Briefing: Putting citizens and communities at the heart of the REPowerEU

#RePowerEU4All

The Community Power Coalition[1] brings together a diverse network of like-minded organisations who share a common goal of promoting the development of citizen and community ownership of energy in the urgent transformation towards a 100% renewable energy system. The Coalition includes associations representing energy cooperatives, networks of cities and local authorities, the renewable energy industry, legal experts and diverse environmental NGOs.

We live in difficult and challenging times, with multiple interlinked crises threatening the people and the planet. From the constant rise of social inequalities to the accelerated climate crisis and from the global pandemic to war outbreaks and the energy crisis, it is now the time to think and act out of the neoliberal box.

Wars and conflicts are fuelled worldwide by dependence on fossil fuels and other non-renewable resources and are often caused by competition for them. We must urgently get out of this dependence and ensure a just and inclusive transition toward system change that promotes a peoples' centred sustainable energy model to prevent catastrophic climate change and future military conflicts.

[1] https://communitypowercoalition.eu/

Our objectives

The Community Power Coalition believes in locally and publicly owned energy projects aimed to address local socio-economic needs, based on voluntary and open membership, democratic control, each member's economic participation, and fair and equitable benefit sharing. Community ownership empowers citizens to make decisions about their energy future. Community ownership of renewable energy production maintains benefits from renewables locally by creating jobs, boosting local investment, providing services such as education, encouraging citizens to save energy, and fighting against energy poverty. By driving public acceptance of renewables, energy communities can bring people together to benefit both their societies and the energy system. The potential of energy communities lies not only with production and distribution of renewable energy, but also encourages energy savings, while local ownership enhances security of supply. Market-based approaches alone are proven insufficient to drive a successful energy transition. Renewable energy sources are common goods, and all citizens must have a fair opportunity to take ownership and benefit from participating in the energy transition. Furthermore, the energy transition must be based on fairness and solidarity, where no one is left behind, including vulnerable and energy poor households.

The climate crisis

The science is clear. According to the latest IPCC report[2], only a very small window remains to limit global average temperature rise to 1.5ºC – the target set in the Paris climate agreement – and this requires an end to new fossil fuel infrastructure and the urgent decommissioning of existing fossil fuel facilities. It also shows that the construction of new fossil fuel infrastructure, and even the continued use of existing fossil fuel infrastructure, will make the 1.5ºC target impossible to reach. Governments must begin the rapid phase-out of fossil fuels and accelerate the transition to 100% renewables to stand a chance of limiting warming to 1.5ºC. Overshooting would have devastating impacts, most profoundly on countries in the global South, least responsible and least able to cope and the most vulnerable ones in general.

[2] https://www.ipcc.ch/report/ar6/wg2/

The energy crisis

The energy crisis, which is a fossil fuel crisis that pushed prices up across Europe, predates the outbreak of the war in Ukraine.[3] Europe is highly dependent on fossil gas, its market structure does not reflect the actual market price and is vulnerable to speculation, creating an extraordinary situation for citizens. The EU imports 90% of the gas it consumes, with Russia providing around 45% of those imports, in varying levels across Member States. Russia also accounts for around 25% of oil imports and 45% of coal imports, according to the European Commission. The war has served as a catalyst for further price increase, leading many Europeans to further impoverishment, having to choose between paying the rent, warm themselves during winter or bring food on the table. This crisis affects not only vulnerable and low-income, but also middle-income citizens.

We need to drastically change our economy and energy system in a sustainable, just and inclusive direction. This change cannot include expensive and volatile fossil fuels, regardless of their origin. We need an energy strategy based on sustainable and renewable energy sources, that addresses the multiple challenges we face, such as climate change, the energy crisis, social inequalities as well as a potential food crisis.

The REPowerEU

Following the war outbreak in Ukraine, the EU moved ahead with a plan for joint European action for more affordable, secure and sustainable energy, named REPowerEU. The plan seeks to make Europe independent from Russian gas before 2030 by further accelerating the energy transition and increasing the ambition of the Fit-for-55 package.[4] The Commission's plan to increase the resilience of the EU-wide energy system is based on two pillars:

1. Diversifying gas supplies, via higher Liquefied Natural Gas (LNG) and pipeline imports from non-Russian suppliers, and larger volumes of biomethane and renewable hydrogen production and imports;
2. Faster reducing the use of fossil fuels in our homes, buildings, industry, and power system, by boosting energy efficiency, increasing renewables and electrification, and addressing infrastructure bottlenecks.

[3] https://ec.europa.eu/commission/presscorner/detail/en/IP_21_5204
[4] https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/

3. While we welcome the EC's initiatives regarding energy savings/efficiency and renewables deployment, particularly the efforts to minimise administrative barriers for renewables, as well as the electrification of heating and cooling through heat pumps, we deplore the complete lack of reference to citizens' and communities' participation through energy communities in the REPowerEU and their crucial role in transforming the energy system in times of crisis.

Moreover, **diversifying gas supplies with LNG including from the USA cannot be a sustainable solution.** Simply replacing fossil fuels with more fossil fuels will repeat the mistakes of the past and continue to lock us into an energy system which is catastrophic for the climate. By changing gas supplier(s) we do not solve the actual problem as we only prolong fossil fuel dependence. We need to move ahead toward renewable energy and energy efficiency, while empowering citizens and communities to participate in the energy transition. **Hydrogen should not be a fossil gas back-door.** Regarding the hydrogen accelerator, we would like to stress that it should be 100% renewable hydrogen only and be used for hard to abate/electrify sectors only, such as industry - not for households.

