

Guidebook on Cooperatives

Permalink : <http://www.restor-hydro.eu/documents/2012/09/coopguidelines.pdf>

14/02/2014 (V6.2)

NettoWatt



Co-funded by the Intelligent Energy Europe
Programme of the European Union

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1. Introduction	3
1.1 Context.....	3
1.2 Purpose of the document	3
1.3 High Level view.....	3
2. Cooperatives.....	5
2.1 Cooperative Principles.....	5
<i>Voluntary and open membership</i>	5
<i>Democratic controlled by members</i>	5
<i>Member economic participation</i>	5
<i>Autonomy and independence</i>	5
<i>Education, training and information</i>	6
<i>Cooperation among cooperatives</i>	6
<i>Concern for community</i>	6
2.2 Why a Cooperative?	6
3. The Project.....	7
3.1 The project Team.....	7
3.2 Pre-Project.....	7
<i>Find Potential Sites</i>	7
<i>Find Sponsors</i>	8
4. High Level financial plan.....	9
4.1 Limitation of the Model	9
4.2 Constants Used.....	10
4.3 Global Assumptions (technical and economic).....	10
4.4 Assumptions on the cooperative revenues and expenses.....	11
4.5 Assumptions on the financing of the cooperative.....	12
4.6 Assumptions on initial investments / global	13
4.7 Assumptions on initial investments / site	14
4.8 Assumptions on recurring costs / site	14
4.9 Interpretation of results: global figures.....	15
4.10 Interpretation of results: cash flow	16
4.11 Interpretation of results: profitability.....	18
5. Getting Started.....	19
5.1 Create the Cooperative Legal Entity.....	19
<i>Founders</i>	19
<i>Cooperative Statutes</i>	20
<i>Initial Capital</i>	21
<i>Financial Plan</i>	21
<i>Cooperative Creation</i>	21
5.2 Portfolio finalization	22
<i>Prioritization of the portfolio of sites</i>	22
<i>Studying alternatives for agreement with owners</i>	22
<i>Getting Letters Of Interest signed by owners (in the order of prioritisation)</i>	23

5.3	Detailed Architectural Analysis	23
	<i>Engineering Plan & Permitting Files ready for submission</i>	23
	<i>Agreements with owners ready to be signed</i>	23
	<i>Detailed financial plan</i>	23
5.4	Fund Raising.....	23
	<i>Shares Offering Program – Communication Campaign</i>	23
	<i>Apply for subsidies</i>	24
	<i>Apply for loans</i>	24
5.5	Implementation	24
5.6	Production	25
	<i>Maintain the production site</i>	25
	<i>Sell Electricity</i>	25
	<i>Incentives Management</i>	25

1. Introduction

1.1 Context

The RESTOR Hydro Project, supported by IEE, aims at valorising the microhydro potential in Europe. One of the main barriers the project addressed was the financing aspects: microhydro sites, due to their small scale, are all too often considered not profitable enough to be 'bankable'. The solution proposed by the project is to gather several microhydro sites within one region and to fund the costs through a Local Cooperative. Local citizens will be offered a share of the project with co-ownership.

For more information on the RESTOR Hydro project, please visit <http://www.restor-hydro.eu>

1.2 Purpose of the document

The purpose of the document is to explain step by step how to set up such a cooperative. It is aimed at anyone with basic entrepreneurial skills seeing some microhydro potential in a region and who are willing to tap into this potential through a community driven model.

Technical and economic assumptions will differ from country to country and therefore what is mentioned in the text are only examples. At each step of the project several considerations are needed on the applicability of those guidelines in a local context and as a result the approach needs to be adapted accordingly.

1.3 High Level view

Here is a high level view of the Roadmap that we suggest to follow to initiate, create and run a Cooperative to exploit micro hydro potential.

Each step will be detailed and will be complemented by other project deliverables including the technical, financial and legal rundowns (see the download section of the website).

