- Contribution of adequate human resources to realise the project within the time limits laid down by the authority. Boa Energia will do everything necessary to start up all installations before 1/1/2014.

8.2. SOM ENERGIA

- Its know-how concerning the construction and operation of solar installations.
- Timely contributions of financial resources, in accordance with its correct participation rate. The main deadlines will be specified with the choice of the installer.

8.3. DE WINDVOGEL

- Its know-how concerning the construction and operation of solar installations.
- Timely contributions of financial resources, in accordance with its correct participation rate. The main deadlines will be specified with the choice of the installer

8.4. WINDENERGIE WATERLAND

- Its know-how concerning the construction and operation of solar installations.
- Timely contributions of financial resources, in accordance with its correct participation rate. The main deadlines will be specified with the choice of the installer

8.5. BEAUVENT:

- Its know-how concerning the construction and operation of solar installations.
- Knowledge/experience concerning SHV's.
- Timely contributions of financial resources, in accordance with its correct participation rate. The main deadlines will be specified with the choice of the installer

ARTICLE 9 - PARTICIPATION IN THE SHV - DISTRIBUTION OF REVENUES AND COSTS

9.1. PARTICIPATION

The shareholding shall start as follows in the SHV:	
Boa energia	4%
Som Energia	24%
De Windvogel	24%
Windenergie Waterland	24%
BeauVent	24%

If one or more of the shareholders does not clear the payment of his share of the project within the two weeks after another shareholder has put him in breach through a recorded letter, a new balance originates in the participation in the SHV that corresponds to the actual financial contribution of each shareholder in the project. In the start-up phase it is about the actual contribution. Later, it is about a situation where a repayment of a loan does not happen and is recovered from the project.

These participation rates change may after the conclusion of a full calendar year pursuant to article 10.

9.2. DISTRIBUTION REVENUES AND COSTS

The costs related to the activities of the SHV include: all costs, charges, fees and compensations (with the exception of the financing costs and taxes) which the shareholders contribute for the account of the SHV in the framework of the activities listed in article 3. Examples of this are annual insurance, possible loan reimbursement or roof rent, maintenance and repairs of the installations, … The costs are borne by the shareholders according to the participation rates of that production year.

The shareholders will (in accordance with their participation percentage, the electrical energy generated and all associated rights (such as Feed-in tariff, the green electricity certificates), guarantees of origin as well as all existing and future rights such as for example emission reduction rights) share in accordance with the participation percentages of that production year. Also subsidies directly related to this installation, belong here.

ARTICLE 10 – ADJUSTMENT PARTICIPATION PERCENTAGES

10.1. WHEN TO ADJUST PARTICIPATION PERCENTAGES?

The participation percentages can be adjusted 3 times. The starting date of the first production year is set at 1/1/2014. The shares can change owner for the first time on 1/1/2014 . Boa Energia has then still on 1/1/2016 and 1/1/2017 the possibility to buy up shares. After this the participation percentages will no longer change. Boa Energia therefore has 3 possibilities to buy in.

10.2. HOW TO ADJUST PARTICIPATION PERCENTRAGES?

The party which wants to change its participation rate must send a written request to the other shareholders and this at least 30 days before the end of a full calendar year. On the basis of a written request the other shareholders make up an invoice to the requesting party. These invoices must be paid not later than on the 30th december of a given year. The increase in the participation percentage is effective for the following calendar year. A settlement will also be made for the previous year.

The annual percentage that BOA ENERGIA buys from the other shareholders shall not be less than 20 % in order not to increase the administrative burden for the SHV unnecessarily. Each year there are any changes in the participation percentages a settlement must be made for the production year. These settlements will be communicated to all the shareholders and approved unanimously by the directors.

10.3. INITIAL SHV SHAREVALUE + FUTURE VALUE

The total investment amount of the project is set at € ..... (The shareholders undertake to complete this investment cost after the signing of the agreement). This means that the value of 1% of the project is € .....

After each production year 1/15th of the total investment cost is deducted. This represents the annual depreciation of the project. The calculation example to clarify this is an integral part of this agreement.

It is the intention that the share of BOA ENERGIA rises throughout the life of the project. So the project if possible is borne 100% by local citizen participation.

