D 3.1 Self-Management Guide

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Abbreviations

ACCE	Access to Capital for Community Energy
CEFS	Community Energy Financing Scheme
E4All	Energy4All
EPI	Energie Partagée Investissement
PV	Photovoltaic
RES	Renewable Energy Source
REScoop	Renewable Energy Source cooperative
SPV	Special Purpose Vehicle
WP	Work Package

Annexes

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Annex II: Feedbacks from exiting CEFS: Energie Samen Realisation Fund and Development Fund

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Table of complementary resources

Resource
ACCE report on CEFS Best Practices (2023): A report identifying the best practices from existing Community Energy Financial Schemes (CEFS) across Europe https://acce.rescoop.eu/resources/best-practice-report-on-community-energy-financing-schemes
SCCALE financing guide (2023): A guide identifying the main financing models for energy communities https://www.sccale203050.eu/wp-content/uploads/2023/02/SCCALE203050_financingguide_energycommunities.pdf
SCCALE methodology guide (2023): A guide identifying the methods and steps to work on a renewable energy project https://www.sccale203050.eu/wp-content/uploads/2023/06/SCCALE-METHODOLOGY-GUIDE.pdf
The H2020 COMPILE Maturity Scale mapping tool: a dashboard bringing together 40 indicators to assess the maturity of the community energy movement in your area https://main.compile-project.eu/wp-content/uploads/COMPILE_Maturity-Scale-Framework_cards-timeline.pdf
The REScoop Transposition tracker (2022): a tool that assesses the progress of the transposition of the Renewable Energy Community (REC) and Citizen Energy Community (CEC) definitions in European Member States https://www.rescoop.eu/transposition-tracker
REScoop procurement guide (2023): a guide with methodology and examples of procurement regimes favouring energy communities to inspire municipalities that wish to foster community energy projects locally https://www.rescoop.eu/toolbox/procurement-guide-for-community-energy
REScoop report: Enabling frameworks for Renewable Energy Communities: report on good practices (2022): a report that identifies examples of regimes supporting the development of energy communities https://www.rescoop.eu/toolbox/enabling-frameworks-for-renewable-energy-communities-report-on-good-practices
Profundo's report: Energy communities in the EU Opportunities and barriers to financing by Jasmine Arnould and Diana Quiroz (2022): an overview of the main financing opportunities and barriers to energy communities in the EU

Resource
https://friendsoftheearth.eu/wp-content/uploads/2022/09/Energy-Communities-in-the-EU-opportunities-and-barriers-to-financing.pdf

Introduction

A guide to structure community energy financing tools

In front of you is the ACCE Self-Management Guide. This guide aims at providing advice and practical examples to help energy communities create financing tools dedicated to community energy projects. When launching renewable energy production projects, energy communities are faced with the difficulties of raising sufficient cash to finance their installation. This prevents energy community projects from scaling up.

To remedy this, citizen-led energy cooperatives across Europe have launched financing tools dedicated to their projects: Community Energy Financing Schemes or CEFS.

For more on the examples of existing CEFS across Europe, refer to **the ACCE guide on CEFS Best Practices**: https://acce.rescoop.eu/resources/best-practice-report-on-community-energy-financing-schemes.

About Community Energy Financial Schemes (CEFS)

CEFS are financing tools specifically dedicated to fund energy projects led by energy communities and local players. CEFS often include citizen representation in their governance. They provide funding and support to energy projects at least partly owned by citizens. For more details on the definition of CEFS, please refer to Annex III.

CEFS are able to provide financial products adapted to the specificities of community energy projects, often less profitable and of a smaller scale. In addition, only providing capital is often not enough to support community energy projects. Energy communities need help to get through the local planning process, raise funds and ensure that the project fits local needs and experience. Further, traditional financial fund managers do not necessarily have this very specific understanding of the local context that is key for community projects.

What is in this guide and how to read it?

The Self-Management Guide aims at giving energy communities guidance to help them set up CEFS dedicated to funding community energy projects in their area. It identifies the critical actions necessary to set up a cooperation between energy communities to create and professionally manage a CEFS.

This guide provides energy communities the necessary content to create or scale up energy financing tools that will help support community energy projects in their area, together with the tools provided in the ACCE toolbox.

This guide is not meant to be seen as a blueprint but should rather be a helpful resource for you to get the big picture. Remember to start small, to do that one easy thing first.

This guide is divided into three main parts that are involved when creating a financing tool:
(1) the review of your market and local needs,
(2) the design of a matching investment tool and
(3) the set-up of an operating structure.

For each of those stages, the guide identifies steps to help you move forward and provides examples that will help you reach key milestones in the set-up of your CEFS.

Other useful documents

For more on community energy financing, CEFS and identified best practices, see the document below

- **on setting up an energy cooperative**
    - SCCALE financing guide: https://www.sccale203050.eu/wp-content/uploads/2023/02/SCCALE203050_financingguide_energycommunities.pdf
    - SCCALE methodology guide: https://www.sccale203050.eu/wp-content/uploads/2023/06/SCCALE-METHODOLOGY-GUIDE.pdf
- **on community energy financing tools (CEFS)**
    - ACCE best practices guide: https://acce.rescoop.eu/resources/best-practice-report-on-community-energy-financing-schemes

- Profundo's Report: Energy communities in the EU: Opportunities and barriers to financing https://friendsoftheearth.eu/wp-content/uploads/2022/09/Energy-Communities-in-the-EU-opportunities-and-barriers-to-financing.pdf

Part I: Have a clear view of where you are coming from

Match your local needs, framework and context

In order to create an adequate financing tool, it is necessary to make sure it fits the needs of community projects in your area as well as the specificities of your local market. This first part gathers the steps to help you identify your local context.

As part of this mapping process, you should:
(A) identify the local dynamics of energy communities and cooperative projects in your region,
(B) understand their financial needs and the potential to create a financing tool dedicated to community energy projects,
(C) prioritise the first steps to best answer those needs.

A. How to identify your local community energy dynamics?

Step 1: Identify organisations active in community projects in your area

a. What are the existing energy communities/cooperatives active in your area and what do they want?

In order to best understand the financial needs of projects, it is important to first understand the number and types of projects that have already been financed in your area. Another useful thing is to identify the strategy of your local cooperative: what is it they want for the future?

Tip: Broadly map the existing community dynamics in your area (regional or national)

- Map the network: existing energy communities and cooperatives, their maturity, the profile of their members
- Identify the current types of project

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💡 **Tip: Use the Maturity Scale mapping** - the maturity scale is a tool developed by the H2020 COMPILE project. This dashboard is bringing together 40 indicators that are describing the status of maturity of the community energy movement at the national level.
https://main.compile-project.eu/wp-content/uploads/COMPILE_Maturity-Scale-Framework_cards-timeline.pdf

💡 **Tip: How to reach out to energy communities?**

- Get in touch with the networks that bring together energy communities
- Focus on a few large cooperatives that already have projects at first
- Listen to their needs
- In order to reach a critical size for your future financial tool, we recommend making this inquiring exercise in a region or nationwide

b. What actors are present at your local level?

You should **identify the private actors, municipalities, local authorities that work together with cooperatives or more broadly on energy projects in your area** to see which actors will be able to help you or else which will represent a potential obstacle.

🎯 Step 2: Establish your strategic objective

a. What are the main types of projects in your area?

Analyse the opportunity for projects in your area by identifying:

- the types of projects cooperatives wish to develop in your area
- the type of project other actors are developing
- the technology with a potential

b. Does your organisation wish to finance projects or organisations? Both?

The **features of your investment will differ if you finance solely projects or finance energy communities as well**.

- Project finance logic
  - one or several projects, no major costs
  - project specific return with associated risk
- Organisation finance logic
  - several projects and fixed costs
  - more diluted risk but a smaller return

c. What is your main objective?

Based on how many cooperative or citizen projects exist in your area you will have to opt between

- Option 1: developing the scale of a small number of projects, or
- Option 2: accelerating the dynamic of an already well-established community energy movement.

Tip: design your CEFS based on your community energy movement maturity

>> Option 1: developing the scale of a small number of projects
If there are only a small number of community projects in your area, the activity of your financing tool should include the financing of projects and of the emergence of energy communities/cooperatives.

In this scenario you will need to focus on reaching a critical size in the number of projects financed and install a support system for projects whilst limiting your costs and time spent. **It is here very relevant to standardise.**

>> Option 2: accelerating the dynamic of an already well-established energy cooperative movement
If there are a number of energy communities/cooperatives and citizen projects in your area, your financing tool should aim to scale up.

In this scenario, you could scale up:

- in number, by funding many small projects without spending too much time reviewing them
- in size, by funding larger more profitable projects or group smaller projects

Ways to boost the energy community movement:

- networking: provide new project opportunities for energy communities by putting them in touch with private or public actors or other energy communities
- skill development: provide project opportunities which will help energy communities to gain experience in a specific area

➔ Milestone 1: document outlining local actors and your cooperatives dynamics and maturity

B. How to identify the need for a CEFS?

🎯 Step 1: Map the financial needs of community energy projects

a. What are the financial needs of your local energy communities/cooperatives?

