

A circular inset image showing a low-angle view of a modern building's facade, characterized by white horizontal bands and dark window frames, creating a strong geometric pattern.

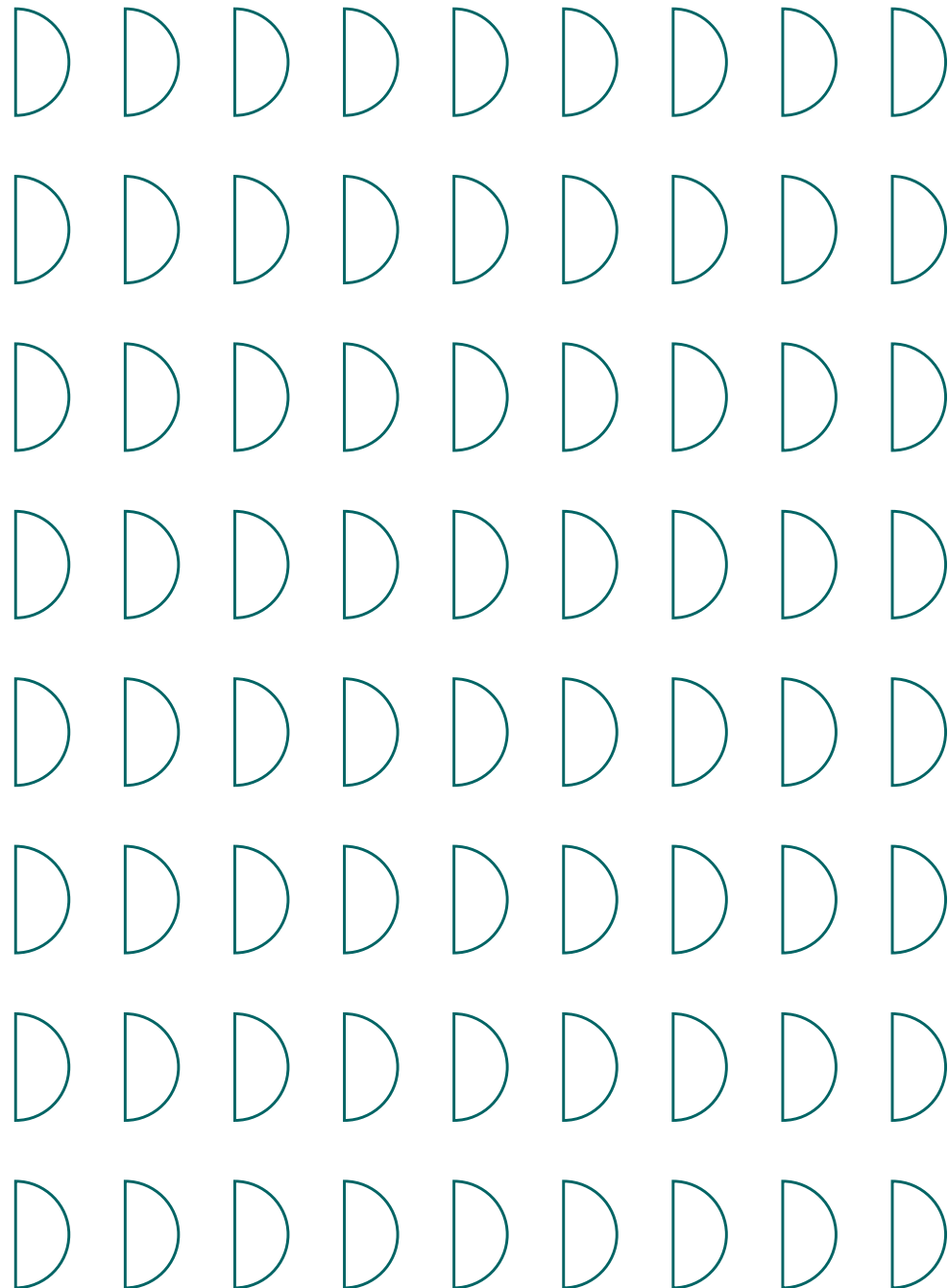
Unleashing the power of community energy

Policy recommendations



Funded by the Horizon 2020 Framework
Programme of the European Union

→ sccale203050.eu



Policy recommendations

Prepared by REScoop.eu | European federation of citizen energy cooperatives

Authors: Stavroula Pappa & Daan Creupelandt

Reviewed by Sara Giovannini & Ian Turner, Energy Cities

Issued in May 2023

Project information

Project name: SCCALE 20 30 50

Grant agreement number: 101033676

Project duration: 2021-2024

Project coordinator: REScoop.eu

Address: Mundo Madou, Avenue des Arts 7-8, 1210 Brussels, Belgium

Disclaimer

The sole responsibility of this publication lies with the author and reflects only the author's view. The European Commission and the Agency are not responsible for any use that may be made of the information contained therein.

Neither the SCCALE 20 30 50 consortium as a whole nor any individual party, provide any guarantee that the information contained in this document is ready to be used as it is, or that use of such information is free from risk, and will accept no liability for any loss or damage experienced by any person and/or entity using this information..

Statement of originality

This deliverable contains original unpublished work except where clearly indicated otherwise. Acknowledgement of previously published material and of the work of others has been made through appropriate citation, quotation or both.



Introduction 08

Legislative framework at the EU level 10

Clean Energy Package provisions	10
Fit for 55 Package	19
REPowerEU plan	20
Electricity Market Design Reform proposal	21
EU policy recommendations	23

Legislative framework for Flanders (Belgium) 36

Current state of affairs	36
How policy affects our projects	40
Policy recommendations	44



Legislative framework for France

46

Current state of affairs	46
How policy affects our projects	47
Policy recommendations	50

Legislative framework in the Netherlands

52

Current state of affairs	52
How policy affects our projects	54
Policy recommendations	57



Legislative framework in Greece

60

Current state of affairs	60
How policy affects our projects	62
Policy recommendations	64

Legislative framework in Croatia

68

Current state of affairs	68
How policy affects our projects	70
Policy recommendations	72

Introduction

In May 2019, the European Union (EU) institutions concluded the final legislative files for the Clean Energy for All Europeans Legislative Package (CEP), a legal framework that will help the EU meet its 2030 climate and energy objectives.

With this legislative package, the EU has signaled a strong shift in the role of citizens from passive consumers to active participants in the energy transition. For the first time, EU legislation acknowledges the role community energy ownership can play in helping the EU meet its climate and energy objectives while driving local social innovation. In particular, the recast Directive 2018/2001 (Renewable Energy Directive II, or RED II), recast Directive 2019/944 (the Internal Electricity Market Directive, or IEMD) and recast Regulation 2019/943 (the Internal Electricity Market Regulation, or IEMR) contain provisions that establish a supportive EU legal framework for community ownership.

The CEP defines two new concepts labeled “Renewable Energy Communities” (RECs) and “Citizen Energy Communities” (CECs), herewith giving thousands of existing community energy initiatives across Europe their own status. It also requires the Member States to secure certain rights of energy communities and establish enabling frameworks to ensure a level playing field and promote their development. EU Member States had to transpose the RED II provisions into national legislation by 30 June 2021 and the IEMD provisions by 31 December 2020 to ensure they are consistent with the new EU legislation. The transposition should be seen as an opportunity for Member States to incorporate the new role of citizens and communities in their energy legislation. At the same time, it provides an opportunity to update policy frameworks to support the empowerment of smaller and non-commercial market actors in the energy market as well as more decentralized renewable energy production and consumption.

However, as energy communities are a rather new concept under EU law and in most Member States, incorporating these new EU rules into national legislation turns out to be challenging. Not in the least because the prospect of an enabling framework seems to be very attractive for large incumbent and new players in the energy market. Corporate and even public capture of the energy community concept is currently going on.

Unfortunately both definitions are not perfectly aligned which suggests that it was intentional to have two different concepts, and the wording so ambiguous that it almost looks like a Citizen Energy Community can be founded without the actual citizens. As a consequence many questions are currently being asked about what energy communities are, how to define them, what activities they should be able to participate in, how they should be regulated, and how their development should be supported through so-called “enabling frameworks”. Luckily, the **Recitals attached to both directives** offer more clarity on the central role for citizens in energy communities.

In this report we are taking a closer look at the context for energy communities in Belgium (Flanders), France, the Netherlands, Greece and Croatia where SCCALE 203050 is currently implementing new energy communities (the so-called “pilots” & “replication sites”). These projects are all corresponding to the Energy Communities definitions outlined in the Clean Energy for All Legislative Package. We will be using cases and stories from our project and network to show what works well at the moment and what still needs further improvement to unleash the full potential of community energy. With that information, we developed policy recommendations at different levels to provide a favorable legislative context in which community energy projects can thrive and prosper.

Legislative framework at the EU level

Clean Energy Package provisions

The Recast Renewable Energy Directive and the Electricity Market Design Directive contain a number of new definitions acknowledging the ability of citizens (individually and collectively) and communities to take up an active role in the energy market. The two definitions that are particularly relevant in this context are the ones for Renewable Energy Communities (RECs) and Citizen Energy Communities (CECs).

Recast Renewable Energy Directive (RED II)

The RED II is at the heart of the EU legal framework for community energy. This is particularly true because the definition establishes, or identifies, which types of community initiatives may benefit from support that the EU legal framework provides. Importantly, it contains characteristics – primarily governance characteristics and objectives of the community – that distinguish Renewable Energy Communities from other traditional, larger energy companies.

All EU Member States are required to transpose the REC definition into their national legislation and thus define specific legal entities, or forms, that are eligible to be considered Renewable Energy Communities. Member States can do this by identifying existing legal entities, or by creating new legal forms. However, the transposition process is not complete without the development of an enabling



framework for RECs allowing them to participate in the market without discrimination compared to other market actors¹. Moreover, Member States should take the specificities of RECs into account when designing their national support schemes for renewables².

Unsurprisingly many of the principles featured in the definition for Renewable Energy Communities (such as the autonomy principle, the open and voluntary participation, etc.) are inspired by the **cooperative principles** outlined by the International Cooperative Alliance.

A “Renewable Energy Community” is a legal entity which:

in accordance with the applicable national law, is based on open and voluntary participation, is autonomous, and is effectively controlled by shareholders or members that are located in the proximity of the renewable energy projects that are owned and developed by that legal entity;

the shareholders or members of which are natural persons, SMEs or local authorities, including municipalities;

the primary purpose of which is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits³.

The RED II grants rights to both the energy community and its participants. These are automatic and enforceable in law. Once the Member State has put in place measures to ensure these rights can be exercised, they should be stronger and easier to defend than the policies and measures set forth by the enabling frameworks.

