

# Fostering crowd-based investments in renewables and energy efficiency

## Make crowdfunding easier, facilitate citizens' investment

*Brussels, 20 June 2016.* Crowdfunding offers an alternative source of financing for renewable energy infrastructure projects, particularly in difficult periods such as those of economic distress and financial crisis when there is limited access to bank finance. Citizens' investment and engagement with renewable energy and energy efficiency is growing but there are still barriers that make citizens' engagement difficult.

If the European Union wants to boost effective citizen engagement and investment in renewable energies sources and energy efficiency, then there is a need for Member States to align national crowdfunding legislation and for the European Commission to promote and share best practices both at national and European Level.

Therefore, we **encourage the European Commission's endeavour to support Crowdfunding as a mean to access to finance for SMEs**, especially regarding innovative businesses in the field of renewable energy. We call on Member States to pursue a coherent approach to crowdfunding making it easier, more transparent and trustworthy.

### Lack of simple and coherent European frameworks

Currently, within the European Union, a wide variety of national legislation applies to crowdfunding across Member States, depending on the crowdfunding model chosen by platform owners, investment amounts and several other factors.

The Citizenenergy project, co-funded by the Intelligent Energy Europe programme, has focused on the identification of the main barriers to citizens' investment in renewable energy through crowdfunding. The following barriers for citizens' investment in renewable energy and energy efficiency through crowdfunding should be addressed:

- Excessive regulatory and administrative burdens prevent the set-up of EU-wide crowdfunding platforms for citizens' investment;
- The legal uncertainty for citizens' cross-border investment due to the variety of national regulatory systems;
- The uneven playing across EU member states regarding the public support and visibility of RES projects and tax incentives for citizens' investment.

The European Commission identifies the "lack of transparency on the applicable rules" as a key challenge for crowdfunding in the EU. The legislation with which crowdfunding platforms or project owners currently have to comply must be considered as too burdensome and, therefore, are a strong barrier to the development of RES projects.

Recently, some Member States have undertaken first steps in order to set up a legal framework applicable to crowdfunding, which could reduce the costs of setting up

crowdfunding platforms and could make the overall process simpler and more transparent. However, it is important to notice that without a coherent legal approach to crowdfunding across EU member states, new barriers are created. This is especially true for crowdfunding platforms with a Pan-European focus as well as for companies or projects raising capital and citizens wanting to invest cross-border.

As crowdfunding continues to develop and grow in market size, an adequate European policy framework will be needed to support the sector with regard to innovation, compliance and transparency. Citizens' investment must be enabled cross-border in order to allow equal access to renewable energy projects, so that investment can flow between EU member states and finance renewable energy according to market needs.

## CONCLUSIONS

### Simple and cross-border driven framework and alignment of national practices

As the renewable energy market becomes more mature, auctioning principals will be increasingly introduced to replace feed-in-tariffs. With maturity an increasing number of large corporations is stepping up their involvement, which will result ultimately in a shift away from citizens' participation. An obligation for the participation of citizens as introduced in France or in the German State of Schleswig Holstein is one possibility to counter this trend.

Taking into account the specific nature of renewable energy sources and the lack of funding, crowdfunding also can play a vital role in enabling citizens' investment if given better market access. This will only happen if discrepancies at member state level are overcome. While the Energy Union of the European Commission relies on increased cross border investments of citizens' investment, the Capital Market Union lacks in ambition to enable crowdfunding for the time being.

We encourage the European and national policy makers to foster citizens' investment in RES projects in Europe through a more favourable legal environment, especially for cross-border investments in renewable energy allowing for both, adequate customer protection and market development at the same time. This requires a shift in focus and requires a more detailed understanding of the financial needs of smaller renewable energy projects and citizens' investments, as well as adequate tax incentives for long term asset allocation.

## BACKGROUND

### The Citizenenergy Project

Citizenenergy - European Citizens for Renewables is a European project funded by the Intelligent Energy Europe Program (IEE/13/403SI2.675223) that aims at creating an EU-wide platform for citizen participation in renewable energy projects. This project brings together the worlds of renewable energy crowdfunding and renewable energy cooperatives for the first time in a single online platform that displays investment opportunities, and other forms of engagement, for citizens all over Europe to participate in the energy transition.

The project aims at boosting effective citizens' engagement and investment in renewable energies sources (RES), promoting synergies between RES projects and



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the transfer of key RES business models and at setting up a European network of citizen RES policy, bringing together relevant citizen energy initiatives. Citizens' engagement with renewable energy is growing but there are still barriers that hinder this engagement into actions. CITIZENERGY's main objective is to reduce these barriers and to offer citizens a tool that will enable them to invest in local renewable energy projects across Europe.

## Contact

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### CITIZENERGY

Crowdfunding platforms and cooperatives both enable individuals to directly invest in sustainable energy, but it is difficult to get an overview of the possibilities. Citizenenergy changes all this. Made possible by European Union funding, Citizenenergy is the first platform to encourage cross-border investment in sustainable energy and the first to provide information on sustainable energy opportunities from both crowdfunding platforms and cooperatives. It reinforces the work of such organisations in financing renewable and energy efficiency projects, increasing their reach while promoting transparency. The Tripadvisor of our sustainable energy landscape, Citizenenergy is a valuable resource for individuals looking to get involved in the energy revolution. [citizenenergy.eu](http://citizenenergy.eu)

To support our work, we have created the Citizenenergy Stakeholder Forum as an informal group of representatives across a variety of 40+ organisations which are not necessarily affiliated to the Citizenenergy project nor endorse this message unless stated. They have been asked to help in developing and questioning the content of this paper and other work of Citizenenergy. We would like to thank those representatives for their time and input.

### SUPPORTING ORGANISATIONS



The Citizenenergy consortium consists of the following organisations:



### OTHER SUPPORTING ORGANISATIONS