Aside from the projects that have already been financed by your local energy communities/cooperatives, it is necessary to tailor your CEFS to best answer their needs.

💡 **Tip: use those questions to identify the financing needs of community projects**

1. **(starting point) What are your target projects?**
    - **What phase** (development, construction, operation, repowering)?
    - **Which technology**?
    - **What size** (in MW or in €)?
    - **What duration of financing is required?**
2. **Why does your organisation need financing?**
   Ex. 1 You have available funds but you do not wish to invest in a single project
   Ex. 2 You are able to raise funds from your members but need an advance on those funds
   Ex. 3 You want to raise cash but are also looking for partners to help on your project
3. **Why does your organisation need financing from a CEFS**: Why cannot projects use existing tools to meet those needs (legal barriers, market barriers, saving barriers for example)?

Milestone 2: document mapping your local needs

b. Can you finance the needs of your local energy communities/cooperatives?

You need to make sure that the financing requests from your energy cooperatives are viable and can be financed by your CEFS.

Tip: assess the financial requests of your cooperatives by looking at the market

- Are you able to finance those projects?
- Is the financial model of each project viable?
- Is the financial model coherent compared to what other projects can get on the market?

Step 2: Conduct a market review: actors and potential barriers

The construction of your CEFS will depend on the barriers it will face and on the support it will be able to rely on.

a. What is the government policy for the energy market nationally and locally?

The support for renewable energy is shaped by politics. National and local political decisions influence support regime, tax exemption, access to land, funding and facilitation of projects. It is therefore important for you to identify the roadmap for developing renewable energy and citizen energy at national and local level or conversely the lack of appetite to support projects.

It is also relevant to see if various political actors in the same area get along and see things eye to eye.

b. Which actors have a big impact on the energy market in your area? Are there any actors that are going to constitute a threat to you?

Some companies can have a dominant position in some technologies or be very implanted in an area or technology and have a rather aggressive posture towards competition. This might prove to be a

challenge and make your entering that market harder. It is therefore something one should keep in mind.

c. Is there an energy and financial market regulator and what are the regulator requirements for launching a financial tool?

For you to understand the requirements that your future CEFS will need to meet, it is important that you identify what are the requirements from your market regulators to launch a financing tool for energy projects.

Example of regulatory requirements: Energie Partagée's equity revolving fund

In France, Energie Partagée offers shares to citizens to raise capital. This capital is then invested in energy projects. Energie Partagée currently owns a revolving fund that finances citizen projects across France. It raised a total capital of 38.7M euros owned by 7340 shareholders.

Energie Partagée is not considered an investment fund by the French financial regulator (Autorité des Marchés Financiers or AMF). Therefore, it does not need to report to an external fund controller nor to the AMF. Energie Partagée only issues a simplified document describing its investment product and the risks it presents, available online and organises workshop for its investors.

The possibility to avoid the qualification of a financial advisor and use a simplified document was not evident at first. It was made possible through lengthy discussions with AMF. In the end, AMF agreed to consider Energie Partagée as participation holding and not a financial advisor.

Specific features of Energie Partagée were taken into consideration to exclude the financial advisor qualification

- management of the CEFS was internalised (not made by a 3rd party)
- no deadline for the duration of investments (no specific prospect of resale)
- not only financial investment in equity but also support and services charged to project companies (for development services for example)
- not only profit prospects but also ethical/social purpose demonstrated by Energie Partagée's ethical finance and social enterprising labels (French labels Finansol and ESUS)

Step 3: Map the current sources of financing for energy projects

a. What are the currently working sources of financing for all types of energy projects?

Various sources of financing are available to fund energy projects. The adequate source depends on the technology, size and on the stage of the project.

Below is an overview of the available sources of financing for energy projects by stage of the project.

Sources of financing for energy projects

Tip: ask yourself: where can my CEFS intervene?

- What type of funding do your target projects currently use?
- How do you plan to fund your projects?
- Can your CEFS facilitate the access to existing funding (private or public)?
- Is there some type of funding that is missing and your CEFS could offer?

For more details on the roadmap to establish your CEFS, refer to Annex I (the ACCE replication plan: simple steps to establish your CEFS).

b. Is there a European energy community principle outlined in your country and can you rely on it?

To facilitate the emergence of citizen energy projects, the European Union introduced the concept of energy communities.[1] Energy communities are organisations that include citizens, local authorities and small companies and that favour social and environmental impacts.[2]

Member States have to introduce energy communities in their national law[3] and facilitate their development.[4] The local definition of what constitutes an energy community and the existing support schemes available to community projects are quite different from one country to another.

Ask yourself: how are the energy communities defined in my country and can I benefit from a support regime?

To identify how the concept has been defined in your country you can use REScoop Transposition tracker: https://www.rescoop.eu/transposition-tracker. Make sure the information is up to date.

The fact that the concept of energy community does not yet exist in your country is not a major problem. CEFS are not exclusively intended to support energy communities that are registered as such. Some CEFS have been able to rely on other types of support mechanisms dedicated to smaller projects or to projects led by citizen cooperatives that do not necessarily meet the definition of an energy community.

In countries such as Belgium, France and the Netherlands, citizen-led energy projects emerged long before the concept of energy communities was introduced.

[1] Article 22 of Directive n° 2018/2001/EU of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82–209 and article 16 of Directive 2019/944/EU of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU, OJ L 158, 14.6.2019, p. 125–199.

[2] Article 2 (16) of Directive n° 2018/2001/EU of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82–209.

[3] Article 22 (2) and (3) of Directive n° 2018/2001/EU of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82–209.

[4] Article 22 (3), article (4) (a), (g) and (h) and recital 26 of Directive n° 2018/2001/EU of 11 December 2018 on the promotion of the use of energy from renewable sources, OJ L 328, 21.12.2018, p. 82–209.

c. Can your CEFS rely on support mechanisms favouring energy communities or projects led by citizens?

Some EU countries have opted for regimes facilitating citizen projects.

The following **support mechanisms** can be adopted to support citizen projects:

- **a facilitated access to an electricity purchase tariff (over the counter tariff or following a call for tenders)**
  - inclusion of specific criteria targeting citizen or smaller projects (e.g. bonus on governance for project implicating citizens, share of the tender dedicated in priority to smaller projects)
  - a reserved quota for citizen projects
  - reduced security and performance guarantees
  - an increased commissioning delay to complete the project after winning a call for tender
- **a facilitated or dedicated grant regimes**
  - the grant of higher premium (on the basis of higher reference costs)
  - grant schemes dedicated to energy communities/cooperatives
- **a facilitated access to land via specific concession rules**
  - specific award criteria dedicated to energy communities and emphasising their co-benefits
  - adapted procedures ensure a level playing field with profit based actors
- **a facilitated access to loan and guarantee financing through public funds**
  - dedicated loan facilities dedicated to supporting community-based projects
  - state guarantee schemes to de-risk early investments in energy community developed projects
- **Adapted licensing and authorization procedures relevant to the scope and size of the activities of energy communities**
- **Dedicated One-Stop-Shops for the development and scaling of energy communities**

In an effort to compile the possible **rules favouring community energy in public tenders**, REScoop issued a **procurement guide** to inspire municipalities that wish to foster community energy projects locally: https://www.rescoop.eu/toolbox/procurement-guide-for-community-energy.

For more on **rules favouring energy communities**, you can check REScoop report on good practices: https://www.rescoop.eu/toolbox/enabling-frameworks-for-renewable-energy-communities-report-on-good-practices.

Examples of financial mechanisms favourable to community energy projects

Preferable rules for accessing financial support regimes

In **Ireland**[5], a percentage of capacity being auctioned off to be granted a contract for difference has been ring fenced for projects that are 100% owned by energy communities. In the first auction alone, this resulted in seven community projects gaining support.
The Irish Department of Environment, Climate and Communications has also introduced other supportive measures, such as access to expertise and advice.

In 2022, the **German** government reformed its framework for renewables support schemes. In particular, the government reintroduced exemptions for 'citizen energy companies' from the requirement to participate in tenders (up to 18 MW for wind and up to 6 MW for solar).

Grants and public loans favouring community energy

For example, the **Scottish Community and Renewable Energy Scheme (CARES)**[6] offers funding in the form of grants and technical support through a dedicated local development officer. A wide range of organisations can apply, but they have to be either charities or non-profit distributing community organisations.

In **Germany**, the state of Schleswig-Holstein has launched the fund *Bürgerenergie.SH*[7]. The funds are intended to make it easier for citizen energy projects to take the first steps in the planning and start-up phase and to reduce financial risks. It covers feasibility studies, environmental impact assessment, legal and tax consultancy etc., up to a maximum of 25,000 euros per project.

[5] https://www.gov.ie/en/publication/5f12f-community-projects-and-benefit-funds-ress/
[6] https://localenergy.scot/funding/
[7] https://www.ib-sh.de/produkt/buergerenergiefonds/

In 2023 the **German government** introduced the National citizen energy fund: *Bürgerenergiefonds*[8]. Energy communities can apply to fund project development of new wind projects. The amount of the grant amounts to 70 percent of the eligible costs and is limited to a maximum of 200,000 euros. It covers feasibility studies, planning cost, wind measurement, environmental studies, economic viability etc. The fund is revolving: if the project is successful, the project owner has to repay the grant, if it does not remain a grant.