¹ Article 22(4) of the RED II
² Article 22 (7) of the RED II
³ Article 2 (16) of the RED II

Renewable Energy Communities have the right to engage in generating, storing, consuming (including self-consuming) and selling renewable energy. They also have the right to access suitable markets individually or through aggregation. They get the right to engage in energy sharing too.

EU Member States have to support the development of Renewable Energy Communities by means of elaborating enabling frameworks. These enabling frameworks must include policies and measures to remove unjustified regulatory and administrative barriers, provide tools to help RECs access finance and information, and build capacity of local authorities including cities and municipalities, among other things. However, in order to develop them, Member States first have to assess both the potential for developing energy communities and existing barriers to their development⁴.

Finally, the RED II imposes a procedural requirement for Member States to take into account specific challenges RECs might face in competing for support when they are developing or amending their renewables support schemes, while also a substantive requirement to take measures in order to correct for any distinct challenges RECs face.

With its Climate, Energy and Environmental Aid Guidelines (CEEAG) that were recently published, the European Commission (Commission) has acknowledged RECs as unique market actors and has introduced specific provisions, including exemptions from tendering procedures, in order to allow them to access renewables support schemes. The CEEAG, therefore, provides clear and positive options that allow Member States to innovate in designing renewables support schemes that can help jump-start local community ownership of renewables production and promote social innovation⁵.

⁴ Article 22 (3) of the RED II

⁵ More info on the different options that the CEEAG allows Member States to pursue so they can implement their obligations under the RED II to create dedicated space for RECs in their support schemes, this resource is useful: <https://www.rescoop.eu/toolbox/how-can-the-state-aid-guidelines-help-energy-communities-address-the-energy-crisis>



Recast Electricity Market Design (IEMD)

Article 16 of the IEMD is the main article containing core provisions on Citizen Energy Communities. The overall organisation of provisions on Citizen Energy Communities is similar to the ones developed for Renewable Energy Communities under the RED II. For instance, the IEMD contains requirements for Member States to ensure certain rights and obligations for Citizen Energy Communities, and to provide enabling frameworks for them.

A Citizen Energy Community is a legal entity that:

is based on voluntary and open participation and is effectively controlled by members or shareholders that are natural persons, local authorities, including municipalities, or small enterprises;

has for its primary purpose to provide environmental, economic or social community benefits to its members or shareholders or to the local areas where it operates rather than to generate financial profits;

and may engage in generation, including from renewable sources, distribution, supply, consumption, aggregation, energy storage, energy efficiency services or charging services for electric vehicles or provide other energy services to its members or shareholders⁶.

Just like the Renewable Energy Directive, the Electricity Directive gives Citizen Energy Communities and participating citizens specific rights to ensure they can participate without being subject to burdensome administrative, procedural or cost barriers. They also have the right to engage in energy sharing activities.

In particular, citizens energy communities have a right to proportionate regulatory treatment to ensure they do not always have to abide by the same rights and obligations as other larger market actors, especially if these are arbitrary and

⁶ Article 2 (11) of the IEMD







Eeklo, Belgium. © Jeroen Roegist on Unsplash

burdensome. This could include being able to benefit from priority grid-access for smaller installations. Several members of REScoop.eu reported the latter as a real struggle for their operations. In addition, where Member States allow, citizens energy communities may also become a distribution system operator, or establish smaller micro-grids.

Comparing the definitions featured in the RED II and the IEMD

Both definitions are composed of a set of criteria, or ‘principles-based’ elements, that must be met in order to be considered an energy community. The starting point for both definitions is the establishment of a legal entity. Furthermore, the legal entity must be organised around specific ownership and governance principles, and a non-commercial purpose. Together, the elements of both definitions convey a similar concept: a particular way to organise collective ownership around a particular energy-related activity. Therefore, some of the elements in the REC and CEC definitions are identical, or very similar.

Comparing definitions of energy communities in the Clean Energy Package

PRINCIPLE	In the Renewables Directive Renewable Energy Communities	In the Electricity Directive Citizens Energy Community
ELEGIBILITY 	Members/shareholders that are: <ul style="list-style-type: none"> • Natural persons • Local authorities (including municipalities) • SMEs 	Members/shareholders that are: <ul style="list-style-type: none"> • Any entity
CONCERN FOR COMMUNITY (Alternative to for-profit) 	Primary purpose: Environmental, economic, social community benefits for members or local areas of operation rather than financial profits.	Primary purpose: Environmental, economic, social community benefits for members or local areas of operation rather than financial profits.
OPEN & VOLUNTARY MEMBERSHIP 	<ul style="list-style-type: none"> • Participation must be voluntary • Participation in renewable energy generation projects should be open to all potential local members based on non-discriminatory criteria 	<ul style="list-style-type: none"> • Participation must be voluntary • Participation should be open to all potential members based on non-discriminatory criteria
DEMOCRATIC GOVERNANCE AND OWNERSHIP 	<ul style="list-style-type: none"> • Must be autonomous - no disproportionate control by individual members/outside partners in decision making • Effective control by members/shareholders that are in 'proximity' to RES projects 	<ul style="list-style-type: none"> • No autonomy principle, but decision-making powers should be limited to members not involved in large scale commercial activity and where the energy sector does not constitute a primary area of economic activity • Effective control by members/shareholders that are natural persons, local authorities (including municipalities) and small and micro-enterprises

© REScoop.eu

Nevertheless - and sometimes unfortunately - there are also substantial differences between the definitions for Renewable Energy Communities and Citizen Energy Communities. The latter can operate across the electricity sector and do not have a technology-specific focus, while Renewable Energy Communities engage specifically on renewable energy. Furthermore, Renewable Energy Communities are rooted within a local context while the proximity aspect is not applicable to Citizen Energy Communities. In governance terms, Renewable Energy Communities represent a subset of Citizen Energy Communities because the Renewable Energy Communities are generally stricter in terms of eligibility, requirements for effective control at local level, autonomy, and democratic governance.

If you want to find out more about the REC/CEC principles and the way they should be transposed at the national level, we are happy to refer to the [Transposition Guidance Document](#) which is available on the website of REScoop.eu, the European federation of Citizen Energy Cooperatives.

Status of the transposition process

The transposition of the provisions for RECs and CECs at the national level is delayed and the deadlines for transposing the RED II and the IEMD have already passed. It is important to remember that each Member State represents a unique situation, as some countries have a long tradition in energy cooperatives, like Denmark and Germany, while in others the community energy model is a completely new concept. The latter is the case for Poland, Czech Republic and several countries in the Balkans. Therefore, each administration responsible for the transposition should take into account the existing national background and modify the legislation accordingly. Despite the different contexts and levels of development, we have identified some [transposition trends across the EU](#).

In some cases, there is lack of transposition, as is the case in the Czech Republic or very little progress, for instance in Poland. Improper transposition is the case in Hungary, where Renewable Energy Communities are framed as a sub-category of Citizen Energy Communities, meaning that they can only operate in electricity, excluding heating and cooling. This is clearly against the EU provisions that allow

RECs to be active in renewable energy sources in general and not only in electricity. An example of overly-restrictive transposition can be found in Croatia, where membership in CECs is limited to those with residence, establishment or premises in the local self-government unit, while in the EU provisions for CECs there is no requirement of proximity.

Another trend that several Member States are following is copy pasting the EU provisions without elaboration of what each principle means, as is the case in Cyprus and Malta. Spain progressed with the transposition of only one of the two definitions. However, there are countries like Latvia that have introduced “energy communities” as a coherent concept in their legislation. Afterwards, they elaborated on the two definitions, RECs and CECs, thus promoting coherency of the energy community model. Flanders⁷ is also a good example of a region that framed “energy communities” as a single concept, with CECs and RECs representing slightly different notions of this.

A common approach followed by most Member States so far is that they ignored their obligation set by the Renewables Directive and they haven’t conducted an assessment of barriers and potential for RECs. In the same context, there is less progress with regards to the development of enabling frameworks for energy communities. Most Member States that progressed with the transposition have incorporated the definitions in their legislation (in several cases by copy-pasting the EU provisions) and have left the elaboration of a proper enabling framework to be regulated later on with by-laws and secondary legislation. Nevertheless, Ireland, France and Italy are examples of countries that already published some measures for the promotion of community energy, which can be considered part of such a framework. Good examples with regards to the development of specific measures for RECs in their national support schemes for renewables are Germany and Ireland⁸.

⁷ Note that Belgium is a unique and complicated case where 4 transposition processes will take place, one for each region (Flanders, Wallonia and Brussels) and one at a Federal level.

⁸ More detailed information on the progress of the transposition of the provisions for RECs and CECs in all the EU Member States can be found in the REScoop.eu Transposition Tracker: <https://www.rescoop.eu/transposition-tracker>

Fit for 55 Package

In July 2021 the EU Commission released its **Fit for 55 Legislative Package**, which aims to bring EU legislation in line with the EU’s increased climate ambition of achieving a 55 percent cut in greenhouse gas emissions by 2030. This legislative package includes significant changes to both the Energy Efficiency Directive (EED) and the Recast Renewable Energy Directive (RED II), the latter of which acknowledges and supports Renewable Energy Communities. The EED includes for the first time several references to energy communities acknowledging their role on energy savings, while it also introduces a definition of energy poverty.

Notably, changes to both Directives signal the EU Commission’s growing acknowledgement that energy communities can play different roles across the energy system. Revisions to the Renewables Directive include provisions that invite Member States to support energy communities in an attempt to help them reach the 49% RES targets through the buildings sector. Among other things, Member States would be required to introduce measures to support the development of Renewable Energy Communities and help them reach this objective.

The Commission’s proposal for the Renewables Directives revision entered the co-decision process, whereby the European Parliament and the Council negotiate in parallel but they both use separate processes on their own revisions to the texts. The main provision for Renewable Energy Communities, article 22, has not been opened. Having reached a provisional agreement during inter-institutional (trialogue) negotiations, both the European Parliament and the Council will need to confirm the text of the agreement internally. If adopted by both co-legislators, the final text of the Directive would be published in the EU Official Journal and enter into force on the twentieth day following its publication.

REPowerEU plan

With its **REPowerEU Communication** released in March 2022 as a reaction to Russia's invasion of Ukraine, the European Commission has laid out a plan to carve out Russian natural gas, which currently makes up more than 40% of Europe's entire gas consumption .

The package includes a number of strategies, action plans and recommendations aimed to ramp up renewable energy in Europe. Significantly, the Solar Strategy provides an important distinction between energy communities, which are a social and organisational concept, and other commercial forms of collective initiatives around renewables. It also highlights the need for Member States to lift barriers that energy communities are facing and sets a specific goal for the development of one Renewable Energy Community per municipality above 10.000 residents by 2025, which clearly sends out a strong message to all EU Member States for the promotion of energy communities at the national level. Note however that the Solar Strategy is not a Directive nor a Regulation and therefore it is not legally binding. That said, it clearly indicates the Commission's vision on the participation of citizens in the energy market and the role they should play in securing the energy transition whilst keeping the benefits at the local level.

