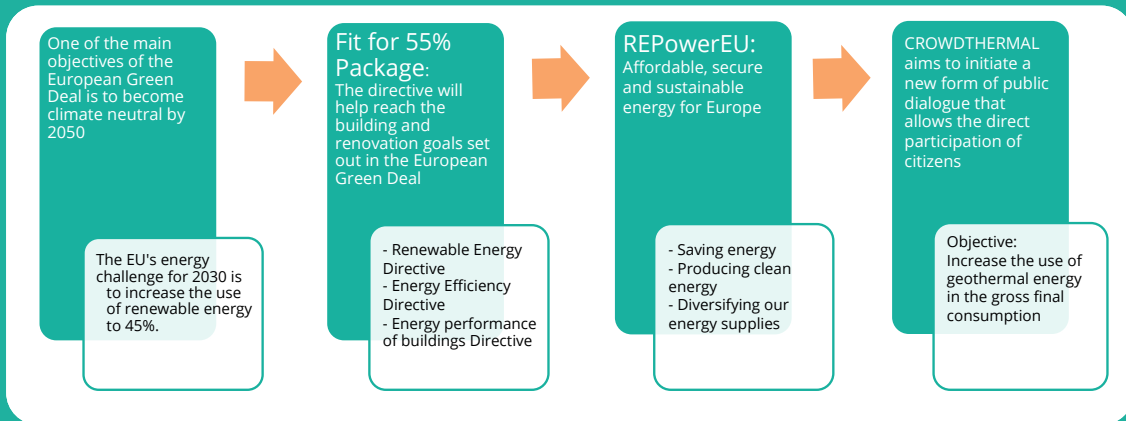




RECOMMENDATIONS TO NATIONAL AUTHORITIES AND TO THE EU

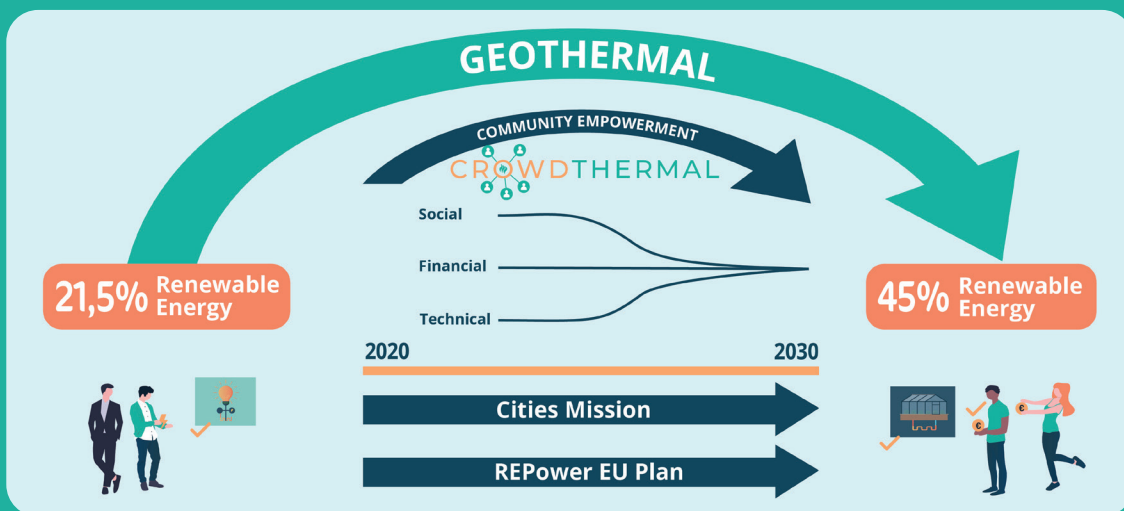
Geothermal energy has a large potential for EU's renewable energy supply. Concrete actions encouraging citizen and community engagement can help unleashing this potential. More broadly, for all sources of renewable energy, there is a clear need to learn more on public engagement and social acceptance.