10.4. SHARE PURCHASE OF WHICH PARTY?

Each percent that the share of BOA ENERGIA increases is evenly distributed over the other partners unless the partners wish to depart from this. This requires the unanimity of the directors.

The participation percentages of Som Energia, De Windvogel, Windenergie Waterland en BeauVent can be reduced to 0% if the BOA ENERGIA takes these over during the next 3 years. The partner that has 0%, no longer takes part in the SHV.

Each year the shareholders will complement their rates in the spreadsheet that is part as an annex to this agreement. In this the annual accounts will also be kept.

ARTICLE 11 - ADMINISTRATION

11.1. BOARD OF DIRECTORS

The SHV shall be administered by a board of directors appointed by the General Assembly of the shareholders. Initially the following directors are appointed:

Boa Energia for which Nuno Brito acts.
Som Energia for which Gijsbert Huijink acts.
De Windvogel for which Siward Zomer acts.
Windenergie Waterland for which Gerard Meijssen acts.
BeauVent for which Stefaan Soenen acts.

The directors are appointed for the duration of the SHV and can only be dismissed for legitimate reasons, or by unanimity of the shareholders. Each shareholder must have a representative for the duration of the SHV.

11.2. EXTERNAL REPRESENTATION AUTHORISATION

The SHV is within or outside the law, legally represented by BOA ENERGIA under the its name. The DIRECTOR of BOA Energia can carry out all acts of management for the SHV if these acts are according to the decisions of the board of directors. The co-shareholders will not bear the cost for operations above 250 euro that are undertaken without the approval of the board of directors.

11.3. ACTIVITIES

The board of DIRECTORS:
Guarantees the common activities and the good operation of the installations contained in article 7..

A. Take all decisions on the activities of the objective of the SHV (art. 3),
B. Take all technical and commercial decisions,
C. Divide the tasks,
D. Appoint a director for each activity,
E. Provide specific solutions for specific problems,
F. Are responsible for the follow-up of the management by the directors.
G. The adjustment of this agreement if this is considered necessary. (Except article 3 and 7.1, → AV)

The DIRECTORS shall meet whenever it is necessary and at the simple request of one of the shareholders.

The revenues collected by the DIRECTORS or expenditure which they incurr during the performance of their task, is brought in the SHV. Each DIRECTOR will be accountable about its conducted directorship, including the expenses made, and about the policy followed. This is done spontaneously, or at the request of another DIRECTOR.

The DIRECTORS/shareholders act in their own name, but always for account of the SHV and this in accordance with the decisions and permission of the Board of the SHV..

11.4. DECISION MAKING WITHIN THE BOARD OF DIRECTORS

Within the board of directors decisions are made with a 2/3rd majority. All decisions shall be in writing, dated and signed by all directors.

ARTICLE 12 – GENERAL ASSEMBLY

12.1. GENERAL ASSEMBLY

12.1.1. The DIRECTORS will convene the General Meeting of the shareholders if necessary. (2 representatives for each shareholder) , by written invitation sent not less than seven (7) days before the meeting.

12.1.2. An extraordinary general meeting of the shareholders may be convened by any shareholder or director if the importance of the SHV requires it and this via written invitation sent not less than seven (7) days before the meeting.

12.1.3. The shareholders are able to participate in the meeting via conference call or video conference or similar communication methods which make it possible for each participant to hear the others and to take part in the conversations. The shareholders that participate through such communication methods in the general meeting shall be considered to be present in person.

12.1.4. The shareholders can always appoint a power of attorney to someone who will represent them in the general assembly of the SHV. To this end they will give a written authorisation signed by the shareholder.

12.2. – QUORUM

The General Assembly shall only be valid if all the shareholders are present or are legitimately represented. If a shareholder can or will not be present on a fixed general meeting, then the shareholder must not later than 1 day before the 2nd meeting, pass its powers to another shareholder who will be present. If this is not done the directors choose with simple majority who will receive these proxies.

12.3 – AUTHORISATIONS

12.3.1. The General Meeting shall have all the powers which are not expressly granted to the directors.

12.3.2. The following decisions are, however, still within the exclusive competence of the general meeting of shareholders and require a unanimous approval of all the shareholders:

(a) sale of the business, or any substantial part of the SHV to another partner than BOA Energia;
(b) dissolution of the SHV;
(c) addition or withdrawal of a shareholder;
(d) recruitment or dismissal of staff who will occupy a key role in the SHV;
(e) acquisition of major assets;
(f) expansion of the objective set out in article 3
(g) the expansion of the list of installations (see 7.3.) above the amounts included in 7.1.

