

REPowerEU: A closing window for energy democratisation

Briefing

Background

REPowering People, Planet, and Communities

The REPowerEU strategy will mobilise close to 300 billion euros for Member States to update their Recovery and Resilience Plans, setting, among others, higher targets for energy efficiency and renewable energy. All Member States should have submitted and published their updated national Recovery and Resilience Plans (RRP) by the end of April 2023. However, the process has been delayed, as most countries are still drafting their REPowerEU chapters and/or haven't formally submitted their REPowerEU chapters to the European Commission. Meanwhile, some Member States are equally amending their initial RRP in the light of the energy crisis triggered by the war in Ukraine. This additional time is a window of opportunity for Member States to increase the support provided to energy communities within their national plans. In fact, the REPowerEU strategy specifically acknowledges the critical role that local communities can play in accelerating the energy transition, and sets an EU target of one energy community per Municipality of >10,000 residents by 2025. Furthermore, energy communities are already widely recognised throughout the FitFor55 files (i.e. Energy Efficiency Directive, Renewable Energy Directive, Electricity Market Design, European Performance of Buildings Directive...)

Much like how the 1970s oil crisis led to a major renewables push in EU countries like Denmark, decision makers should seize the opportunity to make future-proof decisions now, and these must include and empower citizens. Energy communities can build local energy security, in line with the REPowerEU objectives, promote energy efficiency and sufficiency, and match local energy production with consumption, providing flexibility to our overburdened energy systems. Most importantly, as envisioned in REScoop.eu's Manifesto "A REPowerEU for Energy Citizens"¹, energy communities can significantly accelerate the energy transition, while ensuring social justice and lower energy costs for households. By 2050, around 45% of renewable energy production could be in the hands of citizens², about a quarter of which could come through participation in cooperatives. Moreover, the time to unlock finance is now, as citizens have the capacity to invest up to 240 billion euros toward the energy transition by 2030³.

¹ <https://www.rescoop.eu/news-and-events/news/a-repowereu-for-energy-citizens-manifesto>

² <https://cedelft.eu/publications/the-potential-of-energy-citizens-in-the-european-union/>

³ <https://www.sciencedirect.com/science/article/abs/pii/S1364032120305888>

State of Play

Lack of Meaningful Inclusion

Whereas the Regulation on the Recovery and Resilience Facility (Article 18 (q)⁴) explicitly instructs Member States to ensure broad stakeholder participation in the preparation and implementation of the Recovery and Resilience Plans (including the REPowerEU chapters), the reality on the ground differs significantly. Separate analyses by REScoop.eu, Bankwatch and CAN-EU⁵, as well as Energy Cities⁶, and a consortium of NGOs focusing on Central and Eastern Europe⁷, have all found that **energy communities, municipalities, and civil society at large, are being left out of the RRP and REPowerEU preparation process**. In many countries, public consultations are either too short, or limited to specific stakeholders (with environmental NGOs being excluded), and often shrouded in secrecy.

Community energy groups are not only left out of the design process, but are also often not targeted beneficiaries of RRF funds. In the context of REScoop.eu's Public Financing Tracker⁸ project we find that out of 19 analysed Member States, 11 fail to even mention energy communities in their RRP, with no indications that this will change through their REPowerEU chapters. Current insights from the CEE region show that Member States are planning limited changes to their National Recovery and Resilience Plans (NRRPS), like topping up existing schemes or adjusting them to new challenges like inflation. Specific financial support for energy communities is still lacking across the many EU Member States.

Seizing the Closing Window of Opportunity

Member States, with appropriate help from the European Commission, should work on improving the national RRP by:

- **Countries that have so far not dedicated budget lines for energy communities within their RRP**, such as for example Romania, Estonia, Bulgaria, Malta, Latvia, Slovakia and Slovenia, **can still seize the opportunity to do so**. Following the Commission's guidelines, **Member States are encouraged to link energy communities with various social objectives**, such as tackling energy poverty⁹, or

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32021R0241>

⁵ <https://www.rescoop.eu/financing-tracker>

⁶ <https://energy-cities.eu/policy/how-can-repowerEU-chapters-make-or-break-local-transitions/>

⁷ <https://www.ceeweb.org/publication.php?id=805>

⁸ <https://www.rescoop.eu/financing-tracker>

⁹ https://commission.europa.eu/publications/guidance-recovery-and-resilience-plans-context-repowerEU_en

promoting a just transition. Energy communities should also be supported to engage in a range of activities including energy saving projects, flexibility services, citizen-led renovation, and community heating & cooling projects.

- Countries that have already included dedicated financing for energy communities in their RRP, such as Czechia, Portugal, Greece, and Hungary, can **use the REPowerEU chapters to boost funding levels and the number of citizen-led energy projects supported**. Poland for example has signaled a significant increase in support towards renewable energy communities through its national REPowerEU chapter. Allocation will be almost doubled (additional EUR 91.5 million), and the number of energy communities and clusters supported will be increased from 139 to 200 in the pre-investment part, and from 10 to 20 in the investment part.
- **Countries that have not yet fully transposed EU legislation on energy communities**, should include a full transposition, including the setting of an enabling legal and regulatory framework, in their list of reforms within REpowerEU chapters.
- **Ensuring meaningful citizen participation** through extensive stakeholder consultation and inclusion processes that adhere to the EU's Better Regulation Guidelines¹⁰.
- Any **funding to fossil fuels should strictly be ruled out** (e.g. Hungary, Czech Republic, Slovakia, Italy, Poland, Romania¹¹). Instead, Member States should double down on their support towards locally-led renewable energy projects. While renewable energy projects drive down inflation and reduce energy prices, saving European consumers EUR 100 billion just in the last two years¹², fossil fuels expose communities to price shocks and volatile energy bills, at a time where stability is needed. Shifting the fiscal balance from fossil fuels to local citizen-led renewables would also accelerate the RES transition.

¹⁰ https://commission.europa.eu/system/files/2021-11/%20swd2021_305_en.pdf

¹¹ <https://bankwatch.org/publication/repowereu-a-new-opportunity-to-finance-energy-transformation-repowereu-chapters-factsheet>

¹² https://www.iea.org/news/renewable-power-on-course-to-shatter-more-records-as-countries-around-the-world-speed-up-deployment?fbclid=IwAR2Wd2phlpI Me48s9YYJH36pd0B_2yila3xFs04ygrBHDyqxIjeRyF_dgal