



# Community involvement and financing in the clean energy transition

Josef Baur - eueco GmbH - 10.12.2014

# **Agenda**



Definitions

Structuring participation process

Legal models – pros and cons

Our Value - Automation and standardisation

Best practice

Questions

### **Definitions**



#### **Community financing – major part of community involvement Community involvement Community Financing Decision Involvement Financial Involvement Informal Participation Formal Participation Indirect - passive Direct - active** Citizen=investor Citizen=Investor+owner Land use planning Public consultation Official planning Info meet ups Investment only (i.e. Company share (i.e. approval Round table cooperative share, subordinated loan, Visitations limited partnership) bond)

# **Goals and Challenges Community Involvement**



### **Balancing goals and challenges**

#### Goals

- Involve all citizens
- Local energy production
- All concerned participate
- High interest rates

### **Challanges**

- High admin costs
- "Not in my backyard"
- Time critical fund raising
- Low risk for investors

Goals

Challenges

# **Detail: Structuring participation process**



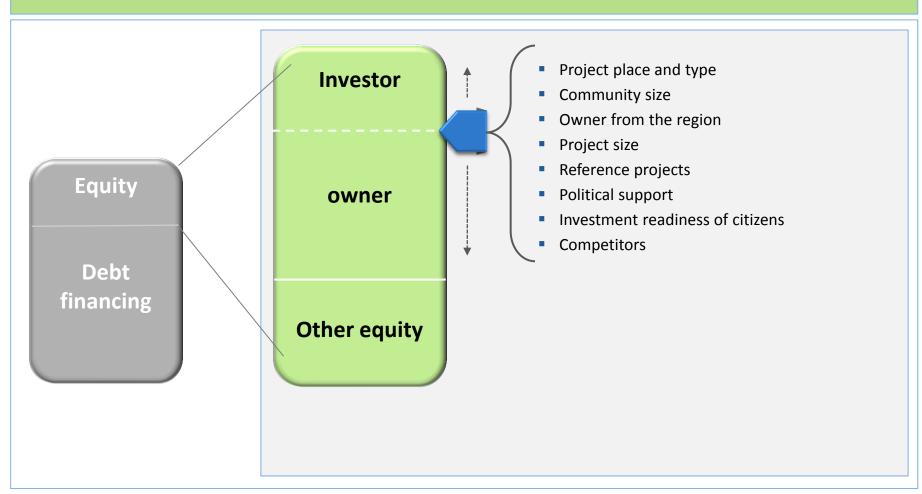
### Clear structure, participation type and automated processing as sucess factors

# Identification and structuring direct and indirect participation Identification owners – decision process Step1 Identification investors - local, regional or national **Decision participation type** Paritcipation type determins acceptance and admin costs Step2 Low investment minimum to achieve high acceptance rate – supporting real paricipation and regional value add Cost efficient automated processing Automated process of all steps of community involvement Step 3 Planning—Presentation—Marketing—underwriting—investor administration

# **Relevant parameters**



### **Equity structure design**



# Participation types and legal forms



#### **Structuring Investor vs. Owner**

**Possibilities financial involvement** 

### Citizen as investor only

- Bonds
- Jouissance right
- Subordinated Loan
- Silent partnership

# Ownership: Citizen as owner and investor

- Limited partnership (GbR or GmbH & Co. KG)
- Co-Op (eG)Stock (AG)

# **Characteristics Limited Partnership (KG-Anteil)**



### **Limited Partnership as community financing**



#### **Characteristics**

- Long term ca. 20 years
- Project investment
- Minimum invest ca. 10.000 €
- Revenue based on P+L
- Repayment as per contract
- Revenue from Y1
- Project investment