In the **UK**, Oxford City Council has provided a 2.3 million pound revolving loan to help the local energy community to build a series of projects.[9]

Local authorities can also support energy cooperatives by refinancing existing commercial loans. For example, in 2020 **West Oxfordshire District Council** replaced a higher cost commercial loan in a local energy co-operative: Southill Solar. At 2.85% over 15 years, the council received a higher rate of interest than it might otherwise get on its funds at the time, whilst the co-operative paid less than it would have otherwise had to pay from a commercial lender.

Examples of call for tenders favouring citizen projects

A number of EU countries have adopted procurement regimes for access to land or property with rules that recognise factors other than just price, thus favouring energy communities.

In **France**, a number of local authorities include criteria based on the community aspects of projects as part of their grading system. In 2022, the city of Ardèche Coiron organised a call for tenders for equipping its public buildings with solar roofs. The grading system included an analysis of the "local partnership" aspect of the project assessing the role of local authorities and place of citizens in the project (share of capital and governance), which accounted for 25% of the final grade.

[8]https://www.bafa.de/SharedDocs/Kurzmeldungen/DE/Wirtschaft/20221222_buergerenergiegesellschaften.html

[9]https://www.lowcarbonhub.org/p/oxford-city-council-agrees-new-loan-of-2-3m-to-support-growth-of-community-energy-in-oxfordshire/

Step 4: Identify the business models of actors that fund energy projects

a. What are the business models of actors that fund energy projects and what could your CEFS business model be?

Now that you have identified the needs you can finance, it is worth looking at the business models of actors that fund energy projects. This will help you identify what your CEFS business could be compared to that of other market actors.

It is also worth looking at the business models of other CEFS, would it be in your country or elsewhere. The ACCE project has established a list of existing CEFS in its Best Practices Report https://acce.rescoop.eu/resources/best-practice-report-on-community-energy-financing-schemes .

Tip: identify where your CEFS could capture value

- How are your target projects financed today? by who?
- How are those actors capturing value?
- Where could your CEFS capture value?
- What else could your CEFS bring to the table?

Business models for CEFS at the development stage: the example of the CEFS Energie Partagée

In 2018, the French CEFS Energie Partagée that historically funds the construction of projects decided to also intervene at the development stage. It looked at the business model of private developers to identify where they were capturing value, how roles and value could be shared between Energy Partagée and other actors in a multi-partner approach and what Energie Partagée could bring to the table.
Today, Energie Partagée funds and supports the development of projects with a multi-partner approach. It invests in projects alongside other actors: private developers, energy communities and local authorities.

Energie Partagée approaches each project differently. Most of the time the roles and sharing of the financial values between the private developer and citizens can be roughly described as follows:

- Private developer

- role: provide funding, lead the project and contribute to technical aspects (studies, access to land, financing etc.)
- business model:
  - valuation of risk taken (success fee) and/or selling ready to build project at a higher price (revaluation of shares)
  - economies of scale, framework agreements with service providers and financiers, grouping small projects

- Citizens (represented by Energie Partagée, local authorities and energy communities)
  - role: provide funding, dilute risk but more importantly facilitate the partnership with local authorities and local acceptance
  - business model:
    - valuation of risk taken (success fee) and return on investment in the long term (after construction)

b. What are the stable financial mechanisms that will support your CEFS business model?

Energy projects are financed using different mechanisms. Some financial mechanisms can help the investment you make in your projects.

Grants and revolving loans schemes

- Start-up grants: technical and legal aspects to determine feasibility
- Grants to support public consultation and involvement
- Repayable advances
- Investment grants (e.g. purchase of equipment and payment for installation)

Financial support regimes provide a price for the purchase of energy (through bidding process or not)

- feed in tariffs: the producer sells the electricity produced to the government at a cost-based via long-term contracts (15-25 years)
- contract for difference: the producer sells the electricity produced directly on the market and then receives additional remuneration per MWh injected, based on a reference market price and a tariff set in advance, which is guaranteed to the producer.

Tax exemptions

Some countries have opted for tax exemption regimes dedicated to certain energy sources. Tax exemptions can take various forms.

- A tax credit is a tax incentive, which allows certain taxpayers to subtract the amount of the credit they have accrued from the total they owe the state. They can be a real incentive for investors to fund your projects.
- A tax exemption allows you to not pay a certain tax or to pay a preferential rate.

Preferential interest rates

An interest-free or preferential loan is subsidised by the government. It can be granted by a bank subject to examination of the application. It can be used to finance certain technologies or energy-efficiency renovations.

Guarantees

Guarantees represent a government's commitment to cover payments in case of default. For example, in France a guarantee fund was set up to support large power purchasing agreements (PPAs) for renewables. By covering default risks for industrial buyers, the fund will help facilitate the signing of long-term PPAs with industrial companies.

Guarantee of origin

A Guarantee of origin is a certificate that proves the energy fed into the distribution network by a producer comes from renewable energy sources. Guarantees of origin can be valued by renewable energy producers directly when selling to energy distributors.

c. Are there competing financial tools or programmes for community energy projects?

It is now relevant to identify already existing financing tools at least partly dedicated to community energy projects. The idea here is to see if there is enough room for you to exist even though there is another tool. This will help you avoid cannibalism.

Tip: identify if your CEFS can bring something else to the table

- Are there private or public tools or programmes that fund community energy projects?
- What do competing tools fund?
- What is the business model of those competing tools?

- Strengths and weaknesses of competing tools: do they provide citizens with ownerships (i.e. granting them decision-making power in the project)? How do they provide support for the funded project? Is there a knowledge sharing mechanism or mentoring?
- Is there a place for my CEFS and those existing tools?

➡ Milestone 3: make a decision: are you going to create a CEFS or is the existing offer sufficient for community energy projects to grow?

C. How to best answer the identified needs for a CEFS?

🎯 Step 1: Prioritise which need will be addressed first

💡 **Tip: Pick your easy fix and make it a priority:** allow yourself a learning curve, pick one need to address first and make it a priority.

For example, you can aim for citizens to make many small roof PV projects by grouping the projects and seeking a banking partner to finance them.

🎯 Step 2: Identify who you need to develop a CEFS

a. Which core stakeholders will have an impact on your CEFS?

Locally entities responsible for implementing impact investment policies and renewable energy policies will have an interest in having a tool that facilitates this task. They are therefore a key actor to liaise with.

b. Which support stakeholders can help you?

When starting to create your CEFS it will prove quite useful to exchange with a number of stakeholders whose knowledge and understanding of the market will help you along the way.

Market experts

- Ethical and cooperatives banks, specifically to understand what risk they will take, which risk your CEFS can take or how to help them in their financing process
- Lawyers to navigate complex regulation

Market actors

- Local authorities for their understanding of the local context for your CEFS to best answer their needs
- Private developers to establish potential partnership and/or knowledge sharing

Milestone 4: establish a roadmap for your first steps

Part II: Have a clear view of where you want to go

Plan for a strong investment tool

⚠ All the steps are done while negotiating with your investor and with the regulators. The definition of your investment products will be developed during those discussions.

In order to establish a working CEFS you should:
(A) Identify a pipeline of your first projects
(B) Decide on the financial product your CEFS will offer
(C) Get access to capital by picking your potential funder

A. How to have a pipeline of your first projects?

🎯 Step 1: Identify your projects

a. Select your projects

You now have a good understanding of the financial needs from your local cooperative movement you want to address. To start up, you need to identify the first projects you could finance.
>> option 1: where there are only a handful of projects to finance or
>> option 2: where there is an existing cooperative movement with a number of projects.

>> Option 1: you are in an area with a handful of projects
If you are in an area where the citizen energy movement is not mature and there are not many projects, it is fine. That is how most financing tools started. Aim at reaching a critical size in the number of projects financed and install a support system for projects. It is important to standardise. You should focus on the communication aspects of your CEFS and limit your costs.

💡 **Tip: think of good communication tools**

Example of a CEFS demonstration of its impact: Energie Partagée's communication tools

Energie Partagée owns an equity revolving fund of 38.7 million euros and to this date invested in +100 projects. The positive impact of the projects it invests in is demonstrated using its citizen energy label, recognised by the French government. This tool allows Energie Partagée to check whether projects fit its standards and have a sufficient positive impact. It is a very good communication tool, notably for its investors or partners.

The screening of projects is based on 5 main pillars:
1. Territorial interest: presence of public and private actors in the shareholding
2. Responsible finance: non-speculative, implicating citizen and local authorities' investment
3. Local dynamic: involving local players in the project, mobilising the local population
4. Ecology: limited environmental impact
5. Shared governance: citizens involved in the governance, all decisions are made transparently

Energie Partagée also conducted a study that shows the economic impact of citizen renewable energy projects compared to classical projects. This study shows that each 1€ generated a 2.5€ benefit to the local economy[10]. A more recent study showed the social impact of energy projects locally[11].

