

# CASE STUDY



## Going Solar

### Mouscron City (BE) going full swing for citizen energy!

*“COOPEM, a cooperative initiated by the City of Mouscron but managed by its citizens” Ann Cloet, Mouscron Deputy Mayor and President of the Coopem*

#### The Summary

Energy cooperatives are not always steered by the citizens. In the southern Belgium city of Mouscron, the local authority was at the initiative of the launch of the “Coopem” - Cooperative Energy of Mouscron – along with close of 20 residents and partners.

Launched in May 2017, the cooperative has already helped several households and companies to afford solar energy installations thanks to decreased upfront costs and tax rebates. This joint ownership model, a first-of-its-kind in Belgium and possibly Europe, has now become a famous success story in the country!

#### The Context

The decision to launch the cooperative was taken in the framework of the city’s commitment to the Covenant of Mayors’ initiative, signed in 2012 with the objective of reducing CO2 emissions by 21% by 2020.

The measures foreseen to reach this target are listed in the city’s Sustainable Energy Action Plan,

which focuses on the development of renewable energy, but also sustainable buildings and citizen engagement.

At the time of the action plan development, the city hosted a total of 667 photovoltaic installations of a capacity of less than 10KW, totalling 2 830 KW and producing 2 405.5 MWh. Against a total of some 21 500 residential buildings and 1 200 shops and businesses, this meant only 3% of the total building stock was equipped with solar installations. To start harnessing all this untapped potential, the city thus decided to take measures for solar cells to make a bigger imprint on Mouscron’s landscape!

Following a series of consultations and feasibility studies, the local officials finally opted for the joint cooperative model, acting as a one-stop-shop towards citizens and companies willing to invest in the technology.





## The Challenges

The challenges linked to the launch of the cooperative itself were notably to assess actual demand and interest from citizens towards the project. The city held two successful information sessions and also actively communicated the plan in the local media. Ensuring the project's viability and relevance was another key issue, addressed thanks to the help of experts hired through financial support from a regional government programme.

Obstacles linked to the higher penetration of renewables in the city related mainly to the high upfront costs linked to the installation of photovoltaic panels. The administrative paperwork and processes to undertake, including the application for green subsidies and certificates, were also identified as a strong deterrent for citizens and companies alike.



Credits : COOPEM

## The Model

With the Coopem model, Mouscron offers its citizens the choice to either directly benefit from the energy transition (as clients) or actively take part in it by becoming members of the cooperative.

According to a democratic governance model, one member equals one vote and all have the possibility to get a seat in the board of directors.

The share price amounts to €250. To ensure a fair representation of citizens independent of their economic power, members can only buy a maximum of 20 shares (€5 000) in the cooperative.

The first dividends will be distributed to members of the cooperative in the 2019 fiscal year. The first 1000 shares sold benefitted from a tax rebate which decreased their price by 45% from €250 to €137.50.



## The People Behind

This hybrid cooperative model is unique in the sense that it associated the city council from the very beginning as promoter but also shareholder of the project. This participation of the city proved instrumental in increasing the credibility and legitimacy of the project. Fourteen citizens were also associated to the launch of the cooperative, together with two trusted partners in the field (owning 30% of the cooperative shares), including Energiris, a citizens-led investment cooperative very active in the Brussels Capital region and ARALIA, a company with a strong track record of renewable electricity production projects.

The local authority owns 15% of the cooperative shares. Two of the board members of the cooperative work in the energy department of the city, offering a direct contact between the citizens and the cooperative.

The president of the cooperative is no other than the city's deputy mayor for energy Ann Cloet. A long time enthusiast of climate action and sustainable energy management, Ann recently (in the course of 2017) contributed to shaping the European Clean Energy Package by holding exchange of views in Brussels with Member of the European Parliament and other key European city representatives.

## The Clients

The households that chose to work with the Coopem for their solar investments benefit from a wide range of 'à la carte' services, including:

- ✓ Administrative handling of the whole process



- ✓ Prefinancing of the energy subsidy (of €2 720) - normally granted over a 5-year period as of the entry into operation of the installation - or assistance in applying for it
- ✓ Further reduction of the investment costs through joint equipment purchase
- ✓ Selection of the best equipment from local suppliers ensuring early intervention in case of problems with the installation
- ✓ Monitoring and validation of the installation process
- ✓ Performance guarantee on installation

By the end of June 2018, the cooperative completed its third joint purchase of 85 installations of 3 KW of capacity, collecting enough subscriptions in the span of a single evening information session! Individual installations amounted to €6 000 among which €2 720 is pre-financed by the cooperative. New demands then kept flowing in confirming the vivid interest of citizens.

**Businesses** are also a target group of the Coopem, through another innovative service model:

- ✓ The cooperative offers a leasing plan to local companies, which are invited to finance only 10% of the installation costs
- ✓ These 10% upfront costs are typically reimbursed within two to three years through savings on the electricity bill
- ✓ The Coopem thus finances the remaining 90% of the investment which is paid back over a ten-year period through the selling of green certificates
- ✓ During that period, the company benefits from an electricity price cheaper than the one bought from the grid
- ✓ At the end of the 10-year period, the company becomes the owner of the installation
- ✓ A renting (instead of leasing) option, with no buying obligation is also possible
- ✓ As always, the cooperative chooses the best quality equipment, offers installation

maintenance and always seeks to maximize production to sell the biggest possible number of green certificates



Credits : City of Mouscron

## The Money

The city was granted a sum of €8 000 from the regional government (in the framework of the POLLEC2 programme) in order to evaluate options for alternative funding of renewable energy installations. The research conducted with the help of three consultants helped to identify this cooperative model as the best way forward.

The city contributed €3 000 out of the initial capital of €20 000 put together for the establishment of the cooperative.

*"Investing is better than saving! The Coopem dividends are higher than those currently delivered by financial organisations," Christian Delaere, Co-founder of the Coopem*

## The Replication Potential

To other local authorities interested in the approach, the Mouscron city officers suggest to conduct a thorough mapping of available roof surface and test the ground heavily with citizens and companies to make sure there is actual demand for the project. In the city of Mouscron, two citizen meetings were organised in the year



preceding the launch of the cooperative. Citizens not only joined in but also proactively sought contact with the city later on to find out about the progression of the initiative.

## The Impact

- ✓ The joint purchasing of equipment from local companies contributes to local development in the city
- ✓ The one-stop-shop approach helps citizens get easier administrative and financial access to RES solutions
- ✓ The project contributes to the city's CO<sub>2</sub> reduction targets in the framework of the Covenant of Mayors
- ✓ The city branding is enhanced thanks to the international visibility of the project and residents feel committed to climate action and become more enthusiastic towards sustainable energy policies
- ✓ Benefits from the project can be re-invested into other sustainable development activities

## The Figures

- ✓ Dividends of up to **6%** as of the **3<sup>rd</sup>** year;
- ✓ Fiscal rebate of **45%** for the first **1000** shares sold;
- ✓ **15%** shares owned by the local authority
- ✓ Majority of shares – **55%** - owned by citizens;
- ✓ Already 85 installations up and running;
- ✓ **45%** of the costs pre-financed by the cooperative;
- ✓ **8 000 €** contribution of the Regional government to the project.

## The Next Steps

Other wave of installations is foreseen from July 2018.

Other cities in the Wallonia region are starting to copy the Coopem model. In the municipality of Aywaille, the local transition network is about to develop the same approach to power a network of small renewable production units through photovoltaic and biomass energy.

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