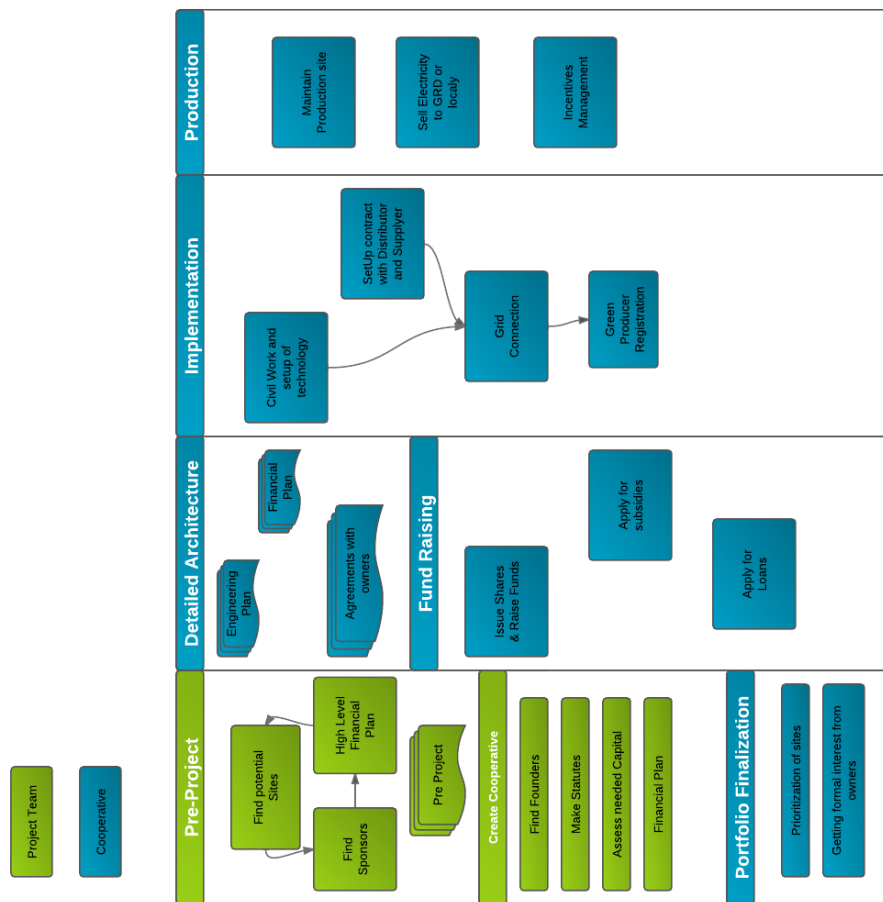


FIGURE 1 - HIGH LEVEL VIEW OF THE CREATION OF A MICROHYDRO COOPERATIVE

2. Cooperatives

A cooperative is “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (International Cooperative Alliance (ICA) definition of Cooperative).

Cooperatives are not about making big profits for shareholders but rather creating value for customers as these are the features which give cooperatives their unique character.

2.1 Cooperative Principles

Cooperatives also can adhere to a set of ideal principles of the cooperative movement as defined by the ICA principles:

Voluntary and open membership

“Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination”.

Democratic controlled by members

“Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner”.

Member economic participation

“Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership”.

Autonomy and independence

“Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.”

Education, training and information

“Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of cooperation”.

Cooperation among cooperatives

“Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, regional, national and international structures”.

Concern for community

“Cooperatives work for the sustainable development of their communities through policies approved by their members”.

2.2 Why a Cooperative?

The cooperative model is perfectly suited for the exploitation of microhydro sites and it will:

- Address local community participation, which increases social acceptance towards hydropower

- Increase local investment in renewable energy generation and provides alternative funding opportunities
- Reduce administrative difficulties linked to permitting, taxation and operation by consolidating overhead tasks
- Reduce investment and running costs by maximising negotiation leverage of small operators for suppliers and electrical consumers

It is important to keep in mind that hydropower potential will be exploited soon or later. Creating a cooperative today will prevent local people from having to deal with the inconvenience of having a power plant in their backyard together with not receiving some of the money and would instead allow for the receipt of direct long term regional benefits derived to their living area.

3. The Project

3.1 The project Team

A typical cooperative project is led by a Project Team. This group of actors will take all the necessary steps until the cooperative is created.

The Project Team can be anyone seeing some potential in a region and wishing to see a cooperative created to exploit it. Most of the time, it will be a team of motivated people that will lead the project until the creation of the cooperative which may or may not continue to play a role in the cooperative once created. These people should have basic skills (or are able to solicit external advice) in the following domains :

- Project management
- Communication
- Entrepreneurship
- Finance
- Legal
- Microhydro technologies and engineering
- The electricity market (especially the government incentives, and the role of the different actors : transporters, suppliers, regulators, managers of the distribution system, responsible for balances etc...)

3.2 Pre-Project

The activities at this stage consist in making sure the basic conditions are met:

- Potential is real and reaches the critical mass to make the project viable
- Owners are willing to collaborate
- There is no obvious legal or political blocking factor and is enough interest from the community

The critical mass depends from one context to another. Mainly, the project must be big enough to be 'bankable' and to benefit from economy of scale.

PRACTICAL EXAMPLES :

- **IN BELGIUM, THE THRESHOLD IS ESTIMATED AROUND 200 kW AND 2MW**
- **IN UK, WE HAVE EXAMPLE STARTING AS FROM 50 kW (1 SCHEME <
[HTTP://WWW.SETTLEHYDRO.ORG.UK/THESHEME.HTML](http://www.settlehydro.org.uk/thescheme.html)>)**

Find Potential Sites

The defined region must be big enough to reach a sufficient potential but still remain meaningful for the citizen to identify culturally, so that the term 'local project' still makes sense. As a rule of thumb, a potential cooperator (or stakeholder of the cooperative) should be able to take the car and visit one of the sites he invested in as a one-day excursion.

