

Citizen financing for energy efficiency



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CitizEE projektas ir VIPA patirtis

CitizEE project

CitizEE is a 3 years coordination support action funded under H2020 programme and implemented by 8 organizations across 5 EU members states:



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STARTING POINT



SUPPORT EUROPEAN PUBLIC AUTHORITIES TO SCALE UP INVESTMENTS FOR ENERGY EFFICIENCY IN THE BUILDING SECTOR BY ATTRACTING CITIZEN PRIVATE INVESTMENTS

Creating national or regional Investment Platforms backed by European Fund for Strategic Investments.



Supporting the integration of tailored and widely adopted citizen financing schemes, crowdfunding and cooperative models, with adequate available or to be developed Public Financing Instruments (PFIs).



Enabling the set-up of large-scale community energy efficiency programs that attract private investments while strengthening know-how of regional/national key stakeholders.

HOW

COMPETITIVENESS EVALUATION

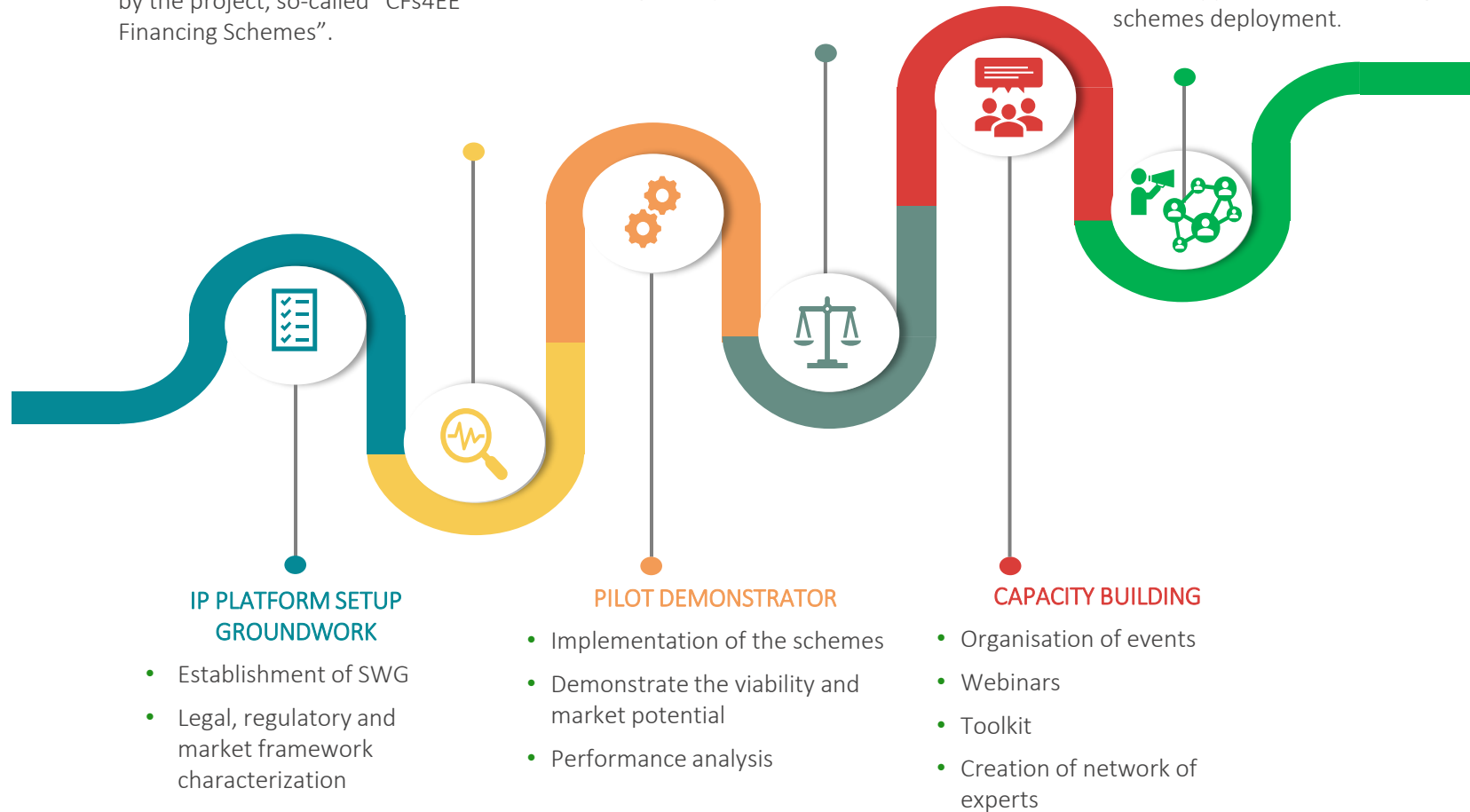
- Analysis of financing products
- Definition of schemes to be developed by the project, so-called “CFs4EE Financing Schemes”.

