Supporting municipal use of citizen-based financing key to energy transition

Position paper cites “catalysing role” of public authorities in realising sustainable energy and garnering public support

Frankfurt/Brussels, 24 January 2017. While municipalities have a central role to play in carrying out ambitious EU goals, public funds to finance necessary sustainable energy projects are often lacking. A newly published position paper has stakeholders from across Europe pointing to alternative, citizen-based financing as a significant part of the answer.

According to the paper, crowdfunding and cooperative structures can go a long way towards filling the investment gap for the local level if given the necessary support. The document, which was written with wide-spread local authority input and has been backed by an array of investment platforms, NGOs, universities, professional associations and networks, was issued in the framework of the EU funded Citizenergy initiative for public engagement in sustainable energy financing.

“While many local authorities have a important renewable energy and energy efficiency projects planned, they are often too small-scale or too geographically scattered to be attractive for conventional financing via banks,” asserts municipal energy financing expert Elise Steyaert of Climate Alliance, the world’s largest city network dedicated to climate and energy issues. “Alternative financing models, integrating the public via cooperatives and crowdfunding, can help municipalities keep assets local and get around this barrier – especially in the field of sustainable energy.” In addition to bridging a financial gap, municipal use of alternative, citizen-based financing measures can help cities and towns raise vital public support for their sustainable energy efforts by motivating people to get directly involved.

Municipalities interested in making use of alternative financing, however, face a number of hurdles. The paper points to local level uncertainty as to the viability of alternative financing solutions, the legal frameworks surrounding their use and the possibilities to integrate them with conventional finance. Other factors stifling the spread of alternative financing solutions for sustainable energy on the local level include procurement barriers, which can make it difficult to work with potential solution providers and debt ceilings, which restrict the amount of debt local authorities can raise on their assets.
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The paper expressly welcomes the European Commission’s efforts thus far in support of crowdfunding and other alternative models. It calls, however, for further moves to increase the stability of related regulatory frameworks and proactive support of crowdfunding and cooperative structures.

The EU’s Energy Union strategy states that the citizen should be placed at the core of matters and “take ownership of the energy transition.” The stakeholders behind this recent paper see both alternative financing models and local authorities as integral to making this vision a reality.

Further information

- Position paper (pdf)
- Information on the legal framework for crowdfunding
- Citizenergy platform

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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. Citizenergy changes all this. Made possible by European Union funding, Citizenergy 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, Citizenergy is a valuable resource for individuals looking to get involved in the energy revolution. citizenergy.eu