The first thing to do is to assess the hydro potential of this region. Therefore there are

several approaches :

- Talk to the local people, ask where there are old mills or other structure
- Look into on maps, i.e. examine rivers
- Go to the library and look for historical references to old mills
- Search on the RestorHydro [Mills Map](#)

Next the interest of the owner or developer must be sought. This is a very crucial activity that requires good communication skills. Once the decision maker is found, the project team should approach him and/or her by explaining the aims of the project and the benefits it would bring to the community.

Financial agreements cannot be made at this point since it depends on the profitability study which is done at a later stage. However this is the point where the decision maker should consider collaboration. If not the site must be dropped.

Find Sponsors

As soon as you have a sufficient number of interesting sites, it is time to probe for interest within the community. At a minimum, you should find people willing to support the idea from the following groups:

- mill owners
- municipalities
- citizen groups
- educational networks

Having support from those people will be a key success factor to start up your initiative. If nobody in your community can be convinced of the benefits of the project then quite simply the project won't be a success.

4. High Level financial plan

Use the template “[high level financial plan](#)” to assess the profitability of your portfolio of projects. Fill in the assumptions on tab ‘assumptions’ and see the results in tab ‘results’ and ‘graphs’. Also be careful not to change other tabs or formulas.

Although this template can be used by anybody, producing it should be done by people who have the following skills:

- An understanding of the technical aspects of microhydro production in general – the technical assumptions are key in the model, and wrong assumptions can lead to wrong conclusions
- An understanding of the economics of energy production – the economic and accounting assumptions have a deep impact on the global figures as well. Interpretation of final results also requires some knowledge in Finance and Accounting – the template is aimed at facilitating the introduction with professional advise and is not a substitute for professional consultations

4.1 Limitation of the Model

In order not to over complicate the model, the following aspects should NOT be taken into account. Please make sure those simplifications are acceptable in your context (i.e. having a minimal impact on outcomes):

Item	Rationale
VAT	VAT is not taken into account since cooperatives are VAT neutral in most EU countries. There is however an impact on the cash flow (up to 3 months delay to balance VAT) that is overlooked.
Legal Reserve	In most of the EU countries, cooperatives are supposed to put a percentage benefits in a legal reserve until the latter reaches 10% of the fixed capital. Since fixed capital is rather small compared to benefits this has therefore no significant impact on the figures.

Exact timeline of cash in and out The model takes as assumption that money will be available right after the Shares Offering Program. However, it could take a while before subsidies are transferred or before money is actually collected from the cooperative members. Same is true for revenues from the sales of the electricity, the model assumes money will be available in the same year as the electricity is produced. There may however be some weeks/months delay before the invoice is sent and the money transferred. On the other hand, we assume all project work (civil work, consultancy, etc...) are paid right away although some more favourable payment terms could be negotiated with suppliers.

4.2 Constants Used

Name	Proposed default value	Alternatives and Explanation
# hours	8766 hours/year	Number of hours in a year
CO2 equivalent	542 kg/MWh	From http://www.carbontrust.com
Consumption of a household	3.50 MWh/year	From http://www.renewresources.com/tag/household-consumption/

4.3 Global Assumptions (technical and economic)

The RESTOR Hydro Advisory Board (held on 30/07/2013 in Brussels) advised to make two financial plans: a normal one with realistic assumptions and a “bank” one. The reasoning behind is that the bank, in the context of project finance, have to be on the safe side (a percentile of 10) of all price incertitude’s and operational risks.

“Bank” assumptions are in **COLOUR** next to normal explanations

Name	Proposed range	Alternatives and Explanation
Full Load Hours	Between 4000 and 6000 hours per year	Depends on technology (maintenance, etc...) and environmental factors (freeze, river overflow, dry period)
		BANK CASE : PERCENTILE OF 10 IS BASED ON FLOW DURATION CURVE (FDC)

Indexation (cost of life)	Around 2 %	Best based on historical values and prevision of the BCE BANK CASE : 2,5 %
Indexation (Energy Prices)	Around 5 %	Best based on historical values and prevision of experts (economists, energy specialists, etc...) BANK CASE: DUE TO THE UNCERTAINTIES IN THE EVOLUTION OF ENERGY PRICES (SHALE GAS...), IN A BANKABLE FINANCIAL PLAN, AN INFLATION OF ENERGY COSTS OF 1% IS A MAXIMUM.