Tip: make sure to have knowledgeable board members in the projects

Your first few projects will be the showcase of your CEFS, it is likely that the citizens involved on those projects will be under the spotlight. You should therefore make sure they are able to answer questions, notably in public meetings. You also need to have accountants involved to constitute a strong financial model for each project.

>> Option 2: you are in an area with a number of existing projects

If your cooperative movement is relatively mature, you can constitute a pipeline by selecting between 2 and 5 projects that are not risky and have a similar size to build experience on CEFS management.

[10] https://energie-partagee.org/etude-retombees-eco/

[11] https://energie-partagee.org/etude-lenergie-citoyenne-quest-ce-que-ca-change-focus-sur-limpact-social-de-lenergie-citoyenne/

Tip: make sure cooperatives are giving you their good projects

To select your project, do verify if the project is able to be funded individually. Bear in mind that your investors will rate your project based on your worst project so make sure each project is sufficiently robust.

Tip: have proximity with the financed projects for a better assessment and monitoring

Example of the proximity of a CEFS with the project it finances: the investment team of Energie Partagée

The projects in which the French equity fund Energie Partagée wishes to invest in are checked by the investment team of Energie Partagée, composed of 6 professionals that have knowledge of the energy sector and project finance. The team is split across France and each member is assigned a specific area. Team members therefore gain a good knowledge of the actors (citizen, private and public) present in their area and are able to meet them on a regular basis.

Milestone 5: identify your first projects

b. Review your projects

For building a solid investment tool, you need to make sound investment decisions, analyse your risk and keep track of those decisions for future reference and assessment of your portfolio.

Tip: build a project assessment tool and process

Put together a **solid assessment tool and establish an analysis process**.

Example of a project assessment tool: Energie Partagée's instruction process

In France, Energie Partagée is an equity revolving fund with a total capital of 38.7 million euros. It has a portfolio of +100 projects across France. Energie Partagée invests in equity and shareholders loans in all sectors, at development and construction phase and in projects of various sizes. To assess projects before making an investment decision, Energie Partagée's investment team systematically uses the same tools: an instruction sheet and a business plan (one for each sector).

Categories in the instruction tool
1. Main characteristics of the project
2. Description of the social aspects of the project
    - history of the project
    - local dynamics (inclusion in local authority strategy, acceptability)
    - shareholding
3. Assessment of project partners (group dynamics and skills, time available, need for training)
4. Technical and economic analysis of the project
    - Location and access to property
    - Technical aspects
5. Legal and financial analysis of the project
6. Risk and opportunity assessment

Step 2: Plan to report on your projects

As a CEFS, it is a key success factor to establish a reporting mechanism to follow and help your projects, report to your investors but also to communicate on your projects. Do not let someone else do your reporting for you as you might lose precious information in the process.

Tip: Ideas for your reporting process

- monitoring indicators (e.g. nominal investment value, current financial investment, governance, future profit generated by project)
- keep track of your decisions
- request core documents and information (e.g. accounts, management report and attendance at shareholder meeting to monitor the project dynamic)
- use a simple communication tool (e.g. leaflet) to provide visibility on your portfolio for your investors[12]

[12] In France, Energie Partagée has a leaflet that it provides to its investors to communicate on its investment tool and on the projects it finances, See for more information (in French) https://energie-partagee.org/ressource/mon-argent-agit-2021/

Milestone 6: plan your assessment and reporting processes

Step 3: Plan to support your projects

Support and training are also an aspect that you can value in your CEFS. It is therefore relevant for you to accumulate knowledge as it will help you develop future training for project owners or other stakeholders.

Tip: Examples of support mechanisms

- support as a shareholder: taking part in the project strategy, putting you project leaders in touch with trustworthy partners and local stakeholders, technical support (e.g. financial research, business plan, regulatory support etc.)
- exchange of best practices amongst projects
- training and webinars on key topics
- communication support

Milestone 7: identify how to support projects and share knowledge

B. What investment product should your CEFS offer?

Step 1: Analyse the risk profile of the projects you will finance

The **main criteria for risk assessment** of project are the stage and innovation level of the project

Each phase of a project presents different levels of risk:

- At its **early stage** (emergence phase), the feasibility and economic viability of the project is uncertain. Therefore, any investment presents a high risk.
- During the **development phase**, once initial feasibility has been determined, more technical studies and the request for authorisation and permits while access to land and a connection

to the grid have to be secured. This phase also presents high risk and requires significant investment.

- Once the project is secured by authorisation and permits, the **construction phase** can begin. As such, this phase presents less risk as the project is almost certain to ensure a turnover from the sale of electricity once connected to the grid.
- Finally, once the installation is built, the **operation phase** begins, where ongoing curtailment strategy and maintenance is required to ensure the installation operates efficiently. The volatility of energy prices on the market can also constitute a threat. Overall, the risks are rather small compared to the other stages.

The innovation-level of the technology is also a differentiating factor.

Step 2: Find your investment timeframe

It should be noted that many core decisions are made during the early phase of the project (e.g. number of installations and their location, choice of equipment, appointment of partners) and few investors are ready to provide cash to community energy projects. However, those early phases present a higher risk and require more expertise.

You should identify at what stage of the project you arrive to be able to have enough decision power and provide benefits to the project, compared to other investors.

Step 3: Focus on your added value

Today there are many different actors investing in energy projects, all offering different investment products and the necessary expertise and skills for a project to move forward.

Tip: Think about what makes your CEFS stand out

- Can my offer facilitate the investment of a private or a public actor? Can I be an intermediary?
- What can I do well that will make a project move forward?
- What does my offer add to the existing alternatives? How innovative is it?

- Is my offer easily accessible for cooperatives?
- Is my offer flexible enough to meet different types of needs?

Example of added value provided by CEFS

French equity fund Energie Partagée collects funds from citizens and acts as an equity investor in energy projects alongside other private and public investors. Energie Partagée is a trusted third party representing the citizen's voice in the project. It acts as a bridge between the private and public sectors, helping project partnerships come together. This CEFS also has the ability to release funds quickly and its staff members can provide crucial market knowledge to nonprofessional citizens when making key decisions in projects.

Dutch CEFS Energie Samen acts as an intermediary between funders that provide loans and project leaders. The CEFS greatly helps projects in their structuring and application process allowing for investors to make the right investment decisions and to reach out to a greater number of initiatives while providing relevant feedback to project leaders.

Energy4All in the UK has a substantial track-record in working with communities to identify, develop and deliver projects - which are in turn managed by boards drawn from local people. This model gives partners (developers, local authorities etc) greater confidence that a local community really can deliver a given project. The strength of the combined Energy4All membership, and expertise in the organisation gives additional confidence that necessary funds can be raised locally.

Milestone 8: choose your adequate investment product and design its core characteristics

Step 4: Make your network of energy communities sticky

An important aspect of investing in community energy lies in making sure your offer is clear and attractive enough to avoid misunderstandings.

Tip: You should make sure that your offer is clear enough

- Do the energy communities or cooperative you finance understand your values?
- What are the expectations of project owners? Are they aligned with what you can offer?

Milestone 9: select the first projects or cooperatives you will finance

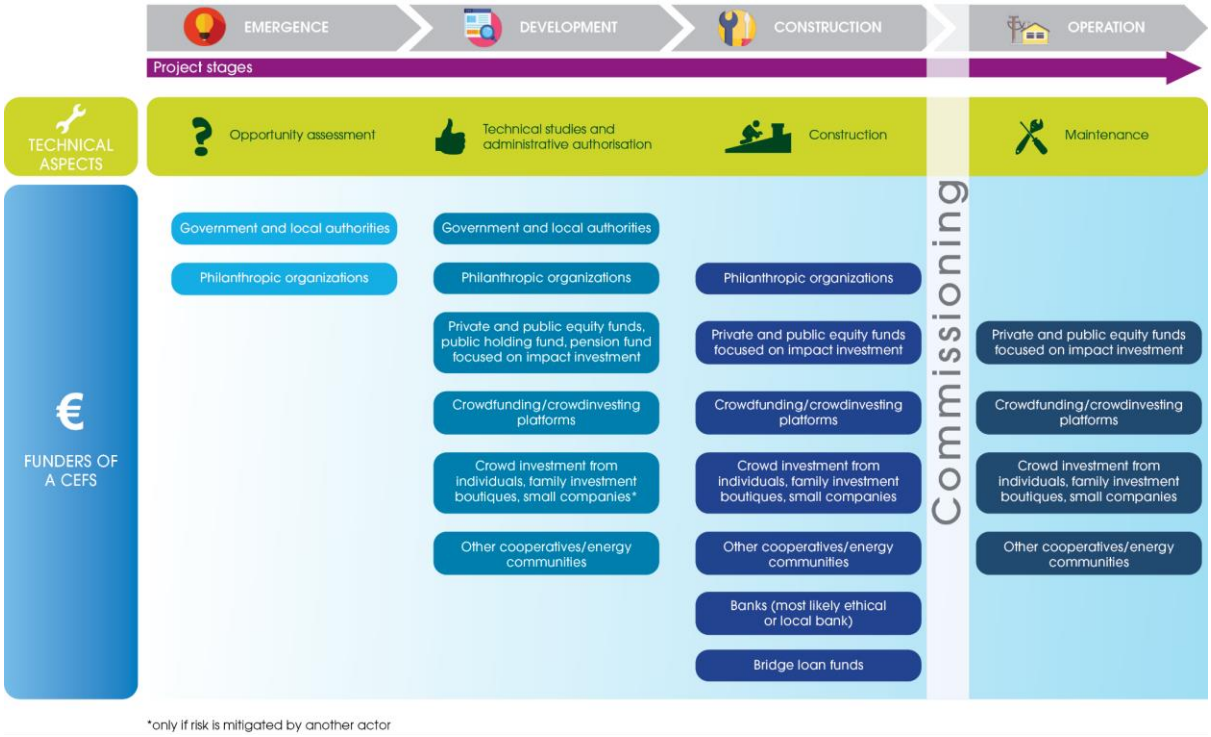
C. How to get access to capital?