An accompanying Commission Recommendation on Permitting also states that Member States should simplify permitting procedures, particularly around grid connections which remains a big challenge for Renewable Energy Communities. The package also prioritizes vulnerable and energy poor households and wants to grant them access to renewable energy. This way the EU Commission wants to ensure that all Europeans benefit from the energy transition, and that no one is left behind. Notably, the Commission has also included a legislative proposal to provide much needed improvements around permitting and local mapping of renewables, by introducing proposed amendments to the Renewable Energy Directive.

Electricity Market Design Reform proposal

In March 2023 the EU Commission released its **proposal on the Electricity Market Design (EMD) reform** aiming at accelerating a surge in renewables and the phase-out of gas, making consumer bills less dependent on volatile fossil fuel prices, better protecting consumers from future price spikes and potential market manipulation, and making the EU's industry clean and more competitive. The proposed reform foresees revisions to several pieces of EU legislation - notably the Electricity Regulation, the Electricity Directive, the Renewables Directive and the REMIT Regulation.

While the Commission's proposal opens up energy sharing to all households, local authorities and Small and Medium-sized Enterprises (SMEs), and opens further the possibility to sell local renewables through Power Purchase Agreements (PPAs), it completely 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 energy 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, like Distribution System Operators and Transmission System 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 producers of renewables from selling directly to third parties through PPAs and to make sure vulnerable consumers



Saerbeck Germany. © Henrik Dolle/stock.adobe.com

have access to energy sharing schemes. The latter should be protected from disconnections and benefit from a similar service as regular consumers.

However, the proposal almost completely ignores the impacts that mainstreaming energy sharing will have on energy cooperatives and municipal energy companies (including energy communities in which municipalities participate). 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 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 prioritization in obtaining a grid connection. Furthermore, opening up national support schemes for nuclear alongside renewables will slow down efforts to decentralize and optimize the energy system towards renewables and flexibility. Finally, the Commission’s proposal does not open article 16 of the IEMD that focuses on Citizen Energy Communities.

EU policy recommendations

Recommendations for the implementation of the CEP provisions

Based on our findings in SCCALE 203050 and other related projects, we have concluded that it is imperative for Member States to proceed with full transposition and implementation of existing EU legislation on RECs and CECs, which will be a precondition for empowering citizens to achieve their full potential in contributing to Europe’s move away from fossil gas. What could support this transposition process is proper guidance/recommendations issued by the EU Commission on how to meet the participation/governance criteria in the definitions (e.g., proximity, effective control, autonomy) and clarify certain elements of the enabling frameworks⁹.

A recommendation that would help Member States abide by their obligation to include specific measures for RECs in their support scheme is for DG COMPETITION to provide guidance to further clarify several terms included in the CEEAG and how certain provisions can be implemented. For instance, what could be further explained is the 30% weighting limit on the non-price criteria in tenders and the 100% REC projects requirement.

Furthermore, the upcoming National Energy and Climate Plan (NECP) reporting and revision process provide a good opportunity to provide transparency on what has been done for RECs. Where little action has been taken, the subsequent revisions of NECPs provides a good opportunity for Member States to raise and communicate their ambition towards supporting a local and democratic energy transition¹⁰.






Recommendations for the Fit for 55 package

As analysed in the section above, the Recast Renewable Energy Directive (RED II) has been revised in the context of the Fit for 55 Package. The provisional agreement

⁹ COME RES - Deliverable 7.3

¹⁰ Transposition Guidance Document




that has been reached on the revision of the Renewable Energy Directive lays down the objective to achieve a 42,5% share of renewable energy in the EU's final energy consumption by 2030, which could be increased to 45% through an indicative top-up. The EU institutions should take the following recommendations into account in order to maximize the potential for citizens and their communities to contribute towards the achievement of RES targets set at EU level¹¹:

-  Increase the ambition for the EU's 2030 renewable energy targets to reach at least 45% through the indicative top-up, supported by a long-term 100% renewables target and nationally binding targets.
-  Align the Citizen Energy Community definition with the Renewable Energy Community Definition. The current RED II revision did not open the existing provisions of articles 2(16) and 22 of the RED II that define and refer to RECs. However, at the moment, there is a lot of confusion regarding the relationship between RECs and CECs. This has resulted in mixed and troubling results in the transposition of REC and CEC concepts so far. What is needed is the rationalization or streamlining of the CEC definition more closely with the REC definitions. Such a streamlining exercise could help provide additional legal clarity, help with the implementation and rollout of energy communities at the national level, and safeguard against corporate capture of energy communities by incumbents.
-  Put more obligations on the Member States to monitor and map the development of energy communities. This will help to assess the success of the transposition and the related support schemes.
-  Provide support for RECs to integrate renewables in buildings.
-  Promote and support for RECs to engage in the heating & cooling sector, particularly district heating and cooling.

¹¹ For more recommendations see COME RES Deliverable 7.3. '[Final policy report and recommendations](#)' and the REScoop.eu [report on the RED revision](#).

Recommendations for the REPowerEU plan

To ensure an inclusive and local community-centered approach, we recommend that the EU Commission takes forward the following points in the context of its REPowerEU Plan¹²:

-  Acknowledge and support local ownership of renewable energy production as a matter of securing energy supply. Both the assessment of the potential for RES community energy carried out by the former COME RES project target regions¹³ and the CE Delft study measuring the potential of active citizens and energy cooperatives in the EU¹⁴ showcase the vital role energy communities can undertake in renewable energy production and thus into guaranteeing local security of supply. We recommend that the Commission recognizes local ownership of renewable energy production and supply as an organizing principle of the electricity market, and as an indispensable aspect of securing energy supply.
-  Provide support for the development of national, regional and local policy objectives and targets for the promotion of citizen and community-owned energy. Such objectives/targets can already be included in the revised National Energy and Climate Plans (NECPs).
-  Do not move ahead with the proposal to mirror active customers and Citizen Energy Communities into the Recast Directive on EU Gas and Hydrogen Markets, which will create more problems than solutions¹⁵. Instead, the EU and Member States should prioritize local ownership of biomethane production, storage and supply through RECs, while also promoting local energy system integration.

¹² For more recommendations see COME RES Deliverable 7.3. '[Final policy report and recommendations](#)' and the REScoop.eu [REPowerEU Manifesto](#).

¹³ Laes et al. (2021)

¹⁴ B. Kampman, J. Blommerde, M. Afman (2016): The potential of energy citizens in the European Union. CE Delft | <https://cedelft.eu/publications/the-potential-of-energy-citizens-in-the-european-union/>

¹⁵ More information on the topic can be found here: <https://www.euractiv.com/section/energy/opinion/gas-energy-communities-little-added-value-big-risks/>

Recommendations for the Electricity Market Design Reform

In order to support the role of citizen and community energy during the current energy crisis, the Electricity Market Design legislative proposal should be reshaped so that it takes into account the following recommendations¹⁶:

- Enshrine democratic local ownership of renewable energy production and supply as an overall principle of the electricity market. The internal energy market should be oriented towards an objective to promote local production of renewable energy that can be matched as much as possible to local consumption (i.e. supply). Local communities, including citizens, public authorities and SMEs, should be supported to invest and take ownership in production and supply of local renewable energy. This will help to shield households from volatile and unreasonably high wholesale market prices and directly contribute to developing a new solidarity between territories and uptake of storage, flexibility, power supply and other technologies that are capable of

¹⁶ Inspiration for this section was drawn from the [Community Power Coalition letter directed to the EU Commission](#) and the [REScoop.eu EMD consultation response](#) and [position paper](#)

providing distributed energy resources (DER) to the grid. The Commission, therefore, needs to include local ownership of production and supply as an overall principle of the electricity market design revision proposal.

- The definitions of ‘active customer’ and ‘energy sharing’ need to be refined so that they effectively build upon existing concepts and provide legal clarity. The proposed energy sharing definition and the proposed changes to the active customer definition create a logical incoherency with the RED II. Firstly, in Article 2(14) of the RED II it is stated that Member States have discretion whether to allow off-site production to qualify as self-consumption. The Commission’s proposal fundamentally amends this rule, by proposing to change the active customer definition, which encompasses language to reflect renewables’ self-consumption as one of the activities that active customers perform. To ensure legal clarity in national implementation, as well as coherency between the different Directives, the self-consumption and jointly acting renewables self-consumption definitions should be cross-referenced in the energy sharing definition. Second, subparagraph b) of article 2(10a) of the EMD proposal references some characteristics of peer-to-peer trading, while peer-to-peer



trading itself is cross referenced separately. This duplication should be removed and the peer-to-peer trading cross-reference should be integrated directly into the energy sharing definition. Otherwise, subparagraph b) is meaningless and increases complexity.

- ▾ Reshape the article on energy sharing, so that it better accounts for energy communities. More specifically:
 - ▾ Third parties should be prevented from owning renewable energy production installations used for energy sharing, while the ability of participants to determine the price they pay for shared energy should be ensured. One of the main added benefits of energy sharing is that it gives consumers control over their own means of production. If third party ownership is allowed, consumers will not be able to determine for themselves what price should be paid for the production, further exposing them if the third party owner decides to raise prices or withdraw the installation. When shared electricity is sold by a third party, they have an incentive to drive up

the price to increase the profit margin or to realize a quicker return on investment. Furthermore, because the size of the margin and the duration of the return may change over time, profit incentives can lead to price volatility. In a crisis, when the difference between the price of shared electricity and the wholesale market becomes larger, the incentive for the third party to capture more profits by increasing the price of shared electricity becomes greater. This is exactly what we have seen with the selling price of prosumer surplus solar during the energy crisis.

We recommend the deletion to references to third party ownership in Article 15a. It should be made clear that for citizens to benefit, ownership of production and storage facilities used for energy sharing should be kept within the hands of the participants, whether this be municipalities, citizens, energy communities or SMEs. This will ensure that the participants of energy sharing are ultimately responsible for determining the price they pay for the energy they produce and share amongst each other, therefore maintaining control. If ownership of production installations for energy sharing is opened to third parties, there is a significant risk that energy sharing will not result in shielding customers from future energy crises and high prices, which is the main intent of the Commission's initiative. In the end, instead of being empowered to free themselves from the hands of utilities operating in the wholesale market, consumers may simply rush themselves into the hands of utilities - or worse off, impersonal third party investors - capturing the energy sharing market.