4.4 Assumptions on the cooperative revenues and expenses

Name	Proposed range	Alternatives and Explanation
Management costs	5.000€ to 25.000€ / year	Needed to run the cooperative day to day. This encompasses accounting fees, legal obligations, various taxes on activities, administration fees, etc... This largely depends whether the daily management will be outsourced to an external company (that can be expensive)
Incentives for green/decentralized production	Country dependent – usually from 25 to 100€/MWh	Government incentives for the production of green energy can be a certificate based or feed-in tariff based incentive. In some countries, there is also the systems of Eco Labels (certificates of Origin) and reimbursements by grid owners for stabilising the grids
B2B Electricity Price	20-60 €/MWh	Electricity price (excl. VAT) when sold to energy providers
B2C Electricity Price	150-250 €/MWh	Electricity price (excl. VAT) when sold to end users (average day and night price)

Owner compensation	0-15 €/MWh	There are different ways to compensate the site owner for the use of their site to produce electricity by the cooperative (see section 5.2). One way or another, it makes sense to take a figure that is proportional to the electricity produced because : <ul style="list-style-type: none"> - It is fair to remunerate proportionally to the size and potential of the site - This is a kind of incentive for the owner to support electricity production
% reduction for local consumption	5-15 %	This is an incentive for the end user to choose to consume electricity locally produced instead of electricity from their historical provider.
Tax Rate	25-50 %	Typically between 25% (reduced rate for company with social purposes) and 34%
Depreciation Duration	15 to 40 years	Between the 15 years of loan duration and the 40 years of expected material lifecycle
# years without dividends	2-4	It is wise not to distribute capital until revenues are generated
Dividends afterwards	3-6 %	Is voted each year by the general assembly based on the profits of the year which may be capped by law.

4.5 Assumptions on the financing of the cooperative

Name	Proposed default value	Alternatives and Explanation
% Financed by bank	40-65%	For a pilot project, we recommend a number below the 50% threshold, because Banks will then be reassured by the amount of capital brought by other means

Loan Duration	Around 15 years	Most of the Banks won't allow for a longer period 10 YEAR EVEN BETTER AND MORE REALISTIC
Loan Interest	2-7 %	Depends on negotiations with Banks.
% Financed by grants and subsidies	Up to 35%	Mainly structural funds (but others may apply in a particular region or country)
Share Price	Usually around 250€	In most EU countries there is no obligation. A big price tends to restrict the offer to wealthy people.
% electricity consumed onsite	0-100%	This corresponds to the percentage of the produced electricity that is expected to be consumed onsite. The rest will be sold to the electricity market. This depends on : <ul style="list-style-type: none"> - The technical/practical possibility to create direct lines or a small local distribution network - The legal possibility to distribute energy locally - The availability of Demands in a fair surrounding <p>This is a key element in the profitability since energy consumed locally can be sold at a much higher price (B2C) than the electricity sold to the electricity market (B2B)</p>

Note the percentage financed by the Shares Offering Program will be inferred from the other 2 percentages

4.6 Assumptions on initial investments / global

Name	Proposed range	Alternatives and Explanation
Set-Up Cooperative Costs	5 to 25.000€	see section 'initial capital'

4.7 Assumptions on initial investments / site

Name	Proposed range	Alternatives and Explanation
# Sites	1-20	Make sure the critical mass is reached
Average Generating Power	5-100 kW	Average within the portfolio. This is a key factor in the profitability calculation. The Generating Power must be the expected actual generation capacity, not the design capacity
Connection to local users	Around 2.000€/consumption point	Can be higher if there are roads to cross or long distance to run etc...
Simple connection to the Grid	Around 1.000€	On the LT (Low Tension) Network (i.e. for limited generating power)
Technical Pre-study, Permitting, Environmental Assessment	2.000-10.000€	see section 'initial capital'
Equipment, Civil Work, Technical Project Management	20.000-200.000€	Largely depends on the size. Don't forget the costs of the fish bypass if applicable (can be 5 to 20% of the total investment costs)

4.8 Assumptions on recurring costs / site

Name	Proposed default value	Alternatives and Explanation
Maintenance Costs	Around 2000€/year/site	Maintenance contract, spare parts, regular visit, etc...
Insurance Costs	Around 1000€/site	Fire, vandalism, mandatory insurances etc... It does not take into account an Insurance compensating lost revenues in case of unexpected events

4.9 Interpretation of results: global figures

Item	Rationale
Generating Power	Total Generating Power
Energy Generated	Total Amount of energy expected to be generated by year
# Households consumption Equivalent	The energy generated correspond to the annual consumption of this number of houses
CO2 Saved	Total amount of CO2 spared
<u>Total Investment</u>	
Technical Pre-study, Permitting, Environmental Assessment	See above (total figures)
Equipment, Civil Work, Technical Project Management	See above (total figures)
Set up Coop	See above (total figures)
Connections	Grid connection + local connections (if applicable)
- Financed by banks	The critical mass of 1 Million Euro should be reached
- Financed by Subsidies	See above (total figures)
- Financed by SOP (Shares Offering Program)	See above (total figures)
# shared needed	Statistically (from cooperatives in Belgium based on 250€ shares), one family owns 4 shares
<u>Total Revenues</u>	
- From Incentives	See above (total figures)
- From B2B	See above (total figures)
- From B2C	See above (total figures)
<u>Total Expenses</u>	