#### Risk

- P+L based revenue
- entrepreneurial
- Limited to investment

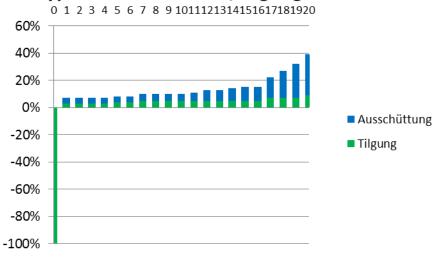
#### Voting

- Capital based
- Information sheet

#### Tax/Admin

- Income trade and business
- Complex administration

#### Typischer Verlauf Zins/Tilgung KG Anteil



For expierienced investors

# **Characteristics registered Co-Op (eG)**



### Co-Op for community financing



#### **Characteristics**

- Mid or long term
- Pool investment
- Min. invest from 100€
- Revenue based on P+L
- Repayment as per statute
- First revenue after 2-3 years
- Delution of investment possible

#### Risk

- P+L based revenue
- entrepreneurial
- Limited to investment

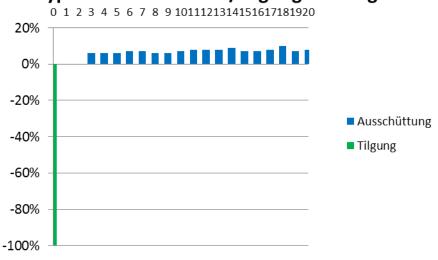
#### Voting

- 1 person 1 vote
- Information balance sheet
- Gen. assembly

#### Tax/Admin

- Capital Income
- Medium complexity

#### Typischer Verlauf Zins/Tilgung eG Mitgl.



Investor with high commitment

## **Characteristics subordinated loans (Nachrangdarlehen)**



### Subordinated loans for community investing



#### **Characteristics**

- Mid term < 10 years</p>
- Project investment
- Low min. investments possible
- Fixed interest
- Fixed repayment
- Interest from day 1

#### **Risiko**

- Fixed interest
- entrepreneurial
- Limited to investment

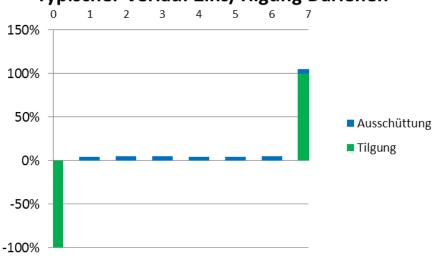
#### Voting

none

#### Admin/Tax

- Capital income
- Low admin costs

#### Typischer Verlauf Zins/Tilgung Darlehen

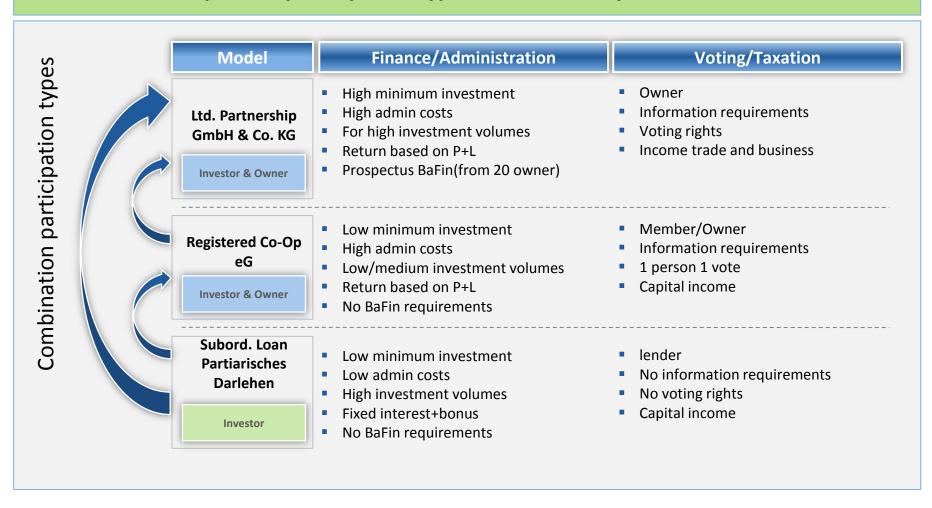


Comfortable investment and administration

# Choosing the right legal model



#### Important participation types for community involvement



# Key Factor "regional funding"



### Regional focus - local fund raising



- Project visibility
- Trust
- Low Marketing costs
- "local finance cluster" for fund raising
- Supports regional development
- Equity from the region
- Profit for the region