12.4. – VOTING RIGHTS AND DECISIONS

12.4.1. Each shareholder is entitled to two votes at the general meeting. Except in the cases determined by this agreement, the decisions are taken by a simple majority vote.

12.5. – WRITTEN DECISION MAKING

The shareholders are required to decide in writing. To this end a director shall in writing, by letter, fax, e-mail, or any other medium, send the agenda and the proposals of decisions to all shareholders with the request to approve the proposals of the decision and this within a period of twenty days after receipt of the circular and send back to the administrative address of the SHV or at any other address stated in the circular.

If the approval of the majority of the members is not received within this period, the decision shall be deemed not to have been accepted. Only if certain decisions were approved by a majority of shareholders, shall these decisions be deemed to be taken. The decisions which do not fetch a majority, are considered not to be taken.

12.6. – MINUTES

The director will draft the minutes of the discussions of the general assembly. Each shareholder will sign the minutes to indicate his approval. These minutes will be kept in a special register. A copy or an extract of the minutes will be sent to all shareholders.

ARTICLE 13 - ACCOUNTING - FINANCING

13.1. THE DIRECTORS ARE TO KEEP SEPARATE ACCOUNTS FOR EACH TASK ASSIGNED TO THEM AND THIS ACCORDING TO THE DIRECTIVES OF THE BOARD.

The retrievals are based on the actual booked costs and the share of the other shareholders is invoiced. These invoices need to be paid in the first instance by the other shareholders before the time frame that the latter have to pay the suppliers of the SHV.

All of these in- and outgoing invoices shall be booked by each shareholder according to their participation percentage and integrated in their own accounts.

13.2. VAT

Each member shall, within the legal limitations, through its own declaration do the full recovery of the deductible VAT on the purchase invoices. On the invoicing of the share of the shareholders in the investment and operating costs one shall enter the applicable VAT rate and where necessary shall pay these amounts to the VAT administration.

The shareholders agree that VAT on the invoices of the installers can be pre-financed by the partners in accordance with their participation percentage at an interest rate of 2% on an annual basis. This outstanding debt must be repaid in 18 months by BOA to the partners, otherwise the interest rate will be increased to 10 %. If possible BOA Energia looks at itself for the pre-financing of the VAT on the investment. The board of directors can decide to implement another system for this 'problem', but they must decide unanimous.

13.3. FINANCING

Each shareholder retains its full autonomy and responsibility on the financing of its share in the operational funds. Except with unanimous decision of the Board of Directors, the SHV will not give out any appropriations, loans or other financing formats in its own name. The shareholders are however allowed in the framework of the financing, to allow a bank to guarantee the future debt claims with relation to the system operator, energy provider or the authority. That can only be taken up to the participation percentage specified in article 9.1.

13.3. TRANSPARENCY AMONGST THE SHAREHOLDERS

Each shareholder has at any time reasonable full and free access to the accounts and the accounting documents, which relate to the SHV, or the other shareholders.

ARTICLE 14 - TASK SHARING

The shareholders give all possible services free in favour of the SHV for its objective and the good management of the SHV. Contracts for works, supplies or services which are being concluded for the account of the SHV with one of the shareholders-directors or with third parties have to respect market conditions, with a total transparency in relation to the other shareholders. All these decisions are taken by the board of directors.

The directors will each have to do their part of the work and will not be remunerated. The board of directors may grant themselves a minimum annual amount for the administration of the SHV. This amount cannot exceed 2% of the annual turnover.

ARTICLE 15 - RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS FOR THE DURATION OF THE SHV

15.1 FOR THE ACCOUNT OF THE SHV

After the commissioning, the exploitation of the solar installations shall take place for the account of the SHV. The operation will be carried out at the actual cost. Boa Energia will each year, after the conclusion of a full production year receive a fee of the SHV corresponding to 12% of the income of the solar installations. If the installation costs of the installer are 1120 euro/kWp or lower. If they are higher then the fee will drop at 10%.