- Operating Costs	Maintenance and Insurance
- Management Costs	See above (total figures)
- Owner Compensation	See above (total figures)
EBITDA	Financial Ratio meaning “Earning” Before Interest, Taxes, Depreciation and Amortization”. Is a good way of assessing the profitability of operations
EBITDA per Share	EBITDA by share
Loan Reimbursement	Annuity of the bank loan
Depreciation	Yearly depreciation of the investment
Pay Back Period	The length of time required to recover the cost of an investment. These types of projects typically have a Payback Period between 15 and 20 years. Projects with payback periods longer than 25 years should be carefully considered.
IRR	Internal Rate of Returns, based on EBITDA vs. Return, for 25 years

4.10 Interpretation of results: cash flow

The first graph shows the evolution of the cash flow for the first 27 years

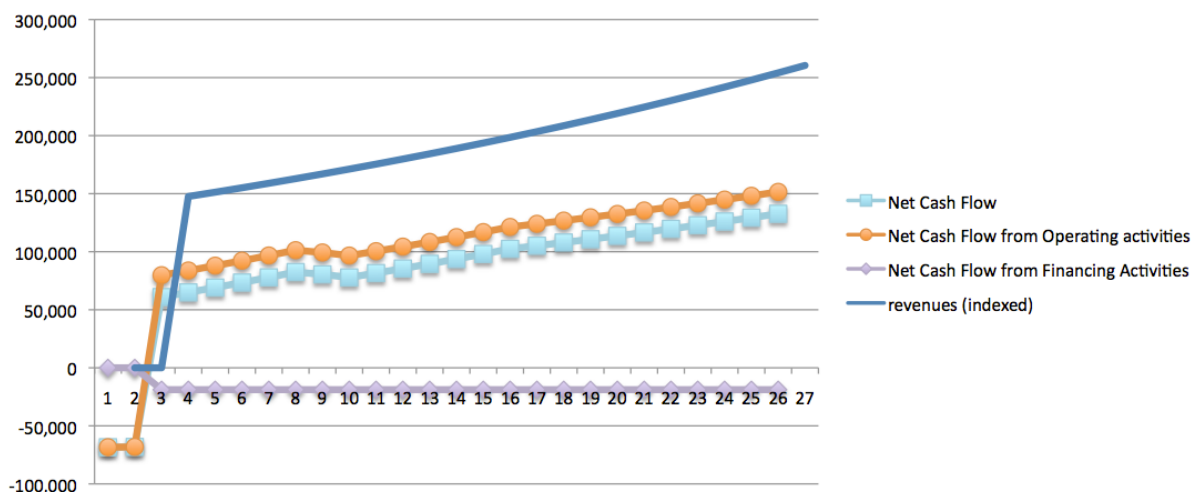


FIGURE 2 – EXAMPLE OF CASH FLOW EVOLUTION FOR THE FIRST 27 YEARS

The **Revenues** represent the revenues gained from selling electricity.

The **Net Cash Flow from Operating Activities** represents the revenues minus the expenses

to produce the electricity (insurance, maintenance, loan interests, administrative costs etc...)

The **Net Cash Flow from Financing Activities** represents the expenses linked to financial activities: loan capital reimbursement and dividends.

The **Net Cash Flow** is the sum of the Net Cash Flow from Operating Activities and the Net Cash Flow from Financing Activities i.e. the total amount of cash that comes in (or out) of the company each year.

And a more detailed repartition for the 10th year:

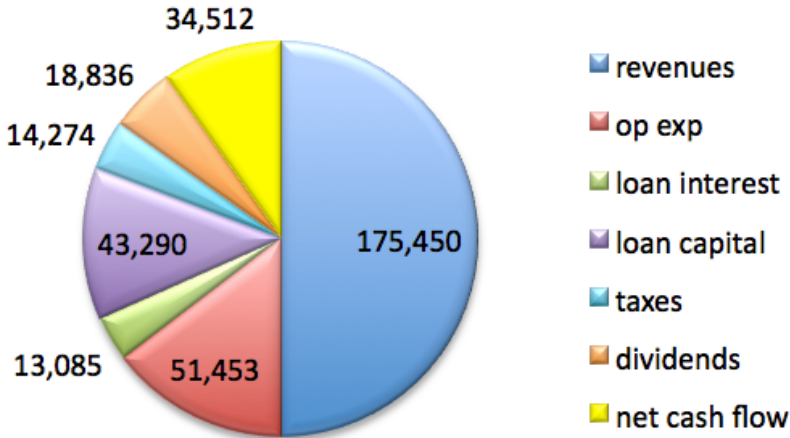


FIGURE 3 – EXAMPLE OF CASH FLOW REPARTITION FOR THE 10TH YEARS

Operational Expenses: all the costs linked to the producing of electricity (maintenance, insurance, management costs, and owner compensation costs)