*Political framework for the CROWDTHERMAL project.
Source: CROWDTHERMAL project, 2022.*

The EU-funded CROWDTHERMAL project has identified three main aspects which need to be taken into consideration:

- Social-environmental conditions for citizen engagement
- Financial mechanisms
- Technical aspects for risk mitigation



*CROWDTHERMAL Community Empowerment to achieve the renewable energy challenges.
Source: CROWDTHERMAL project, 2022.*

Based on the research performed around these aspects, CROWDTHERMAL has developed a set of recommendations and tools relevant for the delivery of the European Green Deal, the REPowerEU Plan and for the implementation of the EU Mission on 100 climate-neutral cities by 2030.





RECOMMENDATIONS TO NATIONAL AUTHORITIES AND TO THE EU

1. Mobilise national support actions for community funding

- Create government incentives for community funding in geothermal projects.
- Create a capacity building program for geothermal projects to receive hands-on support.
- Promote knowledge sharing and peer-learning amongst geothermal community project owners, by launching/supporting a European network of geothermal community projects.

2. Create new EU funding mechanisms incentivising community funding

A number of instruments could be created at a European level to support community funding for geothermal projects. For example, the European Commission could create:

- A European match-fund to match local and community investments.
- A European risk mitigation scheme for (community) funding in geothermal projects.
- A European Green bond to invest in geothermal projects with community involvement .
- A European pay-it-forward scheme where countries get a quota of geothermal energy they have to create (relative to the local possibility), to which they can trade the right among each other.
- Create a European fund to provide grants in very early startup phases to community geothermal projects. Only to be paid back (with premium) if project is finally developed.

3. Establish a pan-European geothermal exploration risk mitigation scheme for deep geothermal projects that use community funding

CROWD THERMAL recommends to establish a pan-European geothermal exploration risk mitigation scheme for deep geothermal projects that use community funding . An ideal framework for such a tailored risk mitigation scheme would unite project financing and risk mitigation components. It should include:

- A grant-based, co-financing component in the form of matchfunding of the amount of funds that can be raised from the public. Public matchfunding encourages successful community funding, helps projects become economically feasible and can increase trust in a project;
- A risk-sharing component in the form of guarantees to mitigate the short- and long-term subsurface risks. Such guarantees considerably reduce the financial risks associated with subsurface uncertainties, both for project developers and for community investors. They are expected to lead to more positive funding and project realisation decisions.

In the light of the deep geothermal market status in Europe, a high involvement of public aid-granting entities in the (co-)funding of such a geothermal de-risking scheme is important. Ideal funding sources include transnational financing bodies, national governments, and public support mechanisms like EU-level public funds.

The access to a public geothermal risk mitigation fund should not be restricted to traditional banks, as this has proven a potential pitfall for risk mitigation schemes in the past. It is rather suggested to establish an earmarked risk mitigation facility to which project developers and/or crowdfunding platforms could directly apply.

Financing and establishing such a geothermal risk mitigation facility for geothermal crowdfunding can act as an important stepping stone to stimulate geothermal market development in Europe with all associated benefits for the environment and for society.



RECOMMENDATIONS TO NATIONAL AUTHORITIES AND TO THE EU

4. Revise the regulatory framework for community funding

CROWDTHERMAL analysed the “Regulative Framework for Community Funding” and the impact of the legal and financial infrastructure on the possibilities for community finance for geothermal projects. These studies also considered the lessons learned from three case studies in Spain, Hungary, and Iceland.

On this basis, CROWDTHERMAL identifies two major areas of infrastructure and legislation that affect the choices and possibilities of community finance:

- Governance and ownership structures (who can own a geothermal site?);
- Legislation of the generation and supply of electricity and heating (who owns the distribution network and at which price?).

CROWDTHERMAL has developed an online “Core services” platform, offering the following tools for communities, project developers and local authorities:

- Online decision support tool for developers and promoters of geothermal projects to identify the most appropriate social engagement strategies and financial instruments
- Implementation frameworks for community-based geothermal development
- Guide to integrated finance in geothermal energy
- Toolbox for risk evaluation and mitigation
- Meta-database of geothermal projects
- Information catalogue for self learning

Get in touch with the CROWDTHERMAL Alliance in case you need personalised advice!

More information:

CROWDTHERMAL Deliverable 4.10
[CROWDTHERMAL recommendations](#)