15.2 REVENUES OF THE SHV

15.2.1. The kWh originating from the solar installations listed in article 7 and any associated selling price of the electricity through the Feed-in rate, with all current and future associated rights attached (including emission reduction certificates) and obligations, will be due to the shareholders according to their participation in the SHV. For a practical impact see article 23.

15.2.2. All electricity is sold in accordance to the Portuguese legislative framework to an electricity supplier/ network operator and divided according to the participation percentages rates of that production year.

15.3 COSTS

All of the obligations that are directly connected to the PV installations (Article 7) and directly connected to the objective (Article 3) of the SHV. For example. roof rent, the operation, maintenance, decommissioning will be borne by the shareholders in proportion to their participation in the SHV.

The travel expenses incurred by a partner to visit the projects, do not belong to the costs that the SHV takes on. This can only apply if someone would have to travel to the projects to put things right in the interest of the SHV. This will take place at the request of the board of directors.

ARTICLE 16 - TRANFERABILITY

The members are allowed to bring their shares in the SHV into an own private company or to bring their shares into a larger whole or a third party company which will take over the activity "generation of green power" in its entirety

16.1. RIGHT OF PRE-EMPTION BY EXISTING SHAREHOLDERS

The shareholders always have the right of pre-emption in respect of any third party where a shareholder wants to bring in its shareholding or to whom a shareholder wishes to sell its share in the SHV.

A shareholder who has sold its share in the SHV, no longer has the right to the produced kWh and the associated rights and obligations.

ARTICLE 17 - DISSOLUTION

The SHV will be dissolved and its affairs will be lifted if one of the following events occur:

1. voluntary dissolution by agreement of all the shareholders
2. by injunction

ARTICLE 18 - BANKRUPTCY, LIQUIDATION OR SERIOUSLY DEFAULT OF A SHAREHOLDER

18.1. SHV CONTINUES

Neither the voluntary or involuntary withdrawal or exclusion of one of the shareholders nor the bankruptcy, dissolution or liquidation of one of them, shall result in the dissolution of the SHV. The SHV will continue to exist between the other shareholders for as long that there are at least two shareholders.

18.2. INTERESTS OF WITHDRAWING SHAREHOLDERS

The shareholders that continue the SHV, will take over all interests (i.e. all rights and obligations) of the withdrawing shareholder at market-related terms and conditions and are authorised to continue all the operations of the SHV and to continue to carry out the provisions of this agreement .

The shareholders that continue the SHV, can, if they so wish, indicate/search a third party to take over the interests of the withdrawing shareholder. This third party must also take on all rights and obligations of the withdrawing shareholders, or there must be an agreement of the remaining members.

18.3. ASSETS AND LIABILITIES OF THE SHV

If the SHV is continued by the remaining shareholders and/or a new partner, the following steps will be taken with respect to the assets and liabilities listed in this SHV:

- The goods and rights in co-ownership, will remain the property of the remaining shareholders;
- The goods and the rights which belong to the private property of the outgoing shareholder but are included in the economic assets of the SHV, can be acquired by it against a market price.
- All rights and duties belonging to the SHV remain acquired and will continue to be borne by the remaining shareholders.

18.4. BANKRUPTCY, LIQUIDATION OR DISSOLUTION

In the case of bankruptcy, liquidation or dissolution of a shareholder, it will be deemed that the shareholder has indisputably put an end to its participation in the SHV.

The other shareholders may take over the share of the outgoing shareholder against the following price: the linear declining historic value to zero over 15 years of the share of the withdrawing shareholder in the SHV (see article 10.3), after deduction of (1) an amount equal to 30% of this value at title of minimal compensation, (2) the direct and indirect costs that are related to the transfer of this share, (3) the balance of the outstanding debts and claims in relation to the other shareholders and (4) without prejudice to the possibility that the other shareholder(s) can claim a damage compensation for the damage suffered.

18.5. SERIOUS REMAINING IN BREACH OF ONE SHARE HOLDER

In the event that a shareholder remains in serious breach in relation to this agreement, an error that he has not rectified within two weeks after another shareholder has put him in breach through a recorded letter, the shareholders, except in cases of force majeure, shall be deemed to have undeniably put an end to its participation in the SHV and also to have transferred its share to the other shareholders.