4.11 Interpretation of results: profitability

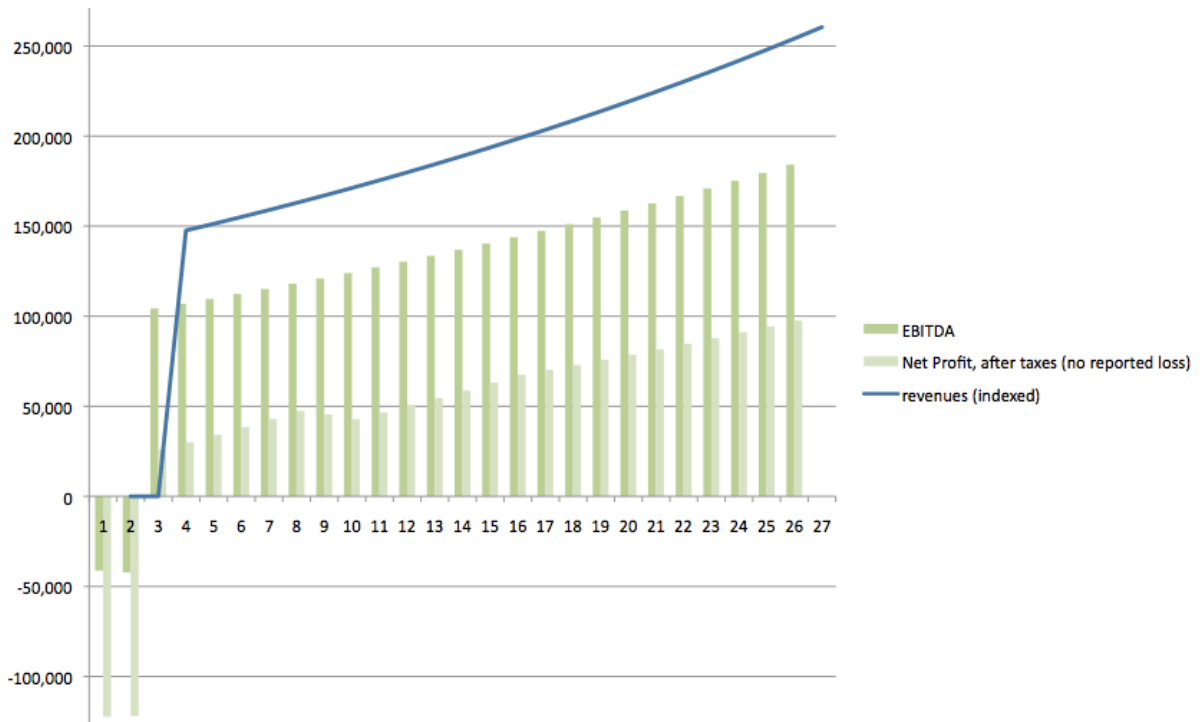


FIGURE 4 – EXAMPLE OF PROFITABILITY EVOLUTION FOR THE FIRST 27 YEARS

And a more detailed repartition for the 10th year:

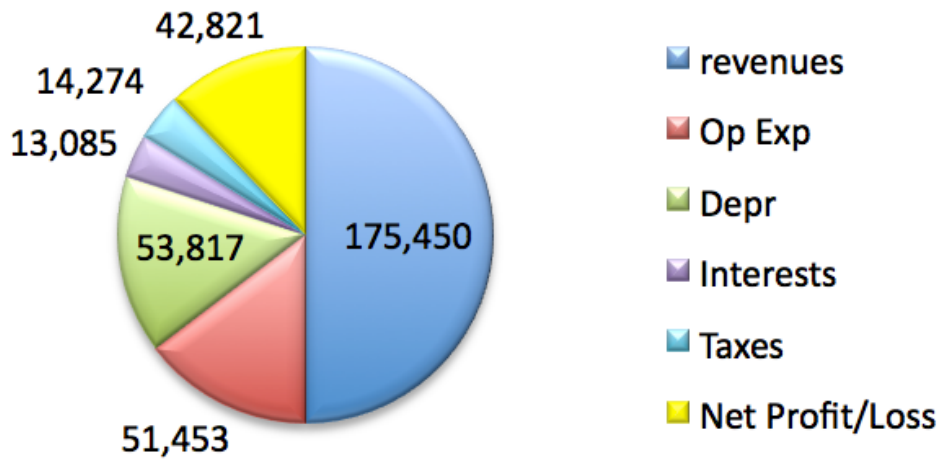


FIGURE 5 – EXAMPLE OF PROFIT REPARTITION FOR THE 10TH YEARS

5. Getting Started

5.1 Create the Cooperative Legal Entity

To create a cooperative, the project team will have to gather the following 4 mandatory items:

- Founders
- Statutes for the cooperative
- Initial Capital
- Financial Plan

Founders

A local cooperative must be initiated and led by motivated local actors. This is the main success factor in such an enterprise, and the only way to guarantee long term viability and continued local involvement and benefits. These will appear in the statutes of the cooperative and will have to be present (or alternatively send a delegate) at the creation.