Step 1: Select the right funder to invest in your CEFS

a. Who is your likely funder according to the stage and risk level of your projects?

You have found the investment product you should offer your projects, now it is the time to find the organisation that will fund your CEFS! As they have different expectations, various funders are more or less adequate according to the stage of the projects you wish to finance.

Potential funders of your CEFS



EMERGENCE

The emergence of a project is a **very risky phase.** Potential funders will provide money in the form of grants or donations for conducting studies or setting up energy communities or cooperatives.
There is a **scarcity of CEFS at that stage** due to the high risk and low profitability level, preventing the emergence of a sound business model. **CEFS can only exist as an intermediary** with a financial scheme that funds this stage.

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations
Government and local authorities	Grants	- studies at project level or broader opportunity	- Project works towards achieving their local energy policies

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations
		studies (EnR projects in a given area) - setting up your organisation	- CEFS facilitate the administration of a grant regime
Philanthropic organizations	Donations	- studies - setting up your organisation	Communication

DEVELOPMENT STAGE

Once initial feasibility has been determined, more **technical studies and the request for administrative authorisations** have to be made. This phase **also presents high risk and large investments**. It requires good knowledge of the energy market. It is however **possible to value the risk taken** should the project be successful.

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
Government and local authorities	- Grants - Free support	Development studies	- Communication - Promotion of local economic development - Support towards local policy on EnR	
Government and local authorities	Soft loans (no interest rate, reimbursement conditional on the success of the project)	Development studies	- Profitability based on the economic success (total or partial repayment) - If a revolving fund: higher returns to fund	**Energie Samen Development fund (the Netherlands)**

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
			new projects - Potential success fee	
Private and public equity funds, public holding fund, pension fund (all focused on impact investment)	- Equity - Quasi-equity (shareholder loan with interest rates)	- Development studies - Development internal costs (project management and acceptance)	- Profitability and valuation of the risk taken (via revaluation of shares or success fee) - Access to governance - Long term investment (increase pipe of projects) - For some impact-oriented fund: social impact	**EnRciT (France)**
Crowdfunding / crowdinvesting platforms (ex. Genervest GoParity)	- Equity instruments - Quasi equity instruments - Loans (only if on another investor takes development risk)		Profitability and valuation of the risk	
Other energy communities or cooperatives	- Equity (share offer) - Quasi-equity (shareholder loan with interest rates) - Loans	- Development studies - Internal cost of development (project management)	- Mutualisation of risk - Gain competence (larger projects, new technologies)	**Energy4All (UK)**

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
Philanthropic organizations	Donations	Studies	Communication	
Crowd investment from individuals, family offices, small companies	- Equity investment - Quasi equity (shareholder loan with interest rates)	- Development studies - Internal cost of development (project management)	- Return on investment - Tangible impact - If going through third party: dilution of risk - If investing in equity: access to project governance - Communication and news from project	**EnRciT (France)**

Examples of CEFS at the development stage

CEFS as an intermediary to public funding and project owners: the example of Energie Samen Development fund

Energie Samen's Development Fund is financed by 4 provinces in the Netherlands and the region Achterhoek. It covers the development costs of large-scale wind and solar projects owned by cooperatives. The fund gives out interest-free loans, with a success fee.

CEFS as an intermediary to equity funds: the example of EnRciT

EnRciT is a French development equity fund managed by Energie Partagée. It is dedicated to investing in equity in the development of citizen projects in France. It was launched following a ten-million-euro investment from three investors: a public fund, an ethical bank and a pension fund.

CEFS as an intermediary for a network of cooperatives: the example of Energy4All

In the UK, the cooperatives that Energy4All helps create raise funds through public share offers, offered to local citizens and public authorities.

Energy4All provides assistance to cooperative energy projects by:

- Developing long-term business cases
- Supporting the project through the planning process
- Overseeing project construction
- Managing the continued operation on behalf of the community
- Supporting the independent cooperative board

Energy4All gets most of its funding from:

- Development fees paid by cooperatives on delivery of a successful new project.
- Annual membership fees paid by the cooperatives - for services provided by E4All.

CONSTRUCTION STAGE

The construction phase of energy projects **presents less risk**. This phase is often **largely financed by bank loans.** Banks require that projects have a minimum of cash (equity from investors) and will grant loans often corresponding to 80% of the project costs.

An option to avoid the construction risk is to partner a developer, with an option for your CEFS to buy a portion of its shareholding within a given date after completion. This approach transfers part of the construction risk to the private developer and can make it easier to raise funds, but typically your CEFS will need to pay somewhat more for a share of the successful project.

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
Private and public equity funds focused on impact investment	- Equity (share offer) - Quasi-equity (shareholder loan with interest rates)	- Construction - Pre-construction investments when bank financing is not yet secured (e.g. VAT advances or grid connection fees)	- Access to governance - Long term investment to increase their pipe of projects - Impact oriented fund: social impact	

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
Bridge loan funds	- Equity - Quasi equity (shareholder loan with interest rates) - Loan	Pre-construction investments when bank financing is not yet secured (e.g. VAT advances or grid connection fees)	- Duration of 2-3 years - Mezzanine debt: reimbursed after a more senior bank loan debt, therefore application of a higher interest rate (2-3 more points) - Investment in order to accelerate the project (bonus for short term completion of the project) - Some investors use transformable bonds to gain equity in case of default	**Energie Partagée Investissement (France)**
Banks (most likely ethical or local bank)	Loans	Construction	- Minimum of cash of 20-30% of total investment needs (equity from investors) - Secure investment by auditing the project and using securities and guarantees	Energie Samen Realisation Fund (The Netherlands)
Crowd investment from individuals, family offices, small companies	- Equity investment - Quasi equity (shareholder loan with interest rates) - Loans	Construction	- Return on investment - Tangible impact - If going through third party: dilution of risk	**Energie Partagée Investissement (France)**

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
			- If investing in equity: implication in project governance - Communication and news from project	
Philanthropic organizations	Donation	Construction	Communication	
Other cooperatives/ energy communities	- Equity (share offer) - Quasi-equity (shareholder loan with interest rates) - Loans	Construction	- Mutualisation of risk - Fund larger projects	**Energy4All (UK)**

Example of CEFS at construction stage

Bank loans managed by a CEFS: the example of the Energie Samen and the Realisation Fund

The Realisation Fund helps energy communities in securing business loans for the building phase of their large-scale PV projects. It was established by three **ethical and cooperative Dutch banks** (ASN Bank, Rabobank, Triodos). Energie Samen acts as a **fund manager** and guides the applicants – energy cooperatives – through a standardised loan application process.

See more details on Annex II of this Guide.

Crowd investment managed by a CEFS: the example of Energie Partagée Investissement

Energie Partagée Investissement is a fund that focuses on financing the construction phase of citizen energy projects in France. It collects savings from citizens and invests them as equity in the capital of citizen renewable energy project companies.

OPERATION STAGE

At the operation stage, financial needs are lower, and the installation generates revenues by the sale of energy. However, the project might have punctual financial needs.
It is unlikely to have a CEFS only active at the operation stage. However, some funders can help your CEFS solidify the financial needs of your projects or increase the size of your pipe if you are purchasing a project after commissioning.

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
Private and public equity funds focused on impact investment	- Equity (share offer) - Quasi-equity instrument (shareholder loan with interest rates)	Maintenance	- Access to governance - Long term investment to increase their pipe of projects - Impact oriented fund: social impact	
Crowd investment from individuals, family offices, small companies	- Equity investment - Quasi equity instruments (shareholder loan with interest rates) - Loans	Maintenance	- Return on investment - Tangible impact - If going through third party: dilution of risk - If investing in equity: access to governance - Communication and news from project	**Energie Partagée Investissement (France)**
Crowdfunding / crowdinvesting platforms	- Equity - Quasi equity - Loans (only if another investor		- Profitability and valuation of the risk	

Potential CEFS funder	Investment product	What could be financed	Funder's Expectations	Example of existing CEFS
	takes development risk)			
Other cooperatives/ energy communities	- Equity (share offer) - Quasi-equity (shareholder loan with interest rates) - Loans	Maintenance	- Mutualisation of risk - Fund larger projects	**Energy4All (UK)**

b. Does your funder share your values and understand the features of investing in energy projects?

