

SOLID Invest

Responsible partners (organizations and persons)

SOLID International GmbH, SOLID GmbH

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Model description

SOLID is well known for realizing ESCO concepts for the customer, where the customer pays not for the installation but for the kWh of solar heat, mainly for solar district heating plants. Due to changing financial framework conditions in Europe, it has become more difficult for SMEs to get loans for new projects. Therefore in November 2013, SOLID has launched a new investment model for solar thermal systems with public participation, called "SOLID Invest". This model provides citizens the opportunity to take responsibility for renewable energy developments by supporting the realization of new solar thermal projects on regional and global level. SOLID Invest works on the Lending-based-Crowdfunding (=Crowdlending) approach. Instead of one big investor many small investors lend us their money. In return they get back an interest yield every year and in the end of the binding period they get back their loan. The monetary backflow is guaranteed by the ESCOs. More information at www.solid.at/invest (at the moment in German, only).

Roles of the different actors

Investment Company

One major stakeholder is SOLID International GmbH, the company which takes the loans from the investors. It has to manage the invested money responsibly and supervise the ESCO companies. It also has to communicate with existing and future investors. It has to pay the annual interests to the investors and pay back the loan after end of contract. Here the minimum duration of the contract is five years. After this period, the contract can be cancelled by each party.

Private Investors

The private investors are a very relevant stakeholder group. A target group of well-off, green minded individuals was defined. This target group was reached by marketing events in Graz and surroundings and also through media campaigns. Typical invests are from 2.000 €, the minimum amount, up to 25.000 €. For the majority of the people investments up to the amount of 16.000 € (1st edition) respectively 18.000 € are favorable due to Austrian tax rules.

Financial Market Supervision Authority

As all financial business is under the auspices of the financial market supervision authority, the lending based Crowdfunding model has to comply with the rules of the Austrian Finanzmarktaufsicht (FMA). The chosen model requires no control from FMA.

Energy Purchasers

Another important stakeholder group are the future energy purchasers of the energy service companies. Here these are the regional utility of Styria, a large industrial company as well as a heat supplier in Upper Austria. The energy purchasers have to show a financial commitment to the project in the beginning and also give guarantees for a long term heat purchase, normally 8 to 20 years.

Public Funding Authorities, Private Banks

All invested solar plants are planned to be financed only partly by the relatively expensive crowd funding. Currently SOLID Invest is at an annual interest rate of 4,0 %, while bank loans currently have much lower interest rates. For the 1st edition that started at November 14th 2013 and ended an May 31st 2014, the interest rate was even at 4,5 % p.a. For the finance plan of the ESCOs, the crowd funding is regarded as equity and is supposed to have a share of 15-20 % of the total invest. The remaining 75-80 % will be financed by public funding for renewable energy installations, the energy purchaser and mainly by bank loans. So public funding authorities and private banks are also major stakeholders.

Swot analysis

Strengths: characteristics of the model that give it an advantage over others

Weaknesses: characteristics that place the model at a disadvantage relative to others

Opportunities: external chances to improve performance (e.g. make greater profits) of the model

Threats: external elements that could cause trouble to the model

Strengths	<ul style="list-style-type: none"> • First (and so far only) civil participation model for solar thermal systems – high innovation rate! • WIN-WIN: easier project financing for SOLID and attractive conditions for investors • Transparency via investment in „real“ solar thermal plants • Marketing effect for SOLID
Weaknesses	<ul style="list-style-type: none"> • Time effective in preparation phase • Investors cannot determine their investments to a specific project (it is a pool of projects)
Opportunities	<ul style="list-style-type: none"> • Can be replicated by other Solar-ESCO companies • Booster for new SDH projects and Solar-ESCO projects in general • Optimization of financing of existing ESCO projects • Project financing: equity for better conditions for bank-loans
Threats	<ul style="list-style-type: none"> • Lack of legal framework conditions • Technical breakdown of existing ESCO projects limits monetary backflow for interest rates • Bankruptcy of SOLID International • No new ESCO projects in the project pipeline
Improvements/recommendations/lessons learned	<p>Basically it can be said that if new ESCO-projects are in the pipeline, new investors are requested. The model has to be flexible and constantly balanced between supply (financing existing and new solar projects) and demand (existing and new investments of private investors). Legal framework conditions have to be checked constantly because of frequent changes.</p>

Replication potential

SOLID Invest was developed based on Austrian legal and financial framework conditions. The model itself has a replication potential. However, it always has to be adopted to the national conditions and needs. To manage the monetary backflow it is necessary to be or to involve a Solar-ESCO company.

Links to web site and/or documents for more detailed information

Website: <http://solid.at/invest/> (in German only)

Brochure for download: http://solid.at/invest/images/presse/Solid_Invest_BROSCHUERE.pdf