The Founders typically are:

- Municipalities
- Companies (private or public) acting in the scope of a CSR program
- Engaged individuals, from an existing (or created for this purpose) citizen lobby group, associations, schools, or other cooperatives sharing the philosophies and values of local cooperation
- Site owners
- Members of the Project Team

There are 2 kinds of Founders:

Investing Founders

These should be influential people willing to show interest or any other group that believe in the project and are ready to participate towards its initial capital.

Governing Founders

Typically these are local people that will not only bring some capital but will form the steering committee for the first period.

The decision to be a Governing Founder or not depends on the willingness of the individual (or company) to play an active role. Note that at least one (ideally between three and ten) founder must be willing to play this role, since this is mandatory to create a cooperative.

Cooperative Statutes

The project team will then start from a template of cooperative statutes (from a similar existing cooperative in the same legal context, found on a government website, or provided by a jurist) and will tailor them based on inputs from the founders.

First, the project team must consider getting some accreditations (if any exists in the regions). Those agreements may be difficult to get as a number of benefits and constraints are attached to the accreditation. Some activities may need to be carried out regularly (reporting etc...) to keep the accreditation. These options must be evaluated carefully with the founding members (and a legal advisor if necessary)

EXAMPLE FROM BELGIUM :

- **APPROVED BY NATIONAL COUNCIL OF COOPERATION**
- **COOPERATIVE "WITH SOCIAL PURPOSE"**

Item	Proposed default	Alternatives and Explanation
Name	n/a	Make sure it is not already used
Headquarter	n/a	
Duration	unlimited	Normally, a cooperative is setup for an unlimited time
Identities of the founders	n/a	
Capital & shares price	18.600€ - 250€	Country dependent – must stipulate the amount that will be released and the source of the capital. A high share price tends to limit entry to wealthy people
Start and end of social year	1st of January – 31st of December	
How benefits will be distributed	Legal reserve – dividend – other projects	Other projects can be related to social, environmental or educational purposes. This guarantees the spirit of the Cooperative.
Steering Committee		Mandate (role and responsibilities), remuneration, composition, election, convocation, exclusions
Social Object		Commercial activities

General Assembly Place and date of the G.A., and vote organisation.

Cooperative members Admission conditions (demission and exclusion) – how shares can be sold, transferred, etc...

It is strongly advised to seek advice from a legal specialist in this process.

Initial Capital

Initial money is needed to finance the first activities of the Cooperative until external sources of money are developed.

There is a minimal capital associated with the Cooperative legal form and a legal requirement to release a part of it. However, this minimum capital is probably not important enough to fund the necessary activities to start up the Cooperative

EXAMPLE FOR BELGIUM: MIN CAPITAL = 18600€, ¼ MUST BE FREED WITH A MIN OF 6200. FOR COOP “À FINALITÉ SOCIALE”: MIN CAPITAL = 6200€.

NEEDED CAPITAL TO SET UP THE COOP: 20K€

Costs that should be covered by the initial capital are:

- Creation of the legal entity (legal fees, jurist fees, ...)
- Portfolio Finalization
- Detailed Architecture Analysis
- Detailed Financial Analysis
- Fund Raising

Those activities are described later in this document.

Financial Plan

The financial plan as constructed in the Prospection stage can be used, after having discussed and adapted the assumptions with the founders. Make sure the Financial Plan is still profitable after having changed the assumptions. ***In particular, the strategy on how to valorise produced electricity should be confirmed: local consumption vs. selling to the electricity market (depends mainly on government incentives)***

Cooperative Creation

Gather all the documents above and make an appointment with a notary. All founding members should be present or send a delegate (don't forget legal documents: IDs or power of attorneys).

5.2 Portfolio finalization

Prioritization of the portfolio of sites

This is an iterative exercise until a feasible, profitable, and bankable portfolio has been identified. Criteria of bankability rely mainly on the total size and vary a lot from country to country.

Profitability is mainly linked to the size (the bigger the site, the more profitable it is) and to the technical constraints (lots of civil work or difficult connections to the Grid can hinder project costs drastically).

Feasibility is mainly linked to the size (the smallest, the easier to implement) and the difficulty to receive permits.