▾ Energy sharing should promote a decentralised approach. The EMD needs to put the building blocks in place now for the creation of more decentralised, local energy markets of tomorrow. The ability to produce, share and sell renewable energy close to production is a building block for the creation of decentralised energy markets. For energy sharing to play its part in building decentralised energy markets, the EMD should reflect the following:

- ◆ The geographical scope allowed for collective self-consumption should be significantly reduced so that production remains close to consumption. If collective self-consumption can be performed all the way across the country, it has very little added benefit. Therefore, we do



not support the Commission’s proposal to use bidding zones as a limit for energy sharing, as it is much too broad. We recommend a much more localized geographical scope, for instance within the same and/or bordering distribution network management areas. Expanding the scope beyond one distribution network management area will help account for Member States, such as Germany, that have many small distribution networks.

- It should be made clear that large enterprises and energy companies should be excluded from energy sharing. If large enterprises, which have larger financial resources, are given the right to share larger production or consumption loads with each other and across great distances, they are likely to take up disproportionate capacity on the grid that should be reserved for smaller market actors. We support the Commission’s decision not to include large enterprises within the scope of energy sharing and we urge the European Parliament and the Council to support this position.

- Network tariffs related to energy sharing should be connected to the actual infrastructure used to share energy. Specifically, language should be added to article 15a that provides national regulatory authorities with the duty to produce a cost-benefit analysis that informs network tariffs for energy sharing. Such language is already in Article 16 of Directive (EU) 2019/944 (Internal Electricity Market Directive, or IEMD), which pertains to CECs. This language fits better in Article 15a, as it is specific to the activity of energy sharing - not energy communities per se.

- As part of the social economy, locally-owned and governed energy communities should not be prevented from using local sites for production or accessing the grid simply because of their small size and limited resources. Specifically, to be able to operate alongside other commercial market actors, energy communities should enjoy:

- Priority use of public spaces that are made available for installation of renewable energy production. Energy communities bring citizens, SMEs and local authorities together to collectively realize larger projects. Because these projects aim to promote community benefits such as social cohesion and innovation, they should be allowed to be prioritized

over individual projects.

- Priority when it comes to obtaining a grid connection and gaining access to the grid. It should be clear that system operators, particularly DSOs, have a duty to ring-fence grid capacity for local energy community production installations. Member States should also be required to ensure that costs of a grid connection for energy community projects, particularly to engage in energy sharing, are proportional to the level of the grid that is used, and that they can be paid back in a realist way that reflects the financing model of energy communities; and



© Hyperion

- ◇ Benefit from technical assistance and streamlined procedures for energy sharing projects. Energy communities should be able to access information and register projects through a single contact point that is separated from other larger commercial market actors. Furthermore, to help them navigate the administrative process and professionalize, they should be able to receive technical assistance.
- ▽ The rights, roles, and responsibilities for different actors involved in energy sharing should be further clarified. Specifically, improvements are needed on the rights and responsibilities of active consumers participating in energy sharing with regards to choice of supplier and third party service provider, the role and scope of responsibilities for third party facilitators, simple notification for smaller installations and the choice for coefficients.

In addition, more clarification is needed on the roles and responsibilities of the system operators and retail suppliers with regards to information provision requirements; prevention of discriminatory treatment; calculating shared energy; IT infrastructure; regulatory incentives for DSOs to prioritize local use of the grid; and monitoring and reporting.

▽ Member States should be required to ensure, particularly through State-backed guarantees, that energy communities, SMEs and local authorities can access Power Purchase Agreements (PPAs). Without mechanisms to support small actors, PPAs will be in practice dedicated to big actors (industrial ones). Energy communities face several barriers preventing them from entering into PPAs. Many of them have small installations, so it might be difficult to provide enough production to make a PPA interesting. Furthermore, because of their small size and non-commercial nature (e.g. registration as a cooperative), it can often be difficult to obtain adequate financing from lending institutions, due to the perceived high risk nature of the project. Furthermore, a supplier's license is still often required in order to enter into a PPA with a household customer. Therefore, we welcome the Commission's proposal to make it easier for energy communities and other SMEs to enter into PPAs to help finance projects. Nevertheless, the proposal could be strengthened to provide more clear guidance about how Member States should create a more level playing

field so smaller market actors can access PPAs. First, the articles on PPAs should include specific references to energy communities to ensure that RECs and CECs are targeted and can benefit from instruments that Member States put in place to reduce the barriers to entering into PPAs. Specifically, Member States should be required to ensure that specific instruments, in particular guarantee schemes, are accessible by RECs and CECs.

▽ Contracts for difference (CfDs) should not undermine the ability of RECs to access national support, or prevent energy community suppliers from hedging. Member States should be able to take back windfall profits that many for-profit companies are making to help ease the crisis' impact on consumers. However, this must be done in a way that does not undermine the ability for energy communities to invest in local renewables production, or provide services to their members and the local community. CfDs are not suitable for smaller community suppliers or producers, as they negatively impact on the business model by capping their ability to hedge on behalf of their members and provide other socially innovative services. As such, we do not support the Commission's proposal to mandate the use of two-way CfDs. This choice should be left to the discretion of Member States. If CfDs are introduced at the national level, they must provide a safety net for renewable energy generated by energy communities as a core design principle. First, CfDs are usually issued through competitive bidding procedures. As acknowledged in the RED II and CEEAG, energy communities and smaller market actors are not capable of competing in competitive bidding with other larger more professional market actors. While we welcome a reference to Article 22 paragraph 7 of the RED II, legal clarity would be enhanced if it were referenced directly in Article 19b(3). Furthermore, CfDs can undermine the ability of community suppliers that rely on their own production to meet their members' consumption needs. Specifically, a supplier could be capped in the revenue they get from selling electricity to the market, while being forced to purchase the electricity back from the market at a higher price. The ability to sell the electricity at the higher price would allow the supplier to hedge when they have to go to the wholesale market to purchase electricity. A two-way CfD would take away this ability. Therefore, we propose an addition to article 19b(3) highlighting that the design of CfDs should not undermine the

ability for energy communities to supply their members or to hedge on their behalf. Finally, we do not support the Commission's inclusion of nuclear energy as a resource that qualifies for direct support schemes. Nuclear energy is not cost-effective, it poses a significant risk to the environment and human health, and is not a viable long-term strategy for decarbonizing the energy system. Therefore, we recommend that the reference to nuclear in article 19b(2) be deleted.

☞ Energy community suppliers need to be able to maintain flexibility in accordance with their non-commercial and consumer-focused supply business models when developing hedging strategies. Energy communities that supply electricity from self-owned renewable energy production, particularly cooperatives, have a different business model that is non-commercial in nature, compared to other suppliers that focus on profit-making activities. These lead to different hedging strategies, such as securing own-productions to protect their consumer-members. Due to their small size, cooperative suppliers also often experience difficulty financing guarantees necessary to trade on wholesale and forward markets, a challenge that has been made more difficult through national interventions in response to the energy price crisis. The electricity market design must ensure that the imposition of hedging requirements do not result in hurdles to community-owned electricity suppliers' ability to prioritize supply of own-production at cost and on a not-for-profit basis to their members. Therefore, the proposed article 18a(2) on supplier risk management should be modified to state that supplier hedging strategies may include the use of power purchase agreements without excluding other hedging strategies, in order to allow Member States to take the specificities of energy communities into account. On the same note, the language in paragraph 3 of the same article should be strengthened to guarantee that Member States shall ensure the accessibility of hedging products for CECs and RECs.

General EU policy recommendations

Finally, we would like to highlight some overarching recommendations for the EU level¹⁷:

- ☞ The role of the Energy Communities Repository and Rural Energy Community Advisory Hub should be strengthened. Networking and exchange/transfer of good practices within and between countries should be promoted. Having as many diverse and detailed best practices can serve as a strong enabler to supporting energy community initiatives.
- ☞ Place further emphasis on the benefits of collaboration between RECs and local/regional authorities, particularly through public procurement. The Commission, particularly the Directorate General for Internal Market, Industry, Entrepreneurship and SMEs, should provide guidance to Member States and sub-national authorities on how public procurement, including concession procedures, can be facilitated. It is clear that there is a general friction between the EU's commitment to citizen-led, local energy projects and the need to uphold the rule of the EU single market and competition rules. The Commission is encouraged to make the promotion of energy communities through public procurement a key part of the activities organised by the Green Public Procurement (GPP) Helpdesk especially in relation to the GPP Criteria for Electricity.

¹⁷ See COME RES Deliverable 7.3. ['Final policy report and recommendations'](#)



Legislative framework for Flanders (Belgium)



Current state of affairs

Definitions

The regional Energy Decree in Flanders that is meant to transpose the EU definitions frames energy communities as a single concept, with CECs and RECs representing slightly different notions of it. In this sense, decision makers have managed to secure coherency around the concept. The preamble of that same Decree clarifies the purpose of energy communities.

- ▾ Energy Communities strengthen the involvement of citizens, local authorities, non-commercial institutions and companies which is key to accelerate the social acceptance of the energy transition and the further implementation of renewable energy projects in the Flemish region.
- ▾ Setting up an energy community to pursue a purely economic and profit-oriented goal is out of the question, as it would increase the overall costs of the system.
- ▾ The guidelines place a strong emphasis on the participation and empowerment of citizens and households in the energy market. While this is not



enforced in a strict sense in the articles of the directives, it is clearly mentioned in the recitals.

- ▾ Strengthening the position of customers in the energy market, individually or collectively through an energy community, provides opportunities to improve the overall energy efficiency of private households, fight energy poverty, lower the average consumption of end-consumers and charge lower energy bills.

The Energy Decree defines control in the same way as the directives. A CEC in Flanders is a legal entity based on open and voluntary participation of its associates or members, whose main purpose is to provide benefits in the environmental, economic or social field for its associates, members or the environment in which it operates, and which has no profit motive or a profit motive that is subordinate to its main purpose. The members, in their capacity as consumers, are each connected with one another through the grid. Natural persons, local authorities or small enterprises that are not involved in large-scale commercial activities and for whom the energy sector is not the main economic activity shall control the activities of the energy community of which they are members.

Members who join a CEC shall sign an agreement upon entry which sets forth their rights and obligations respectively. This is usually done through the statutes or bylaws of the CEC. If the CEC pursues energy sharing activities, the agreement between the CEC and the members shall indicate the share of energy that each member is entitled to. This is the so-called “energy sharing key” which is clearly predefined in the contract and based on people’s investment and/or needs.

The Flemish regulator (VREG) applies the simultaneity principle for energy sharing which means that energy can only be shared to the extent that the produced energy gets consumed right away. Right away means within 15 minute intervals which are commonly applied in Flanders. It’s the grid operator - the DSO - who keeps stock of the data and who informs the electricity suppliers. The latter makes sure this gets reflected on the electricity bill. Sadly, grid fees are still charged on the “shared energy” making the whole concept a bit artificial, burdensome and not economically interesting to end-consumers.