In order to find the right funder, you need to make sure it is aligned with your values and that its expectations are in line with the investment you wish to make.

Example of the need for CEFS investors expectation alignment: the story of the French development fund EnRciT

EnRciT was launched following a ten-million-euro investment from three investors: a public fund, an ethical bank and a pension fund. The aim of EnRciT was to finance the development phase of energy projects.

At first, the fund manager Energie Partagée was in charge of identifying opportunities for investment in citizen projects. Once the projects were selected, a committee composed of the fund's three shareholders would validate the investment opportunity.

EnRciT faced a number of issues:

- **sleeping shareholding**: the fund only invested as a sleeping shareholder that did not take part in the management of the project**.** This did not match the energy community's need for advice and knowledge sharing. Such investments were also not in line with market conditions on risk development valorisation. The valorisation is made through a development contract that includes advisory obligations from the shareholders.
- **profitability requirements** were too high for community energy projects

- **cannibalisation**: other funds where EnRciT's funders were active existed and had different investment policies, often less expensive than EnRciT. This limited the investment opportunities and made it impossible to reach breakeven.

EnRciT was then purchased by Energie Partagée in order to change the fund's investment strategy and to meet the need of citizen energy projects locally. The fund is now a part of Energie Partagée's investment vehicle that mainly funds the less risky construction stage of the project and dedicates 8% of its funds to finance development. EnRciT gets compensated via success fees and sometimes charges development services depending on the project. When the construction phase begins, EnRciT often sells its shares to other investors or to Energie Partagée Investissement (Energie Partagée construction fund), giving Energie Partagée a full project perspective.

Milestone 10: identify your funder and get it touch to request a first meeting

Step 2: Build a business model for your CEFS

What are the main criteria to think about?

- CEFS must answer the size of the market, the capacity of its funders and match their level of risk
- CEFS should have a cash buffer for potential projects that will not succeed
- CEFS should be scalable: think about the various steps: 3 years, 5 years, 10 years plan
- When creating a CEFS, you should think of administrative costs

Example of a CEFS business model: the French development fund EnRciT

EnRciT supports the development of solar and wind projects across France. It is the sister fund of Energie Partagée Investissement, the construction equity fund of Energie Partagée. Overall, equity investments are made at construction and development stage to target an overall return on investment of 4%, after having paid Energie Partagée running costs. 8% of Energie Partagée's total

funding is dedicated to development, with a net zero objective on this amount. A team of 6 investment professionals assesses and follows projects both at the development and construction stage.

Projects concerned

EnRciT invests mostly in mature technologies (PV and wind) and on projects of a certain scale (>1MW, 5-50M€), with a total development budget between 80K€ and 1M€. It intervenes after pre-feasibility studies have been conducted and so long as access to land or property is secured.

EnRCiT's business model

To balance the portfolio between successes and failures, it is necessary to implement a risk pooling approach and to value the risk taken in projects. Time spent by the team must be balanced between managing new and existing projects.

EnRciT intervenes in the co-development of projects, together with private partners, public authorities and citizen collectives. It does not conduct the technical studies that require a large investment but rather acts as the bridge between the private sectors, local authorities and citizens, which limits its expenses.

EnRcit's role consists in:

- building and setting-up the partnership (drafting and negotiating agreement between citizens and private partners),
- leading the partnership (providing content and methods and animating the governance),
- designing and conducting communication actions locally to raise awareness and acceptance on the project, and
- acting as a go-between and ensuring that the project partners respect their roles and responsibilities.

EnRciT invests between 30k€ and 400k€ on each project. It finances projects and gets compensation on its projects by:

- Carrying the development: EnRciT carries the risk by providing services which will be paid by the project companies to the shareholders at the end of the development. This is materialised by a development contract.
- Investing via equity and shareholder loans: funds pay for external services with an interest rate.

EnRciT values the risk taken by charging its service, applying an interest rate on its shareholder loan and applying a success fee incorporated in the development contract or materialized in the value of the shares sold at the end of the development phase.

🎯 Step 3: Bring your case to your funder

a. Have a first meeting to talk principles

When approaching your potential funder for the first time, it is important to listen to their needs and expectations.

💡 **Tip: prepare a quick overview of your CEFS roadmap**

- ½ pages plan
  - problem faced by energy cooperatives
  - potential directions for solutions envisaged
- basic presentation with kind of project your CEFS is aiming for and how they could be financed
- see how your funder could help you, what are the expectations

b. Then prepare a solid business plan

💡 **Tip: how to build your business plan**

- Establish your turnover
  - Verify that the pipe of projects is credible
  - Calibrate the investment volume (number of projects x average investment level) per technology and depending on the phase
  - Have a horizon of at least 10 years project, with an assessment per year depending on the volume of projects, and including with a phase of growth and stagnation, and taking the disinvestment into consideration
- Determine your profitability
  - If you intervene as an investor: for each type of project, by technology, by type of investment product (e.g. short-term risky investment vs. longer-term with dividend)
  - If you act as an intermediary: depending on the agreement with the investor (level of commission, number of projects, etc.)
- Evaluate your costs
  - HR costs
  - Fixed costs: rent, insurance, IT etc.

- Communication needs
- Business development: the more standardised your investment product is, the lower these costs will be
- Relations to your investors (communication, time spent): different scenarios depending on the type of investor

Milestone 11: establish your business plan for your first projects

Part III: Set-up or expand your CEFS

Establish the best structure to start funding citizen projects

How to set up an operating structure?

🎯 Step 1: Design your structure

a. What is your legal status?

In order to choose your adequate legal form, you can ask yourself a number of core questions.

💡 **Tip: if you are an energy cooperative** that owns its own projects, we might want to create a separate organisation to set-up your CEFS in order to avoid conflict of interests.

💡 **Tip: Core questions to choose your legal form**

- **Foundation requirements**
  - Minimum number of members / founders?
  - Need to register? registration process?
  - Type of documentation and timeline?
- **Administrative burden**
  - What declarations and audits are mandatory?
  - How much time and skills will you need to maintain this legal form?
- **Liability**
  - How protected are you (the members) by this legal form?
  - Is your legal form compatible for the type of activities you are looking to develop?
- **Capital**
  - What is the minimum amount of capital?

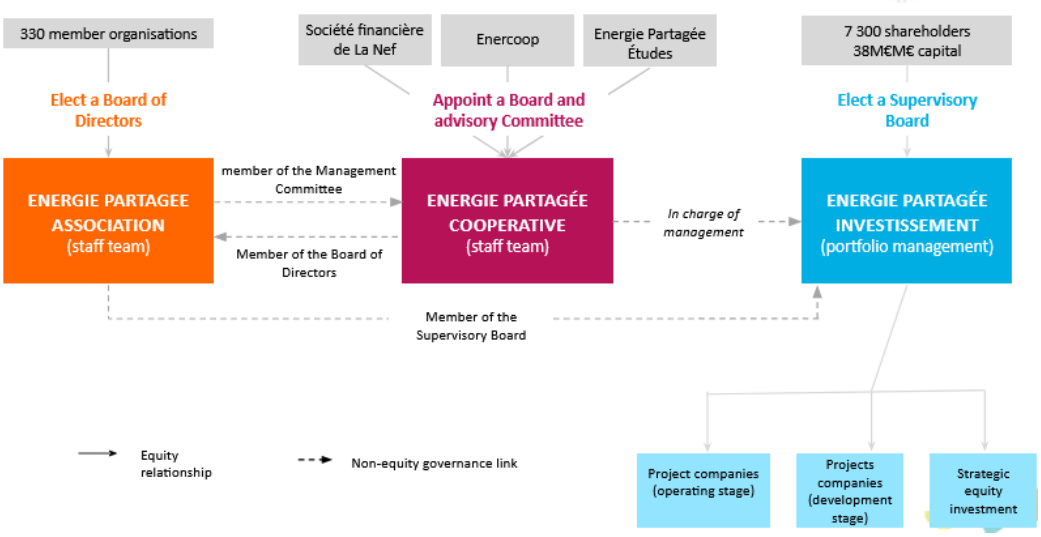
- How can this capital be used in daily operations?
- Can capital be sent back to investors?

- Governance
  - Is it flexible enough?
  - What are the minimum requirements in your governance system?

b. What is your governance system? Which are the entities involved and what are their roles?

For you to establish a well-functioning tool you should establish the governance link and relationship with your investors or funders.

Example of governance system: the set-up of French CEFS Energie Partagée Investissement



Energie Partagée Association raises awareness on community energy issues and brings together players and project leaders on a national scale, notably by bringing support to energy communities. Energie Partagée Investissement collects citizens' savings and invests them directly in renewable energy projects.

c. What reporting process do you choose to have (what, how, when and to whom needs to be reported)?

In order to have a functioning CEFS plan your report system

- to your funder
- to your shareholders
- to your regulator (financial reports, tax reports etc.)

➡ Milestone 12: register your structure and establish your governance and reporting mechanisms

🎯 Step 2: Recruit your staff

a. What staff do you need?