Studying alternatives for agreement with owners

It is useful to be able to explain a set of alternative compensation mechanisms to the owners when getting their formal interest for the project, even if the chosen mechanisms will be formalised later. Note that this step can be bypassed if already done for the same legal context (for example, this should be a deliverable of the RESTOR Hydro project for each pilot country) and alternatively can be done later in the project.

The criteria supporting the mechanisms should be so that the compensation:

- Should be fair for the owner to allow the exploitation of his site by the cooperative with all the negative impacts for him (access to his property, noise, ...)
- Should be fiscally optimized for the owner, depending on his situation (private person, company, etc...)
- Should be a fair expense for the cooperative for the revenues generated by the exploitation of the site and should not hinder the profitability of the project
- Should assure both the continuity for the cooperative (a minimum of 20 years should be secured) and an early exit plan for the owner, without that the cooperative loses its investment if the exit plan is activated

Concretely, we can consider:

- Receive and enjoy the benefits provided by the power plant (fees or cooperative shares “apport en nature”)
- Long term exploitation agreement (fees or free/reduced electricity)

Regarding the early exit plan, we could add the possibility for the owner to buy back its usufruct or break the renting contract upon buying of the material at a predefined price (investment – amortization + compensation fee based on estimation of lost revenue for the lifecycle of the installation).

Professional advices should be sought (jurist) on **legal** and **fiscal** aspects.

Getting Letters Of Interest signed by owners (in the order of prioritisation)

Formal interest from the owners should be gathered in the form of signed “[Letters of Interests](#)”. This is a non-binding letter simply formalising the interest of the owner for the project and his willingness to collaborate and seek an agreement with the cooperative.

This is important to reduce the probability of it being blocked at a later stage with an enthusiastic but unsure owner, and to show the maturity of the project to other stakeholders (in particular banks).

5.3 Detailed Architectural Analysis

Engineering Plan & Permitting Files ready for submission

This step is not detailed here since it is part of the “Technical Runbook” (see the download section of the project website)

Agreements with owners ready to be signed

Now that it is exactly known what the proposed technical solutions are and thus the impact for the owner and that we know what are the expected revenues and how much the exploitation can be maintained. After these steps it is time to close the negotiations with the owner and ultimately finalise an agreement.

Detailed financial plan

This step is not detailed here since it is part of the “Financial Runbook” (see the download section of the project website)

5.4 Fund Raising

Shares Offering Program – Communication Campaign

The Shares Offering Program is a communication campaign aimed at local citizens to encourage them to invest in the project. It can take the form of:

- Leaflets – describing the projects, the history and the purpose and local benefit for the community
- A dedicated website detailing additional background information including links to other cooperatives and examples of other communities and actors who have successfully implemented such schemes should be made
- Local press outreach in print, radio, television and social media
- Local information sessions form the cornerstone of the funding efforts.

Information events at community halls where potential investors can engage directly with the local actors and their neighbours further develops confidence in the proposed

scheme and highlights them to the benefits

This Campaign will explain the project (sites, technology, costs, actors, timing), the modalities of subscription, the risks and expected returns, the governance and principles of the cooperative and the added value for the region etc...

It is advised to seek help and support from authorities and existing groups: municipalities could offer a gathering place and local press could advertise the event etc...

Apply for subsidies

Various redevelopment programs are available in different communities. Historical preservation as well as economic re-invigoration programs are often funded at the local, municipal, regional or state level with each having different requirements that can and cannot be combined with other programs. Application processes must be strictly adhered to and the process requires a detailed and thoughtful holistic approach.

This step is not detailed here since it is part of the “Financial Runbook” (see the download section of the project website).

Apply for loans

Banks and other funding programs are available, particularly for community and green projects. However, assuring a bank that due diligence has been completed and all necessary and possible risks have been mitigated is a time consuming and meticulous process. Once sufficient local funding has been obtained to mitigate financial risks specific lending institutions can be reached for further project support.

5.5 Implementation

Once all of these steps have been completed successfully, the Cooperative can make the final GO/NO GO decision to release contracts to build the sites.

Other activities cover:

- Setup of commercial contracts to sell the electricity (to end users or to the electricity market)
- Register as Green Energy Producer (country dependant, related to government incentives)

5.6 Production

Maintain the production site

Regular visits and preventive maintenance can be needed on top of the supplier maintenance contract. Ideally, this can be performed by the site owners depending on the agreement.

Sell Electricity

This includes invoicing mechanisms and follow up.

Incentives Management

Whether certificates based or feed in tariff based, there are obligations and management work related to government incentives

References

Ref	Organism	Title
1	ADEME	<u>GUIDE POUR LA REHABILITATION DES MOULINS HYDRAULIQUES EN VUE DE LA PRODUCTION D'ELECTRICITE</u>
2	SAW be	<u>Cooperative : mode d'emploi</u>
3	Esha	<u>Sherpa publications</u>