### **Standards and Automation**



### Automation and Standards as key success factors for community involvement

### Fully automated process

Energy project

Presentation

Prospect management

Legal contracts

Marketing

Underwriting Investor handling

#### **Admin costs**

- Costs setup
- Costs underwriting
- Costs Investor management

#### Repeatability

- Community involvement as repeating process
- Standards

# **Best Practice: Structure for local financing**



### Portal for projects and partizipation

#### **Portal Owner**

- Infrastructure
- Standards
- Marketing
- Quality

#### **Project entities**

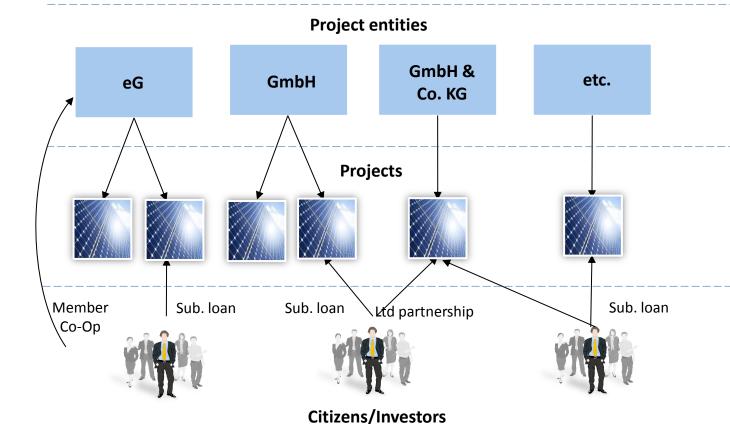
- Presentation projects
- Fund raising
- Administration
- Payments
- Self service

#### **Energy projects**

- Low minimum investments
- All legal forms
- Different participation types

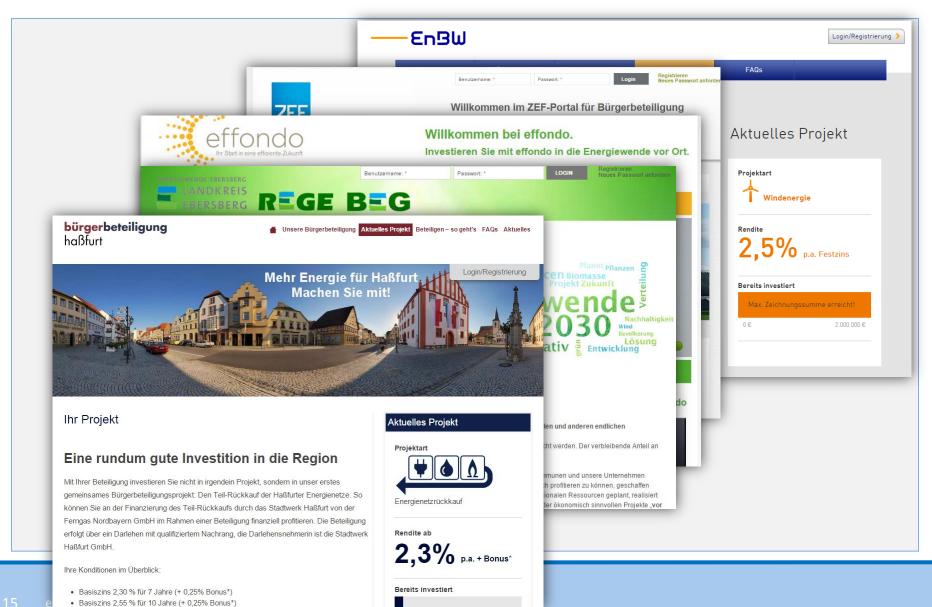
#### Citizens

- Overview Projects
- Easy investment
- Standardised handling



### **Best Practice: Examples**









## **Kontakt**





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