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Crowdfunding as an alternative method of financing renewable energy projects



Thomas Maidonis^{1*}, Ariel Bergmann², Bruce Burton³, Matthias Klaes³

¹ WIP Renewable Energies, Sylvestestr. 2, 81369 Munich, Germany

² Centre for Energy, Petroleum and Mineral Law and Policy (CEPMLP), University of Dundee, Carnegie Building, Dundee, DD1 4HN, United Kingdom

³ School of Social Sciences, University of Dundee, 1 Perth Road, Dundee, DD1 4HN Scotland, United Kingdom

* Corresponding author: (T) +49 89 720 12 720, (e) thomas.maidonis@wip-munich.de

Abstract

We are currently seeing a deceleration of renewable energy growth in Europe, partly attributed to the **challenges renewable energy project developers face in financing their projects**. Reduced access to conventional financing options over the past few years makes it apparent that only particularly well-capitalized project developers are able to maintain control of their projects at the pre-construction stage, most often by increasing their own equity participation. This creates a **need for new, innovative financing mechanisms** that will help bridge the existing funding gap and cover some part of the increased investment requirement.

The fast-growing **crowdfunding** market offers a key vehicle for addressing this need. In crowdfunding, projects and businesses are financed through contributions from a large number of individual members of society, typically through interaction via a website or crowdfunding 'platform'. A good example of how suitable and effective this method can be for wind energy projects is provided by the recent case of a Dutch crowdfunding platform and wind project developer that managed to raise €1.3 Million in just 13 hours by selling shares in a wind turbine to 1700 Dutch households.

The CrowdFundRES project recognises the vast potential of crowdfunding for financing renewable energy projects in general - and wind projects more specifically - and aims to exploit this potential by bringing together crowdfunding platforms, renewable energy project developers and the general public, identifying and addressing limiting factors as well as promoting more effective practices among them.



Benefits for wind project developers

Wind energy project developers that get involved with the activities of CrowdFundRES will have the chance to:

- Learn about an innovative financing mechanism that helps bridge their potential funding gaps and **cover some part of their investment requirement**
- **Receive guidelines and practical support** in using crowdfunding for financing their projects
- Contribute to the development of **policy recommendations**
- **Get invited, participate and network in European and national workshops** with other renewable energy project developers and crowdfunding partners



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Objectives

The overall objective of CrowdFundRES is to contribute to the acceleration of the renewable energy growth in Europe by unleashing the potential of crowdfunding for financing renewable energy projects. In order to achieve this, the work has been structured for achieving the following objectives:

1. **Gain a deep understanding of the public's perception of crowdfunding**
2. **Analyse the challenges faced by the application of crowdfunding for renewable energy projects in Europe**
3. Develop guidelines that support easier, more effective and wider accepted practices in crowdfunding renewable energy projects
4. Apply the guidelines and review them based on practical experience
5. Help improve the market and regulatory framework. Promote the crowdfunding concept and its advantages among those who could contribute or raise funds.

Survey

At its early stage, the project has conducted a systematic in-depth **survey** of the perceptions and attitudes of key stakeholders in the European renewable energy crowdfunding arena, with a particular focus on hurdles to adoption and potentiality-enabling factors. Given the size of target populations, mixed-method approaches are pursued that are centered on on-line surveys but augmented, where this appears appropriate, on the one hand by systematic modelling (e.g. applied choice analysis) and on the other hand by more qualitative follow-up through targeted semi-structured interviews of subsamples.

Based on the outcomes of this work and other input, such as the review and update of existing crowdfunding regulation and recent market developments - as well as evidence of practical experience collected via case studies - the project will conduct a comprehensive road-mapping exercise by collating results in the form of context-sensitive guideline insights. This process will in turn facilitate the broader aim of providing practical guidance to stakeholders in their attempts to grow renewable energy crowdfunding initiatives in their national and international contexts.



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