

## **Local heating - efficient, cost-effective, clean**

*Düsseldorf, 05 December 2024 - Local heating is a concept with a great future. It offers high energy efficiency and the infrastructure costs are lower than for district heating. In addition, renewable energy sources can be easily integrated. However, one challenge with many local heating projects is often a lack of capital, especially for smaller municipalities. "This is where strategic partners with expertise in project development and financing can help", says Markus W. Voigt, CEO of the aream Group.*

Local heating systems distribute energy - usually hot water - from a central heating system to several consumers in a town or housing estate. Unlike district heating, the system and consumer are not far apart, usually only one to two kilometres. The thermally insulated pipes are usually underground, short distances and insulation minimise heat loss during transport. This eliminates the need for customers to invest in their own heating technology. "Local heating systems are also versatile and very efficient when it comes to fuel", explains Voigt. "Operating with renewable energy sources is inexpensive and protects the environment."

However, the realisation is associated with investments for which capital must be available. High development costs are incurred in the pre-financing of the planning phase, realisation is often still uncertain and venture capital is often only available to a limited extent. Project financing poses further challenges for the smaller-scale projects. In addition, there is the complex securing of the heat purchase and high demands on the equity ratio. Funding is available, but lengthy application processes can lead to delays and funding commitments remain uncertain. And finally, small projects cause large institutional investors to steer clear.

Medium-sized to large municipal utilities and energy suppliers hardly complain about capital bottlenecks, nor do larger industrial projects or subsidised municipal projects. "In contrast, there are clear bottlenecks for smaller municipalities and municipal utilities, community energy cooperatives or neighbourhood solutions without strong institutional financiers", explains Voigt. Experienced development and financing partners can help to realise such projects quickly and very economically when it comes to raising capital, navigating the lengthy approval process or dealing with the authorities involved.

### **About the aream Group**

aream Group, founded in 2005, is an investment and asset manager for institutional investors and industrial clients with a focus on sustainable infrastructure in the renewable energy sector. With its three divisions Fund and Asset Management, Project Development and Operation Management, aream covers the entire value chain for renewable energy investments. With a transaction volume of more than 2.5 billion euros, aream is one of the leading asset managers in this market, and its own portfolio of plants generates around 40 million euros worth of green electricity per year. Since 2008, aream has produced more than one billion kWh of green electricity. As part of the growth strategy, several solar and wind parks are to be realized or acquired in the coming years. Through its own project development alone, aream currently has a long development pipeline with great potential. Further information: [www.arem.de](http://www.arem.de).

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