Participatory Investment in Renewable Energies in France:

- General overview
- VALOREM’s projects
General overview of participatory investment in France

From basic individual investment to project management

3 different schemes depending on the type of partnership and the partners involved:

1) private initiative and funding
2) private / public partnership
3) public initiative and funding

1) Private initiative and funding
   - 1.a: the development is carried out by an ad hoc local organisation which assumes all the risks (ex.: association « EPV » ou « CUMA de Rilhac Lastours ») and the investment is participatory, local or not.

   - 1.b: the development is carried out by a SPV (Special Purpose Vehicle) and public participation (local or not) is made possible through:
     • Capital investment (VALOREM in La Marne) or shareholders loans (Erelia within 30 km of the Haut des Ailes wind farm);
     • Direct funding through bonds with bank intermediation (Juwi, parc de l’Estrade, Cantal);
     • Subscription for bonds issued directly by the operating company (OPTF ABO Wind);
     • Investment in a dedicated savings account (VALOREM in Arfons [see details below]).
2) Private / public partnership, 
with a partnership opportunity given to the citizens (local or not)

2.a : development and operation by an ad hoc MEC (Mixed Economy Company) (Sergies - SIEEDVienne) ;

2.b : Development by regional and local authorities who the project to private companies (Parc du Cézailler-Ardès / EOLFI) ;

2.c : the regional and local authorities appoints the company which will co-develop the project and become a shareholder of the ad hoc MEC (ex Cie du Vent à Romans ou PNR Livradois-Forez / Abo Wind);

2.d : the regional and local authorities appoints the company which will co-develop the project as a shareholder or partner of the ad hoc MEC (as suggested by VALOREM to the Pays du Cheylard) or the pre-existing MEC (SEM Soleil MdPilat / Quadran) ;

2.e : Public acquisition of stakes in a private pre-existing project via the MEC in place (SEM ENEE 44 in VALOREM’s parks) or ad-hoc (MEC Soleil in la Nièvre, or Eilañ in SAS Bégawatt, or VALOREM’s project in La Luzette [see further down])

3) Public initiative and funding
The regional and local authorities develop, finance and operate the plant (Régie municipale de Montdidier)

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And when it is time to invest…

Usual allocation of the financing of renewable energy plants

Equities: who? how?

20%

80%

LOANS
Examples of provision of equities.
Possibilities for contribution to investments

a) SINGLE INVESTORS

EPI
Citizens groups – investors clubs

Private locals and/or citizens (1)

b) JOINT VENTURE

Private locals and/or citizens

Private operators (2)

MEC (2)
Cooperative SIG (1)

Public:
If MEC 51% to 85% maxi
If Cooperative SIG 50%
VALOREM’s proposals:

- Banking partnership to create a Term Account dedicated to wind energy;
- Wind energy co-investment model to facilitate the local authorities’ acquisition of shares once they have been made creditworthy by the tax authorities;
- Promotion of a local synergy between wind energy projects and energy-efficient building renovation.
Loan participation of local investors following two business models

Term Account V-CC
(allowing for additional bank credit)

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VALOREM’s solutions implemented in November 2012

Term Account dedicated to the wind farm in Arfons (Sor)

- **Maturity**: 3 years (renewable?)
- **Return on interest**: 5.25% gross
- **Target population**: residents of the municipality expanded to two bordering departments
- **Target of the fund raising**: 250 k€
- **Minimum and maximum investment**: 2 500 / 25 000 €
- **Duration of the fund raising**: 45 jours
- **Amount of the fund raising**: 273.5 k€
- **Nb of subscribers**: 17 among whom 8 have reached the maximum limit of investment
- **Cost to VALOREM**: 6.25%

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Press coverage
How to make public and private co-investment possible: Valorem’s proposal to the department of Deux-Sèvres

Valorem 100% shareholder of the SPV

Valorem: 80-90%
MEC: 5-10%
Others: 10%

Shareholding

Studies and Instruction
Construction
Operation

Begining of operation
Capital opening operation
Ending date of the reimbursement of the loans
Dismantling

2 years
10-12 years
20/25 years

Economic benefits

Signature of a unilateral share selling option
Access rights (8 k€/an) + CET (171 k€/an)
Access rights + Business tax + Compensation up to 4% of the shareholders loan (15 k€/an)
Access rights + Business tax + Dividends of the SPV

NB Shareholders loan = 2 years of tax revenue + other revenues (access rights and leases)
A comprehensive approach to energy issues through both the financing of renewable production and the reduction of energy demand.

- Proposals for the structuring and the dynamisation of renewable energy financing solutions
- Financial participation dedicated to energy saving measures.
VALOREM / bank savings account

1) Deposit and investment phase

Retail banking sector

Bond subscription
Investments

Bond issue
Opening of the capital

Direct investment by the banks or centralised investment through guarantee funds

Citizens living close to the project parks (SME/SMI)

Others (city-dwellers)

Citizens living close to the operating farms (SME/SMI)

Local savings collection & collection of cash surpluses
VALOREM / bank savings account

2) Remuneration (indicative rate)
2.a : Variant :
Savings plan for energy saving renovation of buildings

Retail banking sector

7 %

PRIVATE COMPANIES (SME/SMI)

Citizens living close to the project parks (SME/SMI)

Others (city-dwellers)

Inauguration bonus

Rate fixed by each bank
3.5 % net minimum

Transfer of liquidity

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How much investment for 1 500 MW/year? Estimate

- On the basis of an investment ranging between 2 and 2.5 G€
- Amount of equity required: around 450 M€
- Hypothesis: 1/3 of equities through savings account or term account, namely 150 M€:
  - 100 000 savings account or term account divided between several networks*
  - For an average outstanding amount of 1 500 € **

- Gross remuneration of 4.5% for the savers (3.5% net), namely an income equal to 1 to 2 times the amount of the contribution to the public service of electricity which is paid by an average household*** with a savings account = the average amount outstanding.
- Remuneration of bonds or shareholders contributions at 7% (contributing towards a centralised guarantee fund)

- Creation schedule in Year N preparation (2015?)
- N1 deployment of the savings account / Term account
- N2 first investments
- N3 operational stage

* For the record 1: the population living nearby Valorem’s portfolio of projects represents about 400 000 households
** For the record 2: Livret A average amount outstanding = 3 700 € for more than 60 millions of savings accounts (92% of the population).
Livret A average amount outstanding + DD savings account = more than 300 G€ in France
*** with no electric heating
ANNUAL INCOME STREAM

On the basis of an investment of 150 M€ (indicative rate)

Guarantee fund:
1% = 1,5 M€

1,5 % = 2,25 M€

Renewable Energy producers

Remuneration
7% = 10,5 M€

Transfer of liquidity

banks:
1% = 1,5 M€

Tax Authorities

Inauguration bonus

Others (city-dwellers)

PRIVATE COMPANIES (SME/SMI)

3,5 % net
= 5,25 M€

Children living close to the project parks (SME/SMI)

Citizens living close to the operating farms (SME/SMI)

Retail banking sector

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Operating farms

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Operating farms
Channelling of savings to energy saving renovation of buildings

Savings plan for energy saving renovation of buildings (SPR) coupled with wind energy

Citizens living close to the project parks (SME/SMI)

Access to renovation loan with an interest rate subsidy (total ?)

Others (city-dwellers)

Access to renovation loan with an interest rate subsidy (total ?)

Credit cost covered by SPR interests (36 to 60 months)

Retail banking sector

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Thank you for your attention