The other shareholders can take over the share of the defaulting shareholder against the following price: the linear declining historic value to zero over 15 years of the share of the withdrawing member in the SHV (see article 10.3), after deduction of (1) an amount equal to 30% of this value at title of minimal damage compensation, (2) the direct and indirect costs that relate to the transfer of this share, (3) he balance of the outstanding debts and claims in relation to the other shareholders and (4) without prejudice to the possibility that the other shareholder (s) can claim a damage compensation for the damage suffered.

ARTICLE 19 - LIABILITY

19.1. THIRD PARTY LIABILITY

Each shareholder-director is liable to third parties in connection with any damage that is the result of a contractual or non-contractual error, which was committed as a result of his directorship. Contracts with third parties will be made in their own name (and for the account of the SHV). Nevertheless the shareholders do not undertake contracts for the account of the SHV that go against the decisions of the board of directors or exceed the powers which they were granted.

19.2. FAILURE AMONG SHAREHOLDERS

If one of the shareholders causes damage by fraud or by a serious error, he will bear the consequences of the damage alone. In that case, the other shareholders will be considered as the third parties and the liable partner will have to compensate them for each failure or any damages that would be required by third parties. The shareholders undertake not to hold each other liable for any damage that would have been caused to third parties or the shareholders in their capacity as director, to the extent that they have acted within the framework of the contracts or powers that were granted to them by the board. This disadvantage and all consequences must be born in accordance with the participation percentages of article 7.1.

ARTICLE 20 - INSURANCE

The shareholders will conclude all insurance required to cover its civil liability, and this in the widest possible extent.

Each shareholder is liable for the insurance of his staff against the risks of accidents at work. The staff of each shareholding company falls within the competence of its respective employer.

The shareholders will take the necessary steps with their legal insurer to obtain that the latter waives any right to compensation against the members, their staff and their insurers, when accidents happen.

The solar installations will be insured by a mutually chosen underwriter. As beneficiaries of the insurance policy will be the shareholders listed separately according to their participation percentages.

ARTICLE 21 - COSTS OF AGREEMENT

Each shareholder will be responsible for its own costs incurred for the present agreement and study costs for the realisation of the installation.

ARTICLE 22 - AMENDMENTS

Any change or modification of any provision of this agreement shall be in writing. They must be signed by the directors concerned and must be dated.

ARTICLE 23 - INVOICING

The revenues and costs of the solar installations are initially jointly commercialised as follows:

23.1 INVOICING INVESTMENT/INSTALLATION COSTS

The investment costs consist of the invoice of the installer, any adjustments to the network, any connection costs, licences costs etc. In short, all costs that relate to the solar installation on the roof and to get the connection according to the applicable legislation in order to create the installation that works in the manner that it should.

BOA Energia will have market-based payment clauses with the installers. As soon as an invoice arrives BOA Energia will bill the shareholders in accordance with their participation percentages. These will pay this invoice within 7 days to BOA Energia. BOA Energia will give proof of payment to all shareholders.

To arrange this in a practical and easy way a common drop-box can be created, where all the info about the projects can be entered so that all partners can smoothly follow the activities and financial settlements.

23.2 ELECTRICITY INVOICING

This will be invoiced by BOA ENERGIA to the energy supplier in accordance with Portuguese legislation. Invoicing must happen at least once per quarter. This invoice is also sent to the other shareholders. These can in turn make up an invoice to BOA ENERGIA according to their participation percentage. The shareholders will do this each quarter.

23.3 RUNNING COSTS INVOICING

The invoices of, for example insurance, maintenance, repairs, all come to BOA ENERGIA. It may invoice the shareholders directly according to their participation percentage. Preferably it can wait for this and the shareholders take it with them in the quarterly statement.

ARTICLE 24. SERVICE/MAINTENANCE CONTRACT.

The shareholders assess after each production year if a maintenance is necessary and ask for quotations. Unless the installer comes with a very good proposal, market proposals will always take place for this.

ARTICLE 25 - REMOVAL OF INSTALLATIONS

After 15 years, the customers automatically become owner of the solar installations. The SHV must therefore not make a provision to dismantle these installations.