- front and back office to avoid conflict of interests: a commercial person for instruction of projects and a finance person to request funds and monitor the investment / project advance

b. What type of skills do you need?

- finance and energy market knowledge (financial analysis, technical knowledge, financing tools and business plan modelling)
- specific knowledge of business models of cooperative / citizen projects

➡ Milestone 13: seek the people you need to develop your tool

Step 3: Set-up your operating processes

a. What IT system do you need?

Tip: think of a tool that can be compatible with that of your partners

Tip: start simple and then create your own IT tools if needed

Tip: a few IT tools you could need (for more advanced CEFS)

- Crowdfunding platform (most likely partnership with an external tool)
- Shareholder management platform (external or internal)
- Customer Relationship Management tool (to help you track your relationship with your several partners)

CoopHub.EU

Shareholder management platform developed by a CEFS: The story of CoopHub

CoopHub allows individuals to buy shares in the CEFS Energie Partagée or many other energy cooperatives. You can upload documents and follow your investment and invest in other cooperatives. The CoopHub platform is the result of work carried out at by Energie Partagée and REScoop Wallonie to provide citizen cooperatives with a shared, secure tool that is specially adapted to the particularities of energy production companies with a large number of shareholders, whose management (capital increases, dividend payments, total or partial share buybacks, etc.) can be complex.

b. Which contracts are necessary to set up a CEFS?

The necessary contract, legal documents and accreditation to create your CEFS will vary from one country to another.

Examples of contract for the creation of the CEFS:

- company registration: articles of association, shareholders' agreement
- collaboration agreement with your funder
- HR: employment or service contract if working with external people
- insurance
- useful labels (e.g. fair finance, social impact company label etc.)

Examples of contract for the CEFS activity:

- for SPVs: articles of association, shareholder loans contract, bond/securities, development contract
- for the CEFS: service provision contract, insurance/risk coverage contract for types of certain investments

Tip: establish a contractual guide

For the simplest and repeating contract, you can establish templates. For more complex contracts that you will use regularly, you can build a general contractual guide with information on core clauses.

Milestone 14: equip your CEFS with internal tools and processes

Annex I: the ACCE replication plan: simple steps to establish your CEFS

During the ACCE project, our partners each set-up a roadmap to create or expand their CEFS. They used the following steps to structure their reflection.

1. **How are the target projects currently financed?**

2. **How would you like your projects to be financed in the future?**

3. **What is the scope from the proposed CEFS that you would like to have?**

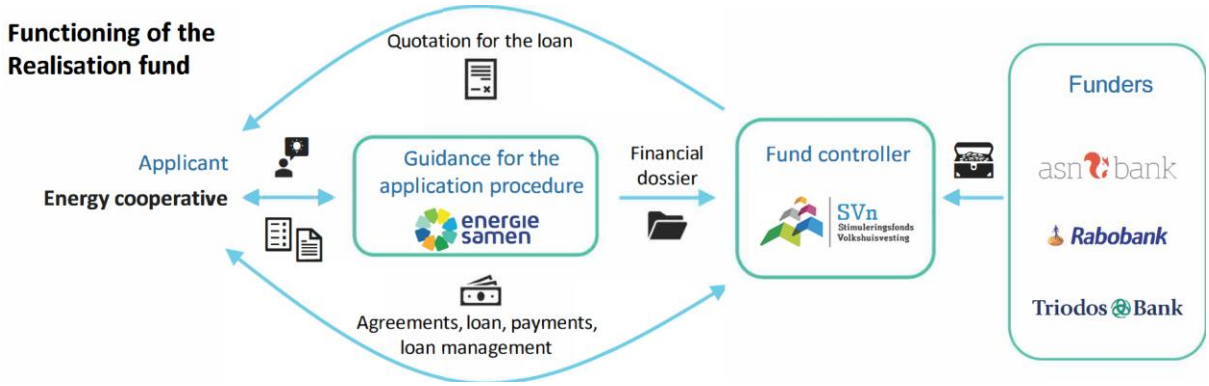
Target	Technology	
	Project phase	
	Approximate size [MW]	
	Approximate investment [€]	
Source	Type of money	
	Please name the envisioned financiers	
Product	What kind of financing	
	Geographical scope	
Institution	Which body will manage the CEFS?	
Knowledge sharing	What are the envisioned knowledge sharing mechanisms?	

4. **What is the role your organization will take in this future CEFS?**

Annex II: Feedbacks from exiting CEFS: Energie Samen Realisation Fund and Development Fund

1. The Realisation fund (Realisatiefonds)

The Realisation fund, managed by Energie Samen in the Netherlands, funds the construction stage of medium size PV projects. It was built in 2021 following an agreement between Energie Samen and three ethical banks.



STRUCTURE OF THE CEFS	
Structure	There are three involved parties in the Realisation Fund: **the banks**, a **fund manager** and an **application guider** (Energie Samen) to energy cooperatives applying. **1. The banks that supply the funds (ASN Bank, Rabobank, Triodos)** Prior to launching the fund the banks have agreed to • the investment policy: type of projects, the terms and conditions of loans • the role division between the fund controller and the banks

	• the application process: which documents an applicant needs to provide in order to minimise the risk for the lender (including the use of a standardised business case[13]). This drastically decreased the time for loan applications. **2. The fund manager that administers the finances (SVn)** Prior to launching the fund SVn and Energie Samen determined the investment policy, later approved by the banks **3. The application guider that streamlines the process of applicants (Energie Samen)** Energie Samen checks the quality of applicants and submits the dossier to SVn. Throughout the application process, Energie Samen provides templates and guidance as to how to prepare the documents. After the project is realised the maintenance of the loan is completely governed by SVn.
Institution (links with investors)	This fund has streamlined the processes of acquiring the business loans for energy cooperatives by **standardising the application processes**. The key agreements shaping this fund are: • Agreement between the three banks and the fund controller about the processes of financing and controlling the fund. • Collaboration agreement between the fund controller and the fund manager, detailing the roles and responsibilities. • Investment policy agreed upon by the fund manager, fund controller and bank that stipulates the requirements of applicants and their projects to be eligible. • Template dossier with required documents for application. • Standardised assessment procedure.
Target projects	The target group are **projects from cooperatives that have reached financial close[14] on large scale PV projects**. They are eligible if they meet the following criteria: • They can finance at least 25% of the project themselves. • They receive an SCE or SDE subsidy, which is a feed-in tariff ensuring a minimum price for the sale of electricity for the duration of the business case (15 years), hence enabling a stable business case for the loan-period.
Sources (investors)	Normally the **banks** do not offer loans below a certain amount (1 million€), however by engaging in the Realisation fund, they were willing to indirectly participate in funding 'smaller' energy projects. They have a financing agreement with the fund controller, thus they are not actively involved in the day-to-day proving and managing of the loans.

[13] Use of an existing model from a consultant (Softenergy – Floris Bruning) who had developed it for his business, then modified based on feedback from the banks and approved by an external independent auditor

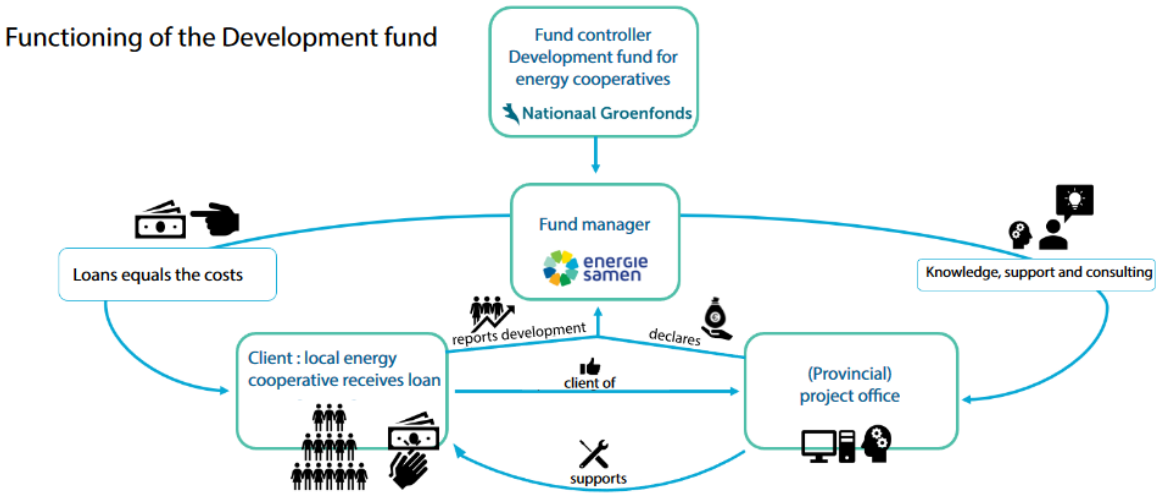
[14] Financial close is reached when all the necessary financing has been secured for the project to move forward into the construction stage.