An REC in Flanders is a legal entity based on open and voluntary participation of its members, whose main purpose is to provide environmental, economic or social benefits for its members or the environment in which it operates, and which has no profit motive or a profit motive that is subordinate to its main purpose. The activities of an REC such as energy production, self-consumption, energy sales and energy sharing shall only relate to energy from renewable energy sources.

The members of the REC are natural persons, local authorities or small and medium-sized enterprises whose participation in the energy community does not constitute the main commercial or professional activity and who are located in the proximity to the renewable energy projects of the Renewable Energy Community. The partners or members, in their capacity as customers, are each connected to an electricity network and/or a district heating or cooling network. The members have control over the activities of the Renewable Energy Community so that the entity is autonomous with respect to its members or other market actors who participate in it.

An REC shall limit participation on the basis of technical or geographical proximity, taking into account the objectives or activities that the REC intends to achieve. An REC shall own the property rights to the assets it uses to carry out its activities. The members shall each sign an agreement with the REC regarding their rights and obligations. If energy sharing is undertaken within the Renewable Energy Community, the agreement shall set forth the rights and obligations of the members for the applied energy sharing key. Each REC shall determine in its statutes the rules related to governance clearly securing control by the members and thus respect the autonomy principle.

Lastly, the legislation introduces monitoring and oversight. Specifically, each REC/CEC shall inform and notify the Flemish regulator (VREG) about (1) the activities it pursues and/or any change to those activities; and about (2) the way it is composed and - if applicable - the way in which it interprets the concept of technical or geographical proximity. The Flemish regulator (VREG) publishes this information on its website. Keeping that information accurate should ensure that the REC/CEC concept is not abused by commercial actors, and is meant to enhance trust in general.





Enabling frameworks & provisions on national support schemes

The Flemish government already commissioned an assessment identifying the potential of community energy in the region and published a report describing the key barriers for energy communities to set up and maintain their business. The enabling frameworks for RECs and CECs have not been published yet, but several authorities are already taking steps into the right direction. The VEB framework contract – obtained through a public tendering procedure – sets forth collaborations between local authorities, public schools and energy communities for instance. In addition, some best practices can be observed at the local level where some municipalities and cities have already integrated local and direct citizen participation into their public tenders when developing renewable energy projects on publicly-owned land or public rooftops. Some cases of these tenders even date back from the early 2000s, long before the publication of the Clean Energy for All Europeans legislative package.

Energy related topics at the national or federal level only constitute nuclear energy, high tension transmission lines and offshore wind. In that regard the federal government put in place a support scheme to promote offshore renewable energy development including specific **provisions** to ensure energy communities can participate in and acquire ownership of offshore wind projects in the north sea. The definition of energy communities at the federal level is restricted to offshore wind projects operated in the Belgian part of the North sea. The members of a federal energy community can be energy communities as defined by the regions. In this way, the federal level supports the participation of a consortium of energy communities in offshore wind farms such as SeaCoop.

How policy affects our projects

The Flemish pilot and replication sites aim to trigger and maintain collaborations between an existing energy community (Ecopower) and local authorities including cities and municipalities (Leuven, Antwerp, Asse, Eeklo, Kalmthout and Ranst).



Ecopower does not intend to create new energy communities for each of the new RES projects per se. In fact, all the RES projects are implemented, maintained and owned by one and the same legal entity. In that sense, Ecopower does not really need new regulations on energy communities to develop new projects in the region. They just continue doing what they have been doing since 1991.

Ecopower however is one of the driving forces in REScoop.Vlaanderen, the Flemish federation of citizen energy cooperatives. Amongst the members of REScoop.Vlaanderen there's no clear consensus on the position regarding the new regulations for energy communities. While some energy cooperatives appreciate that the decision makers stayed close to the EU definitions, there's skepticism regarding the new schemes for energy sharing which hardly provide a viable business case for energy communities. They argue that energy sharing entails quite an administrative burden and that it only affects a minor part of the final bill. At the same time, RES producers – often energy communities – still have to inject their energy into the main grid without getting a proper fee for it. Finally, the 15-minute interval measurement causes hidden costs for administration and unbalancing the grid which tend to result in higher bills for end-consumers.

Several cities and energy cooperatives are currently setting up new energy communities nevertheless, hoping to benefit from the new enabling framework whilst hoping that it will help them and their members to save money on their bills. Smaller energy cooperatives operating in Flanders hope the new regulations will provide access to the first RES project, often through energy sharing. At the same time commercial market actors are developing services to accommodate the new needs that (will) arise.

The fact that there's no clear consensus amongst the members of REScoop.Vlaanderen is not problematic per se and probably inherent to new regulations in general. There's always going to be lovers and haters to a new system. The truth is that energy communities in Flanders are likely to become a technical concept (energy sharing) rather than a social one (making joint investments in sustainable energy) which will make it particularly hard to gain legitimacy for the concept, making it particularly hard to mainstream community energy in general.



When Ecopower reached out to different municipalities asking them to sign up as a potential replication site in SCCALE, they got some weird requests. One municipality that was planning to set up a new energy community invited Ecopower to make an in-kind contribution by means of selling part of the electricity generated by its RES installations to the new legal entity which would be open to local citizens only. This geographical limitation however does not match with Ecopower's intention to keep renewable energy in the hands of all citizens which also happens to be one of the 7 cooperative principles (open membership) and reflected in the European definitions.

Another example is the way the city of Leuven explored the opportunity to share electricity in condominiums and in the Dijlemolens apartment building where an aquathermal heating system and solar pv panels have been installed. To explore what can be done with the remaining surplus of the generated electricity, the Dijlemolens have been included in a research project which investigates energy



sharing within one and the same building. This option is only possible in Flanders from January 1, 2022. The study however revealed that energy sharing within one and the same building (following the protocol of the Flemish Regulator) does not provide a viable business case for Dijlemolens. There's insufficient surplus energy to engage in energy sharing, especially given the large number of participating apartments. The administration and management costs that come with energy sharing are also quite significant, and regardless of the amount of energy that gets shared. It was therefore decided to invest in rooftop solar pv that supplies the common parts with energy and forget about the energy sharing component.

Unsurprisingly, the DSO Fluvius **announced on May 25th 2023** that only 30 apartment buildings have engaged with energy sharing so far. That is 18 months after the introduction of the new regulation. This clearly indicates how big the gap remains between the Flemish regulations - which clearly intend to enhance energy sharing - and the reality which is often more complex and requires a more viable business case for further roll out.





Policy recommendations

- ☹ Flanders should develop a set of criteria and provide funding that allow the regulator VREG to put existing energy communities to the test and check whether they actually qualify as a CEC / REC. Today, there's no real compliance check which obviously holds the risk of corporate capture. This was **acknowledged** by the VREG too. Commercial actors are already signing up as CEC / REC which clearly contradicts the intentions of the European Commission to speed up the roll-out of renewables by putting local actors at the heart of the energy transition.
- ☹ Flanders and its enabling framework for energy communities should carefully assess the final objective of an energy community and step away from a technical narrative (energy sharing) to a more social narrative (collective citizen action around energy transition projects).
- ☹ Flanders currently specifies energy sharing as an individual act and does not specifically recognize collective energy sharing schemes. Energy communities may as well share electricity with their members, thus combining production and supplying activities. This too shall qualify as energy sharing and should not be discriminated against.
- ☹ Renewable energy that gets injected into the grid by prosumers should be recognized for its origin and receive a guarantee of origin (GO's), just as sharing in the new scheme eliminated the need for a supplier to submit GO's.
- ☹ Members of an REC / CEC can benefit from a tax relief (VAT) on their energy bills. This tax relief should be extended to all the other activities REC / CEC can engage in including energy retrofits, district heating, etc.
- ☹ Flanders should acknowledge that the individual energy sharing that is required for RECs and CECs will impose higher costs to energy suppliers which will be passed onto the person who shares energy and/or those who don't. This



clearly puts a cap on the financial benefits one could get through participation in an energy sharing scheme.

- ☹ Flanders should develop a strong enabling framework for energy communities. Decision makers can find inspiring examples, e.g. in Scotland with their CARES scheme or in the Netherlands where they signed the Dutch Climate Agreement. This regulation indicates that the local community has the right to claim local ownership of up to 50% of any future wind farm. This way, the local community will indeed be able to retain wind profits in the local community and lower the bills. The latter will obviously have a positive impact on social acceptance for energy transition projects in general.
- ☹ Flanders should consider a tax shift from electricity towards natural gas in an attempt to make RES investments and district heating networks more economically viable.
- ☹ Flanders should provide energy communities with priority access to public roofs and land. Moreover, citizen participation should be considered by public authorities in their public procurement.
- ☹ Flanders should foster capacity building for local authorities and make them more knowledgeable about the different ways they can engage with their citizens to speed up the energy transition whilst keeping it in the hands of social actors. Several municipalities expressed interest in the voucher model, similar to the one which is developed by ZEZ and Grad Poreč (Parentium pilot).
- ☹ Energy sharing was introduced in Flanders in the light of the European legislative framework. The whole idea of the regulator was to speed-up the penetration of renewables by providing favorable conditions for multi-apartment buildings and encouraging them to look into joint RES projects with their residents. Unfortunately, the set-up as it currently stands does not make energy sharing an economically viable endeavor but an artificial endeavor that comes with a burdensome administrative procedure.



Legislative framework for France

Current state of affairs

Definitions

In March 2021 France published an **Ordinance** with provisions for both Renewable Energy Communities and Citizen Energy Communities. This Ordinance was followed by an Application Decree, which was finalized in October 2021 but still waiting for its final publication. The French definitions for REC and CEC are nearly a copy-paste of the definitions featured in the EU directives. There is no intention whatsoever from the French authorities to link or merge the two definitions and/or align the criteria that are set forth by the two definitions. The definitions clearly emphasize the “autonomy” aspect, which finds its origin in France’s existing company law. The Application Decree also elaborates “effective control” and “geographical proximity” in detail. One significant point that clearly distinguishes the REC from the CEC is the “eligibility” aspect: there are strong restrictions for companies to participate in RECs, whereas the CEC definition explicitly states that there are no restrictions whatsoever to participation. That obviously makes the CEC more vulnerable to corporate capture. Furthermore, there is no monitoring role assigned to the regulatory authority which clearly holds the risk for corporate capture and hence trigger a general lack of trust in the concept.



Enabling frameworks & provisions on national support schemes

Although France has taken significant steps to transpose the new regulations (and the activities around energy sharing in particular) the accompanying enabling framework for energy communities is still missing to date. Prior to the publication of the Clean Energy for All Europeans Legislative Package, France had already developed a framework for collective self-consumption beyond the building level (at neighborhood/district level or within a 20km perimeter for rural areas). The French government had put in place some policy objectives for the development of energy communities too, but concrete steps and measures were missing. The Ministry convened a national stakeholder group, bringing various people from across the energy sector together, in an attempt to feed into the debates around the enabling framework. From this initial consultation round, The Ministry communicated in November 2021 that the pluriannual energy programme will account for the development of energy communities via the inclusion of a roadmap for the development of energy communities.