ARTICLE 26 - APPLICABLE LAW

The validity of this agreement and the rights, obligations and the relationships of the shareholders under this agreement will be clarified and determined under and in accordance with Belgian law; nevertheless, if any provision of this agreement is deemed by any court of competent jurisdiction to be contrary to any applicable law, this provision will be deemed to be written to its maximum legal effect and the other provisions of the agreement will nevertheless continue to apply in full and resort to their impact.

ARTICLE 27 - DISPUTES

When a dispute arises between the shareholders in connection with the implementation or interpretation of this agreement, the shareholders commit themselves to make every effort in order to mutually reach a solution. In the case these attempts fail, the conflict will be submitted to the court of the district of Veurne, Belgium.

ARTICLE 28 - ANNEXES THAT ARE AN INTEGRAL PART TO THIS AGREEMENT.

The following annexes are an integral part to this agreement.

1. The approved tenders of the installers. The tenders are signed by all directors.
2. The spreadsheet with the participation percentages for each year. Each year a new spreadsheet must be completed and the participation percentages are adjusted as required. This document is printed annually, dated and signed by the directors.
3. Future reports of the director's meetings, reports of the general meeting, that would change certain articles of this agreement.

ARTICLE 29 - WHOLE AGREEMENT

This agreement establishes the complete agreement between the shareholders concerned and replaces all agreements, orally or in writing, arrangements or declarations which may have existed between the shareholders to the extent that such agreements, arrangements or declarations are or were related or the matters dealt with in this agreement.

ARTICLE 30. SPIRIT OF THE AGREEMENT

In accordance with the 7 ICA principles the collaboration between cooperatives is an important aspect. As such the cooperative can share the gained knowledge and start a great movement to launch (renewable) energy that will be realised by the people themselves. All the partners will hold themselves to the ICA principles in their business dealings.

This project is an example of how cooperatives can help each other in achieving the common objective of the REScoops. The partners will with this project, broaden the social acceptance in relation to renewable energy, by sharing its know-how, and help new starting cooperatives, even across national borders.

For the REScoops not using of or stop wasting energy is as important as the generation of the energy required by renewable energy sources. Because of this the REScoops will achieve renewable projects with support of the population as large as possible..

The exchange of know-how between cooperatives is important for REScoops, the shareholders wish to cooperate with BOA ENERGIA in a correct and balanced way.

ARTICLE 31. ANY ADDITIONAL PROJECTS

This project opens the door for multiple collaborations around renewable energy in the future between the partners. The shareholders can start such new projects with each other, without having the obligation thereto. Therefore investing in renewable energy and maximum citizens participation is of paramount importance.

ARTICLE 32. VERSIONS - TRANSLATIONS

This agreement is the translation of an Dutch agreement. In the event of a dispute, the Dutch text takes preference over the English.

The costs for this translation will be considered as common costs of the SHV.

Drafted in Diksmuide on September 25, 2013, in five copies. Please initial each page by 1 representative of each SHAREHOLDER.

Nuno Brito, Director BOA ENERGIA (read and approved)	Ricardo Coutinho, Director BOA ENERGIA (read and approved)
Gijsbert Huijink, Director of Som Energia (read and approved)	……, Director of Som Energia (read and approved)
Siward Zomer, Director of De Windvogel (read and approved)	Dick Van Elk, Director of De Windvogel (read and approved)
Wouter TILLEMANS, Director of Windenergie Waterland (read and approved)	Gerard MEIJSSEN, Director of Windenergie Waterland (read and approved)
Deprez Niko, Director BeauVent (read and approved)	Paul Proot, Director o BeauVent (read and approved)

3. European regulation on the legal statute of a European Cooperative Society

http://europa.eu/legislation_summaries/employment_and_social_policy/social_dialogue/l26018_en.htm

"This Regulation establishes a legal statute for a European Cooperative * Society (SCE). This statute guarantees equal terms of competition between cooperative societies and capital companies. It contributes to the development of the cross-border activities of cooperative societies.

Formation of the SCE

An SCE may be formed:

- by five or more **natural and/or legal persons** resident in at least two Member States of the European Economic Area (EEA), formed under the law of a Member State of the European Union (EU), and governed by the law of at least two different EU Member States;
- by a **merger between cooperatives** formed under the law of an EU Member State with registered offices and head offices in that Member State, provided that at least two of them are governed by the law of different Member States;
- by **conversion of a cooperative** formed under the law of an EU Member State, which has its registered office and head office within the EEA if the cooperative has had for at least two years an establishment or subsidiary governed by the law of another EU Member State.