RECOMMENDATIONS

- Develop recommendations for improving the market and regulatory framework.





DISSEMINATION

- Promote the project concepts and its advantages among those who could support citizen financing schemes deployment.





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Pilots

- PORTUGAL  CFS4EE FINANCING SCHEME TO FUND EE/ENR INVESTMENTS IN PUBLIC AND PRIVATE BUILDINGS WITH CROWDFUNDING CO-FINANCING AT PROJECT LEVEL OR IP LEVEL
- BELGIUM  CFS4EE FINANCING SCHEME TO FUND DEEP ENERGY RETROFIT IN PUBLIC BUILDINGS THROUGH PARTIAL ON-OFF BALANCE EPC CONTRACTING WITH ESCOS/ESCOOPS FINANCING AT PROJECT LEVEL.
- LITHUANIA  CFS4EE FINANCING SCHEME TO FUND PROSUMER SOLAR PV INVESTMENTS IN RESIDENTIAL BUILDINGS THROUGH P2P CROWDFUNDING PLATFORMS AS FINANCIAL INTERMEDIARIES AND CO INVESTORS AT PROJECT LEVEL.
- CROATIA  CFS4EE FINANCING SCHEME TO FUND SOLAR PV INVESTMENTS IN PUBLIC AND PRIVATE BUILDINGS WITH COOPERATIVES AND/OR CROWDFUNDING PLATFORMS AS CO-INVESTORS AT PROJECT LEVEL.

WHAT ELSE

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**Citizen Financing for
Sustainable Projects
group**

VIPA ENERGETINIO EFEKTYVUMO DIDINIMAS PASITELKIANT SUTELKTNIO FINANSAVIMO PLATFORMAS

Investment platform

VIPA established an investment platform for financing the energy efficiency projects. The legal status of investment platform is under Law on limited partnership. VIPA runs the entity as *general partner* with unlimited liability. Investors can participate as limited partners whereas liability is limited up to investment amount.

Goals of investment platform:

➤ Achieve energy savings



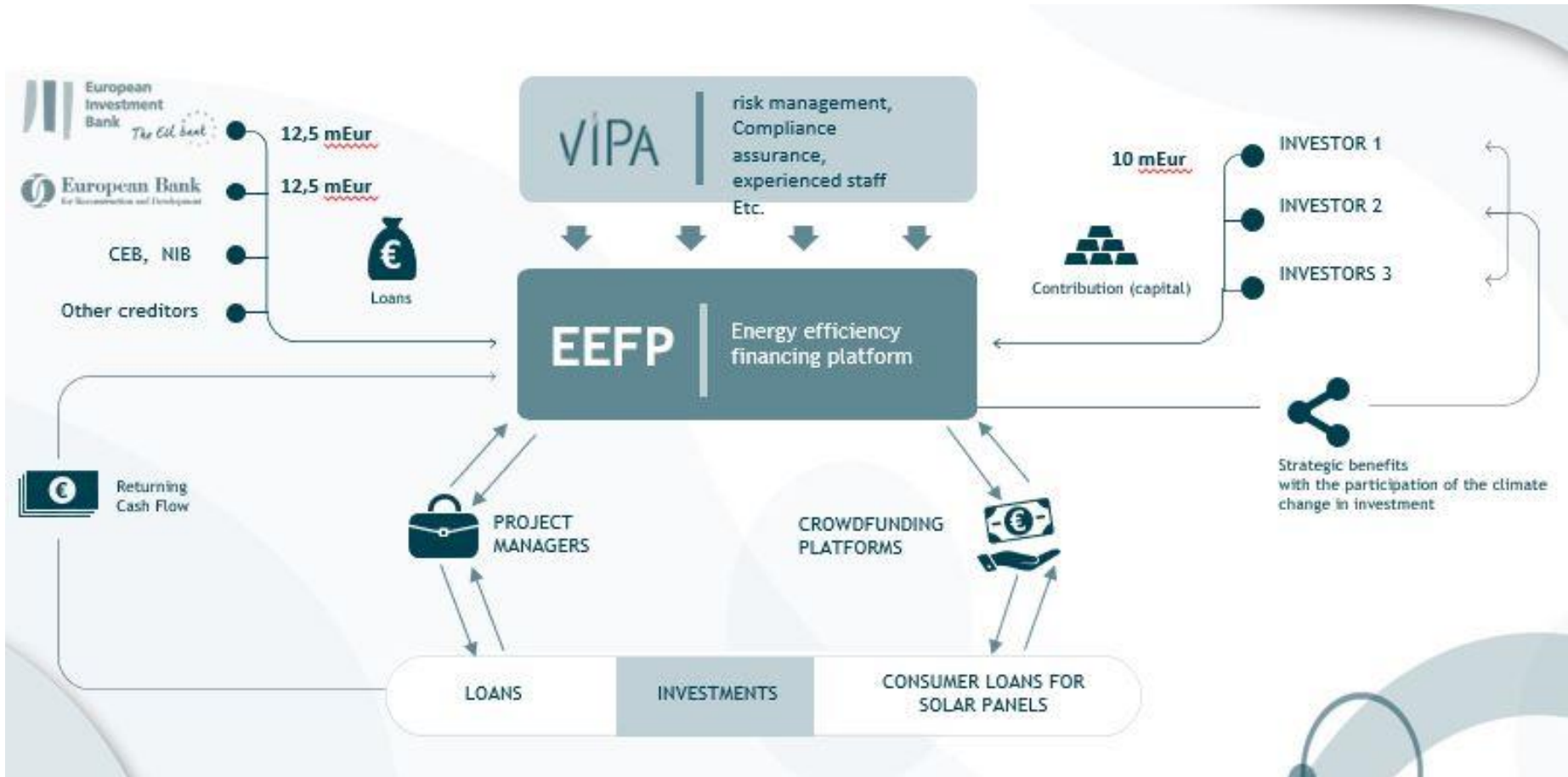
➤ Reduce CO2 emission



➤ Finance viable projects



Investment platform



Financing Products of Investment Platform

IP financing products (already implemented)

- direct loans for energy efficiency measures to public/ private/ ESCOs
- direct loans for RES developers dedicated for remote prosumers, who can buy or lease a part of the power plant, built by project developer
- direct loans for shallow renovation focusing on heating systems (loans for multiapartment building administrators)

CFs4EE financing product for prosumers (in development)

Intermediated loans to natural persons (prosumers) through P2P platform operators:

- ✓ citizen's involvement
- ✓ private funding raised

Current status: initiating negotiations with potential P2P platform operators

Prosumer market

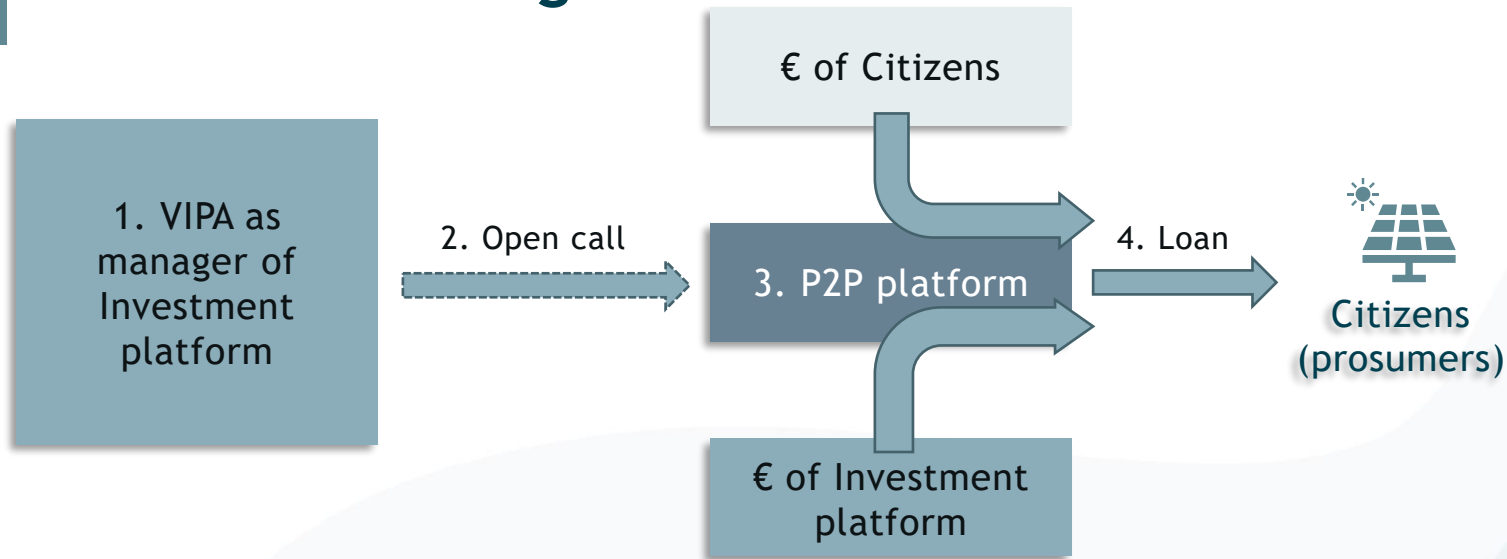
Prosumers - persons or legal entities (companies) as well as public sector, who generate electricity from RES only for their own energy needs.

Remote prosumers - producing electricity in one place and using it elsewhere. This creates possibility for prosumers will be able to produce and use electricity for their own needs at different location, using net metering principle.

- 1 **LOCAL:** Electricity produced at the renewable power plant, which is installed on the prosumer property and is consumed at the same location
- 2 **REMOTE:** Electricity is produced at the renewable plant, which is installed on the prosumer property in one location and consumed elsewhere
- 3 **REMOTE renewable farm:** Power plant can be developed by third party, while the prosumer acquires or leases some part of it



CFs4EE financing scheme for Lithuania



1. VIPA is acting as the manager of the Investment platform
2. P2P platform operators will be selected through the **open call**
3. P2P platform operator will act as a private **co-investor and financial intermediary**
4. Loan is subject to **consumer financing laws**. The final loan amount for each prosumer will consist of:
 - investments from the IP (required **ROI lower** than the market's)
 - investments from citizens (**market ROI**)
 - investments from P2P platform operator (**ROI under negotiation**)
- Loan maturity - up to 10 years
- Possibility for prosumers to get subsidy from the state which is ~320 Eur for 1kW

Project Delivery organization

VIPA

Is in charge for project development and has full capacity to:

- launch open call to select P2P platform operators
- select P2P platforms operators and perform their due diligence (risk assessment, financial capacities, etc.)
- assure control of the CFs4EE scheme management and implementation

P2P platform operators

- provide consumer loans for prosumers
- perform financial assessments of prosumers
- enter into loan contracts with prosumers
- co-invest together with VIPA and citizens
- ensure loan eligibility
- perform monitoring of contracts
- manage loan repayments
- perform recovery process
- promote financing product
- report to VIPA

Why?

- One of the strategic goals of Lithuania is the development of Fintech sector
- In 2019 Lithuania was recognized as one of the most dynamic and forward-thinking Fintech Hubs globally. Lithuania's Fintech hub in the **Findexable global ranking** was #4
- Banking sector in Lithuania is very concentrated and risk averse, it is an opportunity for Fintech companies to take over a significant market share
- Shift the perception of peer-to-peer platform from refinancing towards more sustainable investing

Pros:

- Possibility for prosumers get fast funding
- Possibility for IP to reach prosumers, because IP can not provide consumer financing directly
- Possibility to involve citizens in EE project financing
- Lower administrative costs due to IT&AI solutions

Cons:

- Relatively higher financing cost for prosumers

Ačiū! Klausimai?

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