The **roadmap** itself sets an objective of a thousand citizen-led initiatives by 2028 and sets forth 10 steps to put this to practice. Unfortunately, these measures still need to be put in place and to date the renewable energy communities still don’t benefit from the national support schemes for RES production.

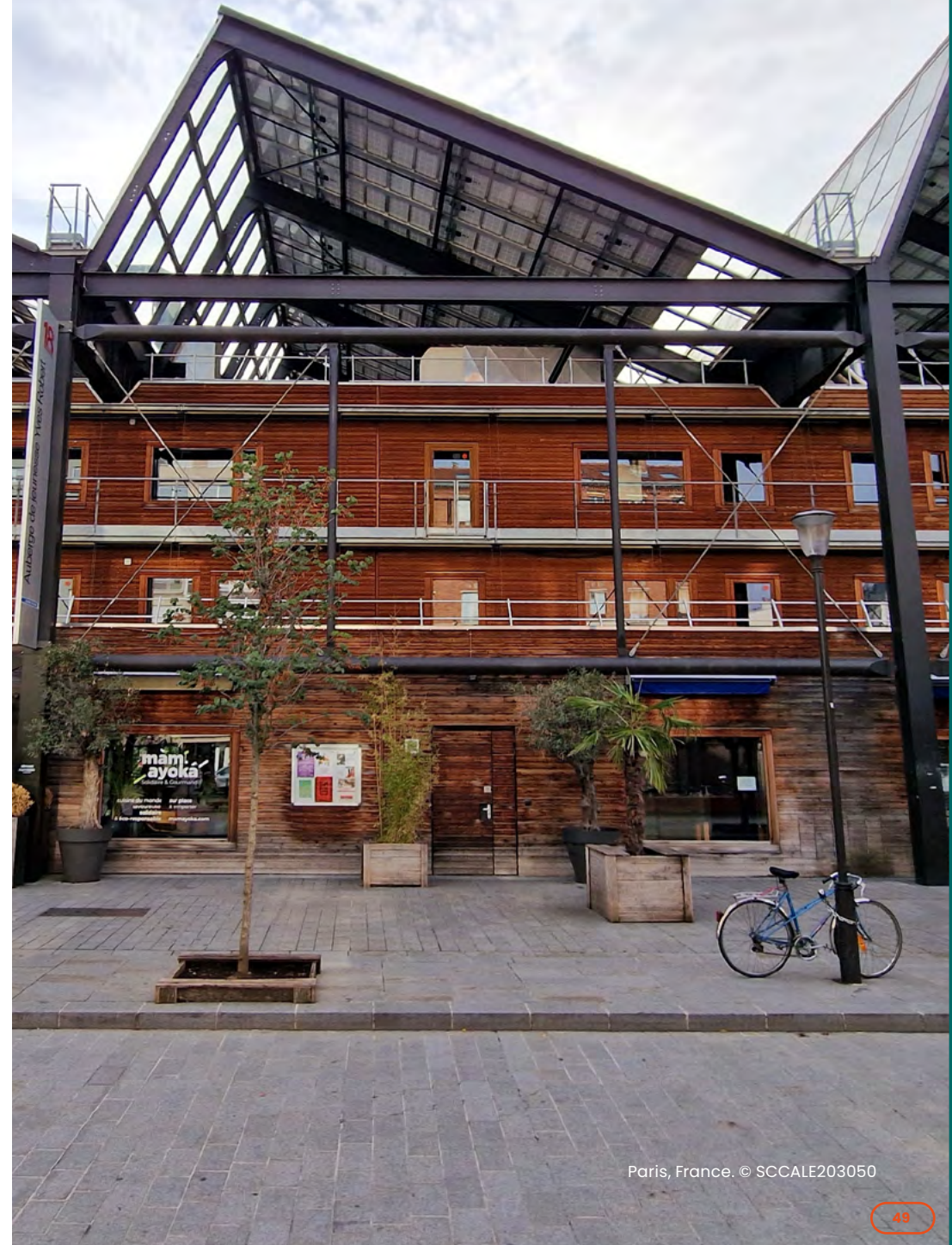
How policy affects our projects

France has to put its political commitments into concrete actions and adapt some of its existing policies and frameworks in an attempt to provide better conditions for energy communities. Below are some examples of the current policies that hamper the roll-out of community energy projects in France.

- Most energy communities in France take on RES production projects but our SCCALE pilot “Les Economes” intends to implement an energy savings programme and engage with local citizens. This however is not very high on the agenda of local authorities, nor do they have resources available for it.



- Community energy RES projects are often less competitive than projects operated by traditional market actors which makes it less likely for energy communities to win a traditional tendering procedure. Open-door schemes are much more adapted to RECs but the French regulatory authority (CRE) tends to use traditional calls for tenders nevertheless, following the recommendations of DG Competition.
- Although calls for tenders are often not adapted to the specificities of RECs, it is still **possible for public authorities to tailor them to REC needs**. This can be done by means of adopting a so-called bonus for citizen-led projects and/or projects with a local character. Unfortunately, the French administration recently reformed this “participative bonus approach” and the mechanism that was put in place is too complicated for daily practice and roll-out.
- From 2021 it is impossible for RES production projects to benefit from both local and national support schemes. This cumulation however was crucial for some community energy projects, especially in the North of France where solar PV projects tend to be less economically viable.
- Beside the public support schemes, there’s traditional power purchase agreements too. These arrangements can provide great opportunities for energy communities to get revenues out of their respective projects. RES producers can sell the energy that they produce to suppliers, who can also be energy communities. However, PPA’s in France are mainly used by big market actors and it remains challenging for small and cooperative suppliers to get long-term contracts which could provide them with a stable revenue stream over a longer period of time.
- At the same time, banks are more reluctant to finance RES projects if the buyer of the generated energy turns out to be a private actor instead of a public body. It gets even worse if the private actor turns out to be a cooperative. To overcome this problem, a public guarantee fund was launched in 2022 but is mostly tailored to the needs of big industrial players.





Policy recommendations

The French citizen energy coalition called “le collectif pour l’énergie citoyenne” which involves cooperatives like Enercoop and Energie Partagée and the SCCALE consortium want to call upon national decision makers to change some of their current policies to better accommodate the needs of small community energy projects.

- ☛ We want strong political support both at the local and national level for the final development and implementation of the roadmap for citizen energy that was announced by the Ministry in November 2021.
- ☛ We want to change the public support schemes for RES generation and foster the roll-out of open-door schemes for RECs. Furthermore, we want to reform the “participative bonus approach” and make it more user-friendly.
- ☛ We want to facilitate more and better PPAs for RECs and local authorities by means of implementing a public guarantee fund, by means of implementing innovative feed-in-tariffs (for instance a feed-in-tariff that is effective if and only if the off-taker goes bankrupt) and/or by means of securing priority grid access for local RES projects that remain in the hands of local actors.
- ☛ Effective territorial engineering is crucial to foster the energy transition and decentralize the energy system. Local actors need better capacity building measures to develop local RES projects and initiate territorial dynamics. More human and financial resources shall be allocated to help local authorities, local agencies, local networks and the DSO take on better territorial engineering.



Legislative framework in the Netherlands

Current state of affairs

Definitions

The new **Energy Law** – which still has to be adopted by the Netherlands – transposes both the REC and CEC definitions. The law merges both definitions into a single concept called “energy community”. RECs have a focus on local and renewable energies, and have stricter requirements than the CECs. The “autonomy” principle however is not well reflected and somehow missing which means that the definition has not been transposed to the letter. Having said that, the Dutch transposition does fairly well in creating a single concept that properly distinguishes between the different participation requirements of RECs and CECs. An explanatory note provides a clear justification explaining why the two concepts got merged. This provides clarity and enhances potential market uptake.

The definition is open to all legal persons, regardless of form, including partnerships. The Energy Law does not go into any specific detail on the “participation” and “governance” principles. While this could result in a lack of clarity, the government provides itself with the mandate and the authority to adopt additional rules. While the activities of energy communities are subject to regulatory oversight, no authority is assigned to oversee registration of energy communities, or compliance with the conditions for establishing energy communities. This presents a potential risk of abuse by commercial market actors.



However, this definition is only taken up in the energy law that regulates the gas and electricity market. The district heating market will be regulated by another (upcoming) law. At the moment the government is still working on it. At the time of writing, no definition of energy communities have been addressed in the proposals of the new heat law. If there's no definition for energy communities therein, it will create uncertainty around the position of citizens in neighborhoods that transition from natural gas to renewable district heating.

Enabling frameworks & provisions on national support schemes

In general, the environment for participation in energy communities in the Netherlands is supportive. The Dutch Climate Agreement sets out a non-binding policy objective of 50% local ownership of renewable energy (e.g. PV and wind) on land by 2030. However, there are many specific elements of the enabling framework that have not been addressed yet, or where specific details are missing (e.g. energy sharing, district heating and cooperation with the DSO). Despite this, the Dutch government argues that there are no significant barriers to starting an energy community, which is not completely true. Having said that, the Dutch government has adopted funding instruments that help energy communities with pre-construction activities, and there is also a dedicated support scheme for energy cooperatives who engage in RES production activities.

Overall, there is a generally supportive framework in the Netherlands that allows energy communities to engage in a number of activities. However, the Dutch government has yet to undertake a real barriers assessment, and there are still a number of regulatory burdens for energy communities that must be addressed, particularly around energy sharing and supply. The Dutch Minister of Climate stated in his recent **letter to the Parliament** that he will commission a proper assessment soon. In that same letter, he also explained his vision on citizen participation in the future energy system .



How policy affects our projects

Our SCCALE pilot in the Netherlands is a district heating project where a local cooperative teams up with the municipality to speed up the transition and get people off natural gas. The city of Groningen is represented through its own (public) district heating company and the local cooperative “Grunneger Power” organizes and secures the participation of local citizens. What followed was a long discussion between the cooperative and the city setting forth the rules and conditions related to this public-civic collaboration. Public-private partnerships around district heating projects are quite popular in the Netherlands, making it particularly hard to think beyond the traditional model. There is no facilitating framework for public-civic partnerships and a general lack of successful examples. Hence, many questions arise with regards to policy, financial and legal requirements.

The SCCALE pilot team clearly reported that the “lack of conceptual recognition” is the main barrier to get to a successful project implementation. The new heating law is still on its way, and energy communities are not considered whatsoever in the old law. The pilot leaders in Groningen are true pioneers of the community energy movement because they had to define their role and collaboration along the way. Hard work and many (long) meetings were required to find a common ground for collaboration and make contractual arrangements.

