



Press release

Commission's Electricity Market Design proposal mainstreams energy sharing while disregarding local ownership of renewables

Brussels, 15 March 2023 – Yesterday, the European Commission published its legislative proposal to revise the EU's Electricity Market Design. These revisions are intended to address the acute impacts of the ongoing energy crisis. While the Commission's proposal opens up energy sharing to all households and small and medium enterprises (SMEs), and opens further the possibility to sell local renewables through power purchase agreements (PPAs), it ignores the role of local ownership of renewables production and supply in helping communities hedge themselves against the effects of the energy crisis, as we move to a 100% renewables future. The proposal also opens the door for supporting nuclear alongside renewables, despite the fact that it is not a clean, viable or safe option for addressing the energy crisis.

Specifically, the Electricity Market Directive proposes to guarantee households and SMEs the ability to treat off-site renewables production as self-consumption, as long as production and consumption are carried out within the same bidding zone. It strengthens obligations for network operators to clarify procedures and provide transparency for prospective energy sharing initiatives, while mandating regulators with the task of making sure barriers for citizen energy community projects are removed. It also limits interference from other commercial market actors. Furthermore, it requires Member States to remove barriers that prevent renewables producers from selling directly to third parties through PPAs and to make sure vulnerable customers have access to energy sharing schemes, are protected from disconnections and can enjoy universal service.

However, the proposal almost completely ignores the impacts that mainstreaming energy sharing will have on locally-owned initiatives by municipalities and energy cooperatives. The proposal, as well as other measures under the Commission's REPowerEU Strategy will promote significant growth of utility-driven renewable energy projects, which will have considerable impacts on local communities. If these communities are not supported in being able to take ownership and benefit from these common goods, sustainability and public acceptance issues are likely to become more prevalent, hindering the energy transition. These issues are already present through lack of space to develop projects and lack of prioritisation in obtaining a grid connection. Furthermore, opening up national support schemes for nuclear alongside renewables will slow down efforts to decentralise and optimise the energy system towards renewables and flexibility.

Therefore, the energy sharing provisions have yet to be adapted to take into account the special needs of energy communities. Otherwise, decentralised renewables production could simply become another domain for market incumbents. It is for these reasons that [the Community Power Coalition recently](#) urged Executive-Vice President for the European Green Deal, Frans Timmermans, and the Commissioner for Energy, Kadri Simson, to include promotion of local ownership of renewables production and supply as a key principle of the electricity market design.

Dirk Vansintjan, President of REScoop.eu, the [European Federation of Citizen Energy Cooperatives](#), had to say: *"Clarifying that all households and SMEs have a right to share local renewables production to meet their consumption needs is certainly a step in the right direction".* Continuing, Vansintjan says *"However, the proposal promotes commercial for-profit initiatives without accounting for the negative impact this is likely to have on community initiatives. This could ultimately disadvantage locally-governed initiatives."*

"The new obligations for network operators and regulators will hopefully make it easier for local governments and their citizens to access information and overall should simplify connection processes, making them much faster for community energy projects" said **Claire Roumet, Director of [the city network Energy Cities](#)**, *"Nevertheless, the proposal did not acknowledge the importance of local ownership as a solution to the crisis, and the new text on energy sharing via commercial parties might actually pose a serious threat to the future of community energy".*

Now that the Commission has proposed this legislation, it will enter the co-decision process, whereby the European Parliament and the Council will negotiate in parallel but separate processes on their own revisions to the texts.

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