Product	**Business loan for construction costs**. An energy cooperative will take out a **business loan** with the fund controller • min. €30,000 and max. €1,000,000, financing max. 75% of the total construction costs. The term is 13.5 years and interest rates are fixed. • Eligible costs: costs for building the installation, and pre-financing tax obligations related to the building phase. • Notable terms: The financing includes the right to pledge the entire installation.
CEFS SET-UP	
Roadmap	The process took one and a half years. **Step 1:** Energie Samen had the initiative initially with one bank, and then included two more for additional financial leeway. They then selected the intermediary (SVn). Together they signed a letter of intent to develop the fund together. **Step 2:** The negotiation of agreements between the three banks were lengthy and expensive but necessary to regulate the collaboration and responsibilities (50,000€ on legal fees). The last six months were dedicated to intensive setting up the detailed requirements and approval thresholds. Energie Samen spoke weekly with the banks, intermediary SVn and included experts when required specific support. Specific details discussed: • Requirements to apply for a loan: reduced from classical bank requirements used to larger loans, split between essential must-have's and dropped the nice-to-have and include a light-version for the smallest loans (30,000-100,000€). . • How to check if an application meets the requirement? developed a number of standard documents, in a prescribed format to speed up the process • "Who checks what"? Energie Samen is in the best position to review details while the fund controller was checking that all required documents were submitted **Step 3:** All partners wrote everything down in Investment regulations thoroughly reviewed and agreed upon.

Screening of projects	**1. Registration**: the cooperative registers through an online application form that tests the most basic requirements of the investment policy (applying organization is a cooperative, feed-in-tariff has been granted, the cooperative can provide 25% of the funds and the requested loan fits the size provided by the fund). **2. Build the dossier:** the cooperative provides the documents from the checklist. Energie Samen analyses the documents (see Here). **3. Dossier phase 1 & loan offer:** when all required documents are complete Energie Samen submits them to the fund controller SVn that checks the dossier and gives a loan offer to the cooperative. **4. Dossier phase 2 & opening of project depot:** To process the loan, the cooperative has 3 months to submit the remaining documents. Once the dossier is complete Energie Samen submits it to SVn. SVn has 5 days to approve the loan. The money is then sent to Energie Samen. **5. Loan processing:** Energie Samen sends the money to the cooperative and the loan has to be paid back in instalments directly to SVn.
CEFS MODEL	
Business model	Energie Samen received 200,000 € by the banks to set the fund up and is paid 1000€ for each successful loan.
Size	• Total capitalisation up to now - € 3.2M • Number of funded project since 2021 - 42 • Production – 5,862,200 kWh per year
Staff	The fund is administered by the fund management department within Energie Samen that includes one manager and two financial coordinators (2.6 FTE). The overall requirements for the team is • Understanding of the financing questions that applicants are faced with. • Affinity with the sector and understanding of how a project works. • Client-friendly and customer focussed: make things as simple as possible for applicants.

2. The Development fund (Ontwikkelfonds)

Launched in 2021, the Ontwikkelfonds funds the developments costs of community energy projects in the Netherlands. It is funded through public funds coming from 4 provinces and the national government and managed by a fund controller and Energie Samen.



STRUCTURE OF THE CEFS	
Structure	There are four roles in the development fund: (i) the **national and provincial governments** are the benefactors of the fund, (ii) Nationaal Groenfonds is the **fund controller**, (iii) Energie Samen is the **fund manager**, and (v) the regional project consultant provides **guidance** to the project. 1. The **national and provincial governments** (4 provinces) have provided the capital for the development fund. 2. The **fund controller** (Nationaal Groenfond) is in charge of the financial administration of the fund. The fund controller gives the final approval for the loans. They determine if there is still enough money in the fund to give out a loan.

	3. The **fund manager** Energie Samen receives and reviews applications to the fund. They assemble the dossier with the required documents. Once the dossier is complete, they provide the first quality check of the loan application, simultaneously they send the dossier to the regional project consultant for a second quality check. 4. The **regional project consultant** provides direct guidance to the applicants. They provide the second quality check of a loan application and also bring relevant local knowledge. After loan approval, they continue to guide projects. They therefore reduce the risks of the loans. Regional project consultants have thorough knowledge of cooperative projects and are paid freelance for their services.
Institution (links with investors)	Every half year Energie Samen provides a process report to the local and national governments
Target projects	The target group are citizen energy initiatives that develop large-scale cooperative wind or solar projects. Projects are eligible if they meet the following criteria: - The energy cooperative owns at least 50% of the project - The project has a total cost of at least €500.000 - Maximum 70% of the development cost can be funded via the development fund.
Sources (investors)	**Ministry of Economic and climate affairs (EZK) and four provinces.** EZK decided to boost the realisation of energy projects in provinces where there is a need for it by making a financial contribution available for fund management and providing development loans. EZK provides “match funding”: when a province gives money for the fund, the Ministry will match by adding the same amount and taking the first losses.
Product	The Development Fund is **a revolving fund providing interest free loans with a success fee**. At the end of the development process if the project is successful, the cooperative repays the **loan including the success fee**. If a cooperative is unable to realise the project, the loan is forgiven. Applicable success fees:

Development process	Max loan per development phase		Max success fee (in percentage of loan sum)	
	PV	Wind	PV	Wind
Phase 1: feasibility & project plan	€10,000	€10.000	€10,000 (100%)	€20,000 (200%)
Phase 2: permits	€75,000	€75.000	€18,750 (25%)	€37,500 (50%)
Phase 3: subsidy (feed-in-tariff obtained)	€150,000	€150,000	€37,500 (25%)	€75,000 (50%)
Phase 4: preparation building	€300,000	€300,000	€75,000 (25%)	€75,000 (25%)
Total	€535,000	€535,000		

CEFS SET-UP

Roadmap

The fund set-up took 2-3 years. It involved different levels of government (provincial, national and including a few municipalities).

Step 1: A discussion was organised between local governments, Energie Samen and the national government to establish the basic principles.

Step 2: Then the goal was to create a group of stakeholders (four provinces) who wanted to move forward, in order to get the Ministry of Economic and climate affairs to co-fund.

Step 3: It took two years to establish the regulations and functioning of the fund, such as criteria used for approving an application for new loans and the procedure and evaluation to extend loans when projects come to a new phase. The concept of a no cure no pay loan had to be specified in detail for all governments to feel comfortable that misuse was not possible.

Step 4: After working out the fund's policy, all legal questions were worked out with the legal and financial departments of the government.

Screening of projects

1. Registration: The cooperative registers for a development loan via the website.

	2. Build the dossier and assessment documents: The cooperative provides the documents from the checklist. The cooperative then gets into contact with the regional coordinator to assess the feasibility of the project. The content of the documents is assessed by Energie Samen. **3. Complete application:** After the assessment of the regional coordinator, a formal application form is signed by the cooperative. After this, the fund manager (Energie Samen) will process the application to the fund controller (NGF). **4. Decision on loan application and financing agreement:** After approval from the fund controller NGF the requested amount is transferred to Energie Samen. Energie Samen sends a financing agreement to the cooperative. **5. Project depot:** After receiving the signed financing agreement, the project depot is opened, and funds are sent on it. Energie Samen monitors what the depletion of the depot is per phase. The cooperatives receive an instruction on how to submit declarations and invoices.
CEFS MODEL	
Business model	The fund manager Energie Samen received a one-off payment of €100,000 from the Ministry of Economic and climate affairs to set up the fund and will receive €200,000 each year for the first 5 years of operation. After a 5 year period, Energie Samen will receive 1,33% of the total available fund size, with a guaranteed minimum of €200,000/year. The fund controller NGF receives 0,67% of the total fund per year to operate the fund (guaranteed minimum of €100,000/year.
Size	• Overall capitalisation of the fund - € 8.5M • Number of funded projects since 2021 - 23
Staff	4-5 people are working full time on the fund (Energie Samen, fund controller and local advisors)

Annex III: Definition of the Community Energy Financing Scheme (CEFS) concept

In defining the notion of CEFS, the ACCE project partners highlighted four main dimensions differentiating Community Energy financing from traditional financing mechanisms.

The four identified dimensions allowing to define a CEFS are:

- **Targets**: this dimension refers to the types of projects in which CEFS invest, and mainly analyses the degree of citizen control and community benefit of the financed projects.

  The project partners agreed that target projects must involve citizens and create positive value at the local level.

- **Institutions**: refers to the organisations that manage the CEFS and their ability to support community energy projects.

  The partners agreed that a CEFS must involve a community energy network representative to ensure the capability of the fund to perform the necessary support to projects, and to guarantee the stability and relevance of the investment policy.

- **Sources:** it refers to the origin of the funds managed by the CEFS and the objective pursued by the investors, that is, if they look more for the public or private interest.

  The ACCE project partners agreed that the transparency around the origin of the funds utilised by the CEFS is key.

  Lastly, the partners recognized that different types of sources are needed to finance the different project phases.

- **Products:** refers to the final product offered by the CEFS, which will oscillate in a range between grants, debt and social capital.

  Partners feel that all types of financial products are welcome to be delivered by CEFS. The key issue to tackle seems to be pursuing the de-risking of investment for private consumers – and therefore all tools pursuing this agenda might be suitable.

Many partners highlighted the fact that community benefits (social, environmental, and economical) must be considered, along with the wish to avoid speculative investment.

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