Our recommendations for REPowerEU & the upcoming EU Solar Strategy

RePowerEU should recognize community energy as a key lever. Fostering renewable community energy is a realistic way of moving away from fossil fuels by accelerating the energy transition in a just, participatory and inclusive way, as well as to tackle real social issues such as energy poverty. In order to boost the creation of new energy communities and a just energy transition, recommend the following:

1. **Full implementation of the Clean Energy Package (CEP) provisions for energy communities:** Member States should fully transpose the provisions related to energy communities in the Renewable Energy Directive (REDII) for Renewable Energy Communities (RECs) and the Internal Electricity Market Directive (IEMD) for Citizen Energy Communities (CECs). Prior to adoption of the enabling framework, Member States should carry out assessments in order to map the barriers and potential at national level.

2. **Establishment of national and sub-national objectives for citizen and local community ownership and production of renewables in NECPs as well as at regional and local/municipal level**.
    - Increase EU renewables target to at least 50% by 2030
    - Acceleterate RES deployment by lifting bureaucratic barriers in RES permitting. Faster permitting should be coupled with adequate biodiversity provisions and local community participation. The most efficient strategy to increase the renewables deployment pace is to increase social acceptance through participation and ownership. This is key when it comes to process efficacy and social justice.
    - Set specific national and/or regional and local energy community objectives promoting local ownership of renewables, which should be coupled with a clear allocation of responsibilities and governance criteria, and with an authority designed to follow up and monitor the implementation of the formulated objectives and provisions for energy communities.

3. **Develop one Renewable Energy Community (REC) per local region in order to support citizens to reduce their energy costs and tackle energy poverty** through energy sharing, net-metering or virtual net-metering schemes. Access to renewables for all, especially vulnerable citizens.
    - Combine self-consumption (such as from solar PV rooftops) with plans for accelerated roll out of heat pumps.
    - Solar rooftop strategy: Provide an adequate framework for solar rooftop installations for power and heating systems.

4. **Provide dedicated funding for technical support** to renewable energy communities. In order for barriers to be removed for citizens to effectively participate in energy communities, public schemes should be established to provide them with administrative and technical support. The specific barriers faced by energy poor households should be fully assessed, and addressed in those schemes.

5. **Reduce energy demand:** The energy efficiency first principle must guide all actions and measures, in particular for vulnerable households, building renovations, massive heat-pump roll-out, and empower prosumers, especially in urban environments, where most people live. Reducing demand will also require behavioural change at all levels of society, along with long-term structural changes, which should be encouraged through public policies (energy use, transportation, etc.). Through making the link between production and consumption tangible, energy communities can play a crucial role in shifting mindsets.

   More precisely, we recommend the Commission to:

   - Adopt the definition of vulnerable consumers in favour of the 'low-income, energy poor and vulnerable households' currently in use in the Energy Efficiency Directive in any new energy plan and strategy.
   - Propose an EU flagship initiative, without further delay, aiming at an annual growth of at least 5 million building renovations in 2025 to undergo deep renovation.
   - Guide Member States to put short term plans to prioritise worst-performing buildings and those occupied by low income, vulnerable and energy poor households and ensure technical assistance through advisory tools such as one-stop-shops at local level.
   - Provide a framework to further incentivise energy efficiency measures, through allocating targeted funding, and assess Member States' implementation of the Energy Efficiency First principle for all investment decisions for a just and affordable energy transition away from fossil fuels.

6. **Assess current market structure** and optimise electricity market design accordingly in order to reflect the actual cost of energy. Current market structure distorts market prices and lends itself to volatility and speculation, hurting citizens, consumers and the transition to a decarbonised energy system.

7. **Windfall profits should be taxed and revenue redirected to renewable, energy efficiency and community energy projects and to support citizens, especially the most vulnerable.** According to the REPowerEU communication [5] such fiscal measures on high rents could make available up to EUR 200 billion in 2022.

8. **Upgrade the grid infrastructure and provide preferential access** to community energy initiatives. **Alternatively,** allocate grid capacity for renewable community energy projects, especially if combined with energy sharing, net-metering or virtual net-metering schemes.

9. **Withdraw the EU Taxonomy Complementary Delegated Act** providing green label to fossil gas and nuclear investments. In the midst of an energy crisis of such magnitude due to fossil fuels, the EU's sustainable finance strategy in which the EU taxonomy is a cornerstone, must focus on stopping the EU's dependence on fossil fuels in general, and fossil gas in particular. The EU needs to provide a clear signal.

10. **Do not replicate citizen energy community measures in Gas Market reform proposals.** This would create a risk of abuse by larger commercial market participants. A third definition of energy communities in the legislation also risks creating additional confusion and complexity, and thus delays in transposing energy community provisions.

11. **The EU needs to assess the enormous potential of community energy. Assign the Joint Research Centre (JRC)** to conduct a research report regarding the community energy potential for quick decarbonization of the EU, with 2025 and 2030 as benchmarks.

[5] https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1511

Conclusions

We believe that the above-mentioned recommendations will contribute to the faster and fairer transition of our energy systems away from fossil fuels toward a fully efficient and renewable energy system. In the context of the fossil fuel crisis and the war in Ukraine, increasing local and community-owned energy generation will help decrease Europe's dependence from Russian fossil fuels, and fossil fuels in general, while contributing to tackle the climate, social and energy crises in a just, sustainable and inclusive manner.

Europe must trust its people.