In the many discussions about the role of the energy community there was a clear distinction between the ambitions set forth by Grunneger Power and its actual capacity at the time of the negotiations. Energy communities often start-off as small organisations but they tend to dream big. Municipalities have to make contractual arrangements with them, hoping and assuming that the starters will grow, professionalize and mature over time. This obviously puts municipalities in a difficult position which hampers the collaboration. However, this can be resolved. Starters and municipalities can agree on a certain set of KPI and milestones which can help them pace growth and professionalization.





Back in 2021 – when we started working on our SCCALE pilot – the concept of community district heating was highly innovative in the Netherlands. This case in Groningen was quite unique too in a sense that the municipality had its own public district heating company and no reference whatsoever on civic–public partnerships related district heating projects. Instead, former projects were all public partnerships with private district heating companies. In addition, there was no national framework that provided guidance to these kinds of partnerships and the existing legal framework did not really suit the needs of public–civic collaboration.

When a local energy cooperative develops a community district heating project they often want to combine that with energy production. We learned that this combination can be beneficial to the energy community as well as for the energy system. Combined system integration supports the optimization of our local distribution grid, clearly prevents grid congestion and unnecessary investments paid for by distribution system operators (DSOs) and tax–payers. However, district heating and energy production are legally speaking two different fields since energy sharing is still not defined by Dutch Law. As a consequence, DSOs and governments cannot legally distinguish between integrated projects and single energy production projects. If DSOs and governments were allowed to make this distinction, they could clearly charge different grid fees whereas local governments could provide different support mechanisms. At the moment small energy communities that look to for combined system integration projects (combining RES production and district heating) are no direct incentives apart from societal benefits. Other support schemes should be considered.

Our pilot in Groningen also taught us how extensive the citizen engagement process for a district heating project can be. District heating projects really touch upon the private spheres of citizens which turns out to be even more intrusive than a collective wind or solar project in their near surroundings. This requires trust, which takes time and requires an adequate citizen engagement process. In order to develop a regular wind or a solar park, you need the permission of the landowner and the municipal council, and you obviously want to inform and engage the local citizens. With district heating, all citizens have to sign up to the project plan prior to the investment. This required many different communication and engagement activities.



The pilot team of Grunneger Power did an endless amount of bilateral kitchen table talks, they set up many different workshops and follow–up meetings with citizens from the community. They reached out to different audiences from the communities, playing around with variables like languages, timing of the meeting, engagement approach, etc. These time–consuming – yet important – activities often remain unpaid. Luckily, the municipality was willing to provide a small grant for this occasion but this dependency clearly undermined their position in the negotiations.

Policy recommendations

National level

- The national heat act should clearly define RECs, their role, and what its obligations and rights are. The Heat Act should include provisions for citizen initiatives/energy communities to be treated as a different kind of party (compared to commercial project developers) or to be treated as a public party that needs a different kind of access to the heating development because they are part of the neighborhood (whilst staying in line with EU legislation).
- Provide at least clear guidance how public funding for the energy transition for capacity building of local government also could be used to finance energy communities (who also give local capacity building).
- Create a range of financial arrangements for energy communities. Extending the existing development fund for wind and solar with a community energy development fund for district heating.
- National legislation should consider offering RECs that help with congestion management (e.g., through smart energy sharing) priority access to the grid. Such smart energy sharing projects could for instance be made eligible under the feed in premiums or other, and incentives for participating in such projects.



- With regard to grid access, new grid connection codes need to be developed by the Netherlands Authority for Consumers & Markets (ACM) that takes the integral vision of development by energy communities into account.
- Provide clear guidance and regulations on the '50% participation by the local environment by 2030' national policy target.
- Develop new public-civic partnerships for collaboration of municipalities and energy communities, as an alternative for the dominant private-public partnerships.
- Create clear guidance and examples for municipalities of what is needed to create civic public partnerships which are not hindered by European State Aid regulations.

Regional level

- With regard to support for capacity building and funding, consider providing a loan for necessary studies and risk capital, which would later be repaid if the REC project proves successful (cf. the so-called 'development fund' used in the provinces of South Holland, Utrecht, Limburg and Drenthe). Other provincial governments could set up similar funds. Depending on their financial capacities they could do this on their own or in partnership with other fund managers.

Local level

- RES regions can set up 'collaboration agreements' with a coalition of energy communities active in their region for supporting their regional energy strategy. Such an agreement would set out which tasks will be delegated to the coalition of energy communities, including the fees for carrying out these tasks. In this way, the regional energy strategy contributes to the further professionalization of the energy community movement.



- Provide sufficient space for RES facilities run by RECs (for example, on the rooftops of municipal buildings or on municipal land) or make the lease of municipal land or rooftops conditional on the developers' adherence to a set of minimal guidelines for citizen participation.
- Provide and align subsidies for RECs, especially in the start-up phase.

Municipalities

- Give energy communities priority for developing heating, wind or solar projects.
- Municipalities can finance energy communities as a part of local capacity building, as the citizens' initiatives are a stable factor in the energy transition.
- Initiate partnerships with energy communities and see them as a chance to grow and learn from a new and innovative way of working.
- Create a position for energy communities and provide opportunities for them to grow and develop their initiative at their own pace. In the Netherlands, this is called 'opgroeierecht': the right to mature during the project development stage.
- Heating projects need different stakeholders, including energy communities. Kick-start these projects with collaboration sessions to get to know each other and foster mutual trust.



Legislative framework in Greece

Current state of affairs

Definitions

In February 2023 the Greek Ministry of Environment and Energy launched a public consultation on the transposition of the RED II and the IEMD, including the provisions for RECs and CECs, which resulted in the Law 5037/2023 called "Modernization of the legislation on the use and production of electricity from Renewable Energy Sources - Integration of EU Directives 2018/2001 and 2019/944". The transposition complements the national legal framework for energy communities that had already been established in 2018 under the Law 4513/2018.

The new framework for energy communities creates two types of energy communities: Renewable Energy Communities and Citizen Energy Communities, and effectively phases out all energy communities that were created under the previous law. Energy communities that comply with the old regulation can no longer be set-up after April 1st, 2023, and no new projects can be initiated by these initiatives as of November 1st, 2023.

Under the new legal framework, the minimum number of members that can found an energy community (REC and CEC) rises to 30, which can be assessed positively as a measure to ensure actual citizen participation. However, at the same time, the Greek REC and CEC definitions allow for the creation of energy communities that



are made up of municipalities and businesses exclusively, thus restricting open and voluntary participation and opening the door to corporate capture. Additionally, the transitional legal provisions have not been clarified, creating a regulatory vacuum for many energy communities whose projects are currently under development.

Enabling frameworks & provisions on national support schemes

Several elements of the enabling framework introduced in the RED II and IEMD for RECs and CECs have been introduced in the new Greek legislation, however in many cases there is a need for secondary legislation to come to place in order to specify what they mean at the national level. This is the case for instance with the requirement for the DSOs to collaborate with RECs in order to facilitate energy sharing, while also with the requirement for RECs to be able to participate in the market without discrimination compared to other market actors. What should be highlighted is that, although article 22(4)(a) of the RED II specifies that Member States should remove unjustified regulatory and administrative barriers that RECs face at the national level, the new Greek legislation not only does not comply with it, but also sets additional barriers. This is because it completely disregards the more than 1400 existing energy communities and obliges such initiatives to either change their legal entity to a REC or CEC - with all the additional bureaucratic burdens this will entail - or dissolve.

The new legal framework also explicitly stipulates that energy communities, as separate legal entities, can benefit from public funding to promote collective self-consumption and storage projects. Energy communities are also incorporated into the national Development Law, further paving the way for their participation in open public funding calls. However, it should be noted here that the law still fails to create a permanent, predictable financing mechanism for energy communities, emphasizing one-off public funding tenders instead.

Moreover, the new law for energy communities reserves 2GW of grid capacity exclusively for virtual net metering projects (however, for all stakeholders, not just energy communities). This is a step into the right direction, as access to the grid



remains a key barrier to many Greek community energy initiatives. Virtual net metering projects (including projects of energy communities) will now benefit from the possibility of connecting directly to the high voltage grid, thus circumventing the persistent issue of the medium and low voltage grid saturation.

In addition, the Greek legal framework maintains the provisions of the old framework which allow for RECs to include low-income or vulnerable households, by providing them free shares within collective self-consumption projects. However, tools to facilitate access to finance and information, for such households, are still missing (RED II, Article 22 (2 f and g)). Furthermore, to further elaborate the various barriers that energy communities are facing, and substantiate effective enabling responses, the national Center for Renewable Energy Resources, is tasked with a yearly assessment of barriers.

Finally, the new legal framework recognizes 'jointly acting consumers' as a way to enable tenants living in multi-stored buildings to share energy produced by a collective renewable energy system installation (e.g., rooftop PV). As most people in Greece live in such buildings, while at the same time setting up an energy community can be a bureaucratic endeavor, this form of collective self-consumption allows for a more agile way of democratically producing clean energy.

How policy affects our projects

The introduction of a new legal framework for energy communities creates further legal and investment uncertainty for the emerging Greek community energy movement. Several starters who got support through SCCALE 20-30-50 were about to mature and professionalize their activities (several of them have their first projects under construction, are hiring their first employees, are finetuning their internal financial and business models, etc.), but the new law forces them to shift gears once more.



© Andres Simon on Unsplash



As previously mentioned, energy communities under the old legal framework will no longer be eligible to undertake new projects as of November 2023 which implies that they will have to change their legal form which will come with a burdensome and expensive administrative procedure.

Furthermore, the new legal framework does not clearly stipulate whether SMEs that are members to an energy community are still eligible to benefit from the virtual net metering model (as was previously the case). All of the SCCALE Greek sites currently include SMEs in their members' constituency.

Furthermore, the new legal framework defines a very narrow set of activities that RECs can undertake, leaving out crucial elements, such as for example actions around energy efficiency/savings. This creates a clear differentiation, reducing the coherency that the previous legal framework had established.

Policy recommendations

- Although the new legal framework for energy communities stipulates the possibility to use public funds to financially support (virtual) net metering projects as well as energy storage projects, it does not specify how and when this will be further operationalized. Greece must establish a permanent, and predictable financing mechanism, such as a guarantee scheme (so that energy communities can access bank loans) and/or a grant-to-loan scheme to help de-risk the first steps of (new) community energy projects, as is for example the case in Germany and the Netherlands. Any public financing towards energy communities should be disbursed through tenders that incorporate various social criteria (e.g., inclusion of energy poor households, territorial development, citizen inclusion, technological innovation etc.) to avoid misallocation of funds to non-citizen led communities.