A Member State may provide that a legal body the head office of which is not in the EEA may participate in the formation of an SCE provided that the legal body:

- is formed under the law of a Member State;
- has its registered office in that Member State;
- has a real and continuous link with the Member State's economy.

Capital of the SCE

The capital of an SCE shall be represented by its members' shares. It must be a minimum amount of EUR 30 000. The laws of a Member State requiring a greater subscribed capital for legal bodies carrying on certain types of activity (such as banking, insurance activities, etc.) shall apply to SCEs with registered offices in that Member State.

The general meeting is to pass a resolution each year recording the amount of the capital at the end of the financial year and the variation by reference to the preceding financial year.

If the legislation of the Member State where the registered office is located allows it, the SCE may have cooperative investor members with limited voting rights."

The TAMA structure combines professionalism and active participation of citizens and networks: the operation of the structure

4. TAMA European cooperative example in details

meets the double challenge of being both efficient and democratic. The structure will thus be managed by a Board of Directors elected at a General Meeting and a Citizens' Committee, representing all of the members, will have an advisory role. The fund-raising will provide a concrete form of commitment: a call for public investment, through which the cooperative will enable any one to become involved by investing its savings in shares. This fund-raising will be made through a call for European public investment in order to reach the largest number of people.

It will also provide a control over the circulation of money (democratic management): the governance of the cooperative takes up an important challenge, i.e. the restoring of control to individuals of the circulation of their money. Decisions within the co-operative will be taken on the principle of one person = one vote. Beyond this principle, the dynamism of the cooperative approach will guarantee the internal democracy. In this way, transparency and regular communication on the funded projects, meetings between members and initiators of projects and the establishment of an advisory body, the Citizens Committee to enable everyone to be heard, will be the foundation of this democratic approach.

Characteristics of the shares (nominal value: € 100):

- **A Shares: founders/legal entities**
- **B Shares: members/natural persons and legal entities**
- **Decisions taken on the double majority A+B**
- **Terms of subscription and red emption of shares**
- **Purchase: as the capital is variable, it will be possible to subscribe any time.**
- **Redemption: the shares can be redeemed once a year following a vote at the General Meeting approving the financial statements for the year during which the request for redemption has been made**
- **Transfer: the shares are not transferable to third parties**
- **Remuneration: between 0,5% and 6% depending on results, the target being average inflation in the EU**

TAMA's investments

Combining the principle of subsidiarity and European solidarity:

TAMA's objective is not to be a substitute for local organizations and emerging sectoral networks but rather to offer them a financial relay and possibly support them in their management and development. Citizens' investment and the circulation of this capital between different European countries will thus be a practical means to foster the emergence of projects having a strong local, citizen basis thanks to the solidarity between the different European nations.

Meeting the funding requirements of citizen projects:

Organizations in the solidarity economy suffer from difficulties in accessing equity capital, which limits their capacity for development and their ability to launch initiatives. The role of TAMA will therefore be to provide equity capital funding in the development phase and also support depending on requirements (advice, networking and exchanges of good practices etc.)

Targeting citizen projects

In view of the TAMA's objectives, the targeted projects will be those involving citizens in their governance in various ways (funding, volunteer work etc.) and implementing an alternative management of common property that respects both people and the environment. The investment policy and any possible changes in the policy will be submitted to a members' general meeting.

Investing with transparency and reducing risks

The board of directors will implement the investment policy in a transparent and professional manner; risk assessment will be the subject of particular attention. Members will receive regular updates on investments made and their performance.

Involving public partners in the investment process

As part of its objective of promoting local development, one of the important tasks of TAMA is to facilitate constructive collaboration between civil society and public partners in economic projects that respond to citizens' concerns. Partnerships with public bodies (co-investments, guarantees, preferential interest rates etc.) are therefore sought when the investments are made.

Characteristics of the investments

- **Number: 10 projects funded annally**
- **Amount: limited to € 300.000 (higher amounts in exceptional circumstances, for high profile projects)**
- **Nature: minority holdings in share capital, current account advances, bonds, subordinated loans**
- **Period: between 3 and 7 years**
- **Entry feest: initiators of projects will be asked for 3% of the amount invested**