- The activities that Renewable Energy Communities can undertake should expand beyond just production & self-consumption, to include energy efficiency/saving, supply, and demand response (e.g., storage, balancing). RECs should also



be able to sell energy through PPAs, and participate in every aspect of energy markets and nascent technologies (including for example offshore wind).

- The reservation of 2GW of grid capacity exclusively for virtual net metering projects (for all stakeholders) is a step in the right direction, as access to the grid remains a key barrier. Citizen-driven energy communities should be offered priority in accessing the grid and simplified administrative processes. This should be further complemented with clear guidance to the DSO on collaborating with energy communities, strict timelines for grid connections, penalties for lack of compliance, and grievance mechanisms for involved communities. Data around grid capacity should be clearly transparent and available in real-time for energy communities to better plan their projects. Energy communities should also be supported in helping to balance the grid, including through subsidies for storage projects, demand-response, and energy saving projects.

- Regional Development Funds, and the Recovery and Resilience Fund could be leveraged to fund national/regional One Stop Shops to support the creation of new energy communities, and facilitate the inclusion of citizens, especially in rural and disadvantaged areas, as has been the case in Italy and Spain.

- Following the examples of countries like Lithuania, Austria and Sweden, a dedicated monitoring agency should be set up to ensure that energy communities are functioning according to the law, whilst also adhering to the cooperative spirit. Membership constituency, surplus distribution, types of activities, (limits on) share ownership, could be some of the monitored activities. Energy communities that repeatedly infringe the above criteria should be stripped of their legal status.

- The Greek Recovery and Resilience Fund earmarks 100 million euros for Municipalities to found energy communities and help tackle energy poverty. The Greek Government should provide further guidance around procurement rules, to ease the collaboration between Municipalities and energy communities. Such relevant contractual templates are currently being prepared under the LIFE-LOOP project, whose scope includes Greece as a target country. Local and regional authorities should (be able to) provide suitable and affordable land plots to energy



communities for developing projects of collective interest, such as virtual net metering projects.

- ☞ Energy communities composed only of businesses (as predicted under the Citizen Energy Community definition) should not be allowed to move forward. The hijacking phenomenon of energy communities should be effectively dealt with and only citizen-driven initiatives should be promoted.
- ☞ The Greek Government should remain in close contact with the newly formed national cluster of citizen driven energy communities. Through ongoing dialogue, the Government can map all the barriers that Greek energy communities are facing, and help co-create relevant enabling policies.
- ☞ Based on Article 22(5) of Directive 2018/2001, the Greek Government, through its revised National Energy and Climate Plan (NECP) should report on the progress the country has undertaken on removing obstacles and setting enabling conditions for energy communities.
- ☞ More generally, the government should better care for and regulate the transition from Law 4513/2018 on energy communities to the new Law 5037/2023 on RECs and CECs, making sure that the already established energy communities are not pushed out of the market and are able to develop their projects.





Legislative framework in Croatia

Current state of affairs

Definitions

The Croatian government has transposed the CEC and REC definitions through the [Electricity Market Act](#) and the [Renewable Energy Law](#), respectively. All participation and governance principles from the EU definitions are included therein. CECs even require autonomy, and explicitly put limitations to the participation from medium and large enterprises. They must also state in their statutes how they will ensure open and voluntary participation.

In Croatian law the legal form for energy communities is not specified per se but it is mandatory that the financial accounting gets done according to the legislation for not-for-profit organizations. Nonprofit organizations are typically associations, art organizations, foundations, public institutions, chambers, employers' associations or trade unions. In general cooperatives don't qualify as non-profit organizations. There is a lengthy procedure for registering a non-profit organization and the accreditation remains in the hands of the relevant ministry. There is no guarantee whatsoever that it will be granted, in fact informal feedback from the ministry is that these kinds of accreditations will not be granted to cooperatives. As a consequence, cooperatives - who are clearly amongst the most suitable forms to operate a CEC/REC - currently don't qualify as CEC/REC. The non-profit requirement may also put CEC/REC in a less competitive position towards regular and more traditional market actors.



Governance and participation principles are not as elaborated for RECs as they are for CECs. In the Croatian [Renewable Energy Law](#) only the generic definition of REC is provided and it is just a copy-paste of the one featured in the RED II. No other specific guidance is provided, leaving space for interpretation and thus corporate capture. The regulatory oversight is defined for CECs, to ensure transparency around the concept but no oversight is defined for RECs.

There are substantial limitations on eligibility for CECs in terms of geographical scope, and the participation principle in the CEC is limited to legal and natural persons that come from the one and the same municipality. In addition and for energy sharing in particular, the members of the CEC must be connected to the same low voltage transformer station of which there are more than 26.000 all over the country.

There's a risk that comes with being overly restrictive in terms of participation, and it is likely that it will impact energy communities' ability to undertake different activities, essentially limiting their right to operate across the market.

For RECs, the proximity criterion is not further defined. Furthermore, there is no clear relationship between the REC and the CEC definitions. While both definitions are almost fully aligned on eligibility, and governance/participation principles, the principles are more elaborated for CECs than they are for RECs.

Yet, CECs are also geographically restrictive, creating confusion around the difference between RECs and CECs, and hence the two definitions. As such, the relationship between the two definitions requires further clarification by the Croatian authorities. Otherwise, citizens and communities that want to use these concepts will get confused.

Although the REC/CEC has great potential to trigger social innovation, the barriers listed above hamper the set-up of new energy communities. In Spring 2023, almost a year and a half after the introduction of CEC/REC into Croatian legislation, we are still waiting for the first energy community to emerge and the first collective self-consumption scheme in a multi-apartment building.



Enabling frameworks & provisions on national support schemes

Croatia has adopted several provisions on RECs and CECs in its national legislation and the rules for the registration of energy communities have been adopted too. Although the national authorities acknowledge the requirement for setting-up an enabling framework, no further action was taken with regards to the assessment of the barriers or the potential of RECs.

Furthermore, Croatian authorities have not articulated any of the elements of the enabling framework. Indeed, some provisions in the new law, particularly on the geographic restrictions for conducting activities and membership, as well as the registration and licensing process, are disproportionately burdensome for energy communities and represent significant barriers to their establishment. No support schemes have been designed either. While some of the rules around energy sharing have been developed, there are no real incentives attached to this activity and due to other barriers related to registration and licensing, energy sharing or collective self-consumption does not exist in practice.

Overall, the conceptual and regulatory framework for RECs, CECs, and energy sharing in Croatia must be further clarified and a dedicated enabling framework (with dedicated support mechanisms) that may help energy communities to set-up and grow their business is still missing.

How policy affects our projects

Croatian pilot leader ZEZ successfully implemented community engagement activities around Parentium but these activities obviously get affected by the unfavorable legislative context. Due to unclear definitions, various legislative constraints, lack of proper guidance and support from the ministry, and absence of an enabling framework for energy communities, it's nearly impossible to kick-start a CEC/REC in Croatia right now. In fact, one and half year after the adoption of the new laws, the country still doesn't have a single registered CEC/REC and it doesn't look like the situation will change for the better any time soon.





SCCALE pilot Parentium aims to engage citizens into an energy efficiency project combining deep energy retrofits with solar pv production. The so-called voucher model adds an innovative feature and is developed in close collaboration with the city of Poreč-Parenzo. However, and because of its innovative character, Parentium requires prior written approval from the Ministry of Finance which has proven to be quite a mission impossible. The Ministry is not responding at all to any of the letters that were sent, leaving ZEZ and the city of Poreč-Parenzo with many questions and very little answers.

In fact, the general lack of communication and support from Croatian ministries is a big obstacle when dealing with innovative models and concepts like the one of energy communities. Ministries provide the legal framework but no further guidance or support beyond that. This clearly fosters uncertainty around projects and jeopardizes innovative schemes like our pilot in the city of Poreč-Parenzo. In fact, many Croatian cities and municipalities want to be leaders on climate and energy but their intentions often get blocked by constraints at a higher (national) level. As a matter of fact, cities and municipalities in Croatia are subject to revision procedures by national ministries and any step they make beyond the current legal/financial frameworks can have legal consequences, leaving very little room for social innovation.

Policy recommendations

Below are the policy recommendations in order to get to a more supportive environment for CEC/REC, and to provide more chances for citizens and local actors to participate in sustainable energy projects:

- ☹ The national authorities have to perform a proper assessment identifying the potential for community energy and the barriers that hamper the development of REC/CEC, including regulatory ones.



- ☹ The national authorities have to put in place a supportive enabling framework for energy communities allowing them to engage in a number of different activities, as foreseen in the Clean Energy for All Europeans Legislative Package.
- ☹ The national authorities have to improve the existing definition of CEC/REC and clarify/simplify the procedure for setting up energy communities. The obligation for energy communities to act as not-for-profit entities should be removed, allowing cooperatives to qualify as energy communities.
- ☹ The national authorities have to clarify the process for establishing a CEC/REC and provide better support and guidance to innovative schemes like the one of Parentium.
 - ☹ We need a clear set of criteria to check whether an initiative will qualify as an REC or CEC.
 - ☹ We need a dedicated agency who can monitor the existing CEC/REC in order to ensure that they adhere to the overarching principles including membership constituency, surplus distribution, types of activities, ownership, etc. The energy communities that repeatedly infringe the set criteria should lose their CEC/REC status.
 - ☹ We need an “explanatory note” to provide a clear and better framing for energy community projects and concepts.
- ☹ The national authorities have to provide both technical and legal assistance and provide dedicated funds to support the set-up and growth of CEC /REC.
 - ☹ We need specific tendering procedures for REC/CEC and “open-door-schemes” with social criteria like citizen participation, inclusion of people facing energy poverty, territorial development, technological innovation, etc.
 - ☹ We need a development fund to speed up the creation of CEC/RES and provide grants so that starters can finance the project preparation phase. Similar to the CARES fund in Scotland, grants can be turned into loans if the projects turn out to be successful.



- ☛ The national authorities need a PPA guarantee fund so that CEC/REC can purchase and sell energy on the market more easily.
- ☛ Cities and municipalities should establish a supportive legislative framework at the local level in which REC/CEC can thrive and prosper. Similar to public authorities in Belgium or the Netherlands, Croatian cities and municipalities could require the participation of local citizens in RES projects in their territories. In addition, cities and municipalities should facilitate CEC/REC with access to public roofs and land by introducing citizen participation as a prerequisite in public tendering procedures.





About SCCALE 203050

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 20-30-50 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favorable EU legal framework on citizen energy.

STAVROULA PAPPA

Policy Advisor, REScoop.eu

stavroula.pappa@rescoop.eu

DAAN CREUPELANDT

Coordinator, REScoop.eu

daan.creupelandt@rescoop.eu



Funded by the Horizon 2020 Framework
Programme of the European Union

[→ sccale203050.eu](https://sccale203050.eu)