



**D3.3 Report on developed local policies and practice for community energy projects**

**April 2025**

## Contents

|   |    |
|---|----|
| 1. Executive Summary (key findings) ..... | 2  |
| 2. Bistrita and Tulcea, Romania.....      | 4  |
| 3. Zagreb, Croatia .....                  | 6  |
| 4. Crete, Greece.....                     | 8  |
| 5. Sardinia, Italy .....                  | 11 |
| 6. Cyprus.....                            | 13 |
| 7. Conclusions and recommendations.....   | 15 |



## 1. Executive Summary (key findings)

This report examines the policy landscapes, challenges, and opportunities for community energy development across five European locations: Bistrita and Tulcea (Romania), Zagreb (Croatia), Crete (Greece), Sardinia (Italy), and Cyprus, which are pilot and satellite locations for the European LIFE LOOP project.

Across all studied locations, there are promising policy developments which include the establishment of local financial instruments, administrative simplification initiatives, municipal recognition of energy communities and the creation of one-stop shops providing technical guidance. These developments demonstrate how local authorities can actively support the community energy transition while achieving their climate and development objectives.

In Romania, we observe emerging local support systems for energy communities, with municipalities beginning to explore pilot projects for PV installations on public buildings. However, restrictive homeowners' association regulations and limited local capacity building programs continue to impede progress.

City of Zagreb has developed a practical policy roadmap that recognizes energy communities as tools for achieving local sustainability goals. Yet, local administrative complexity and insufficient municipal integration of community energy into planning processes remain significant barriers.

Crete has established a comprehensive local support system for energy communities, including a one-stop shop and collaborative programs to address energy poverty. However, the island faces unique challenges related to grid capacity limitations and restrictive financial requirements that favour large-scale investors over community initiatives.

In Sardinia, the regional government has allocated substantial funding for renewable energy systems, but grid infrastructure limitations and complex administrative procedures create implementation barriers for community projects.

Cyprus has begun localizing national regulatory frameworks, but municipalities face significant capacity and infrastructure constraints when supporting renewable energy communities.

Common challenges across all regions include limited grid capacity access for community projects, complex administrative procedures, insufficient technical expertise at the municipal level, and inadequate financial support mechanisms. The report highlights the critical role of municipalities in facilitating community energy development—when local authorities actively participate in or support energy communities, they unlock public infrastructure for renewable installations, build citizen trust, and ensure broader community benefits.

Our findings indicate that successful energy communities depend on balanced collaboration between citizens, local authorities, and technical experts. The recommendations outlined in this





report emphasize practical steps to enhance local policy frameworks, including dedicated municipal funding programs, streamlined administrative procedures, enhanced technical support services, and improved grid access provisions for community projects.

As Europe continues its clean energy transition, community energy initiatives represent a powerful mechanism to ensure this transition is just, democratic, and locally beneficial. By implementing the policy recommendations outlined in this report, local and regional authorities can create enabling environments where energy communities thrive—transforming passive energy consumers into active participants in sustainable energy systems.



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## 2. Bistrita and Tulcea, Romania

### Positive policy developments

- **Updated Energy Law:** Romania's draft law transposing RED III into national legislation is currently under interministerial review. The draft includes several provisions beneficial to energy communities, such as the regulation of energy sharing. Cooperativa de Energie, alongside other organizations supporting energy communities, has proposed minor amendments to facilitate their establishment—for example, increasing the 50 kW threshold below which communities are exempt from certain taxes. They also proposed that members of renewable energy communities are exempt from the following obligations: the balancing responsibility and imbalance costs associated with the production and consumption of energy from installations below 400 kW, which are assumed by the electricity supplier; the balancing responsibility and imbalance costs associated with the production, storage, and consumption of energy shared among the members of an energy community within a 15-minute interval, which are also assumed by the energy supplier; the purchase of green certificates for energy produced from renewable sources; taxes on energy produced for self-consumption.
- In cases where avoiding imbalances is not possible, one idea that has been considered—though not yet tested or formalized is the aggregation of the clients of all energy communities so that, relative to the shared customer portfolio, the imbalance costs can be absorbed and distributed across a larger group of customers. Also, the way imbalances are currently calculated is completely non-transparent, making them entirely unpredictable. Romania is facing significant challenges related to price volatility in this segment. A modernization and increased transparency in how imbalances are calculated is necessary, so that a single invoice does not push an energy community into insolvency.

Additionally, in an official discussion with the Ministry of Energy, officials expressed interest in creating a pilot energy community to assess its functioning and explore legislative support measures.

- Bistrița and Tulcea, in collaboration with Cooperativa de Energie, have initiated **pilot projects for installing PV systems** on municipal assets' rooftops.

### Identified challenges

- Although the legislative proposal mentioned above is in progress, **secondary legislation** will still be needed after its adoption. The draft clearly states that the national regulator is responsible for developing regulations and establishing a registry



for energy communities. Based on experience, this process could take considerable time.

- **Lack of funding for energy communities:** Currently, energy communities are not eligible for any funding programs, contracts for difference schemes or subsidies.
- **Absence of microgrid legislation:** This gap is particularly concerning for new urban developments. Housing developers seek the ability to manage microgrids and have a single point of interaction with the distribution operator. A virtual net metering system could provide a solution.
- **Limited local capacity building programs** to support community energy development have slowed progress. There are insufficient municipal resources dedicated to education, training, and technical assistance for citizens interested in establishing energy communities.
- **Restrictive homeowners' association regulations** at the local level currently limit tenant participation in energy communities, preventing inclusive community involvement in multi-apartment buildings.

### Recommendations for policy change

- **Develop local implementation guidance** to enable energy sharing among all consumers/prosumers within energy communities, providing clear municipal frameworks that complement national legislation.
- **Establish clear local timelines and responsibilities** for municipal authorities and grid operators to register energy communities and facilitate the installation of smart meters.
- **Reform local homeowners' association regulations** to simplify participation processes and allow tenants to participate more actively in energy communities.
- **Create dedicated municipal funding programs** for energy communities through broad stakeholder consultations and by revising existing local funding guidelines (e.g., environmental funds, municipal development funds).
- **Amend local public authority regulations** to encourage and facilitate public-private partnerships in energy communities, enabling municipalities to take a more active role in community energy development.
- **Establish a local one-stop-shop** for energy communities that provides comprehensive information, technical assistance, and administrative support to emerging community energy initiatives in Bistrita and Tulcea.

### 3. Zagreb, Croatia

#### Positive policy developments

In recent years, there has been a noticeable positive shift towards the development of policies that support local energy transition and citizen participation through models such as energy communities. Zagreb developed policy roadmap as a practical tool for all actors aiming to contribute to the development of energy communities, whether through strategic planning, technical implementation, or participatory engagement. By using it, local authorities, citizens, entrepreneurs, and other stakeholders can work together to build more resilient, inclusive, and energy-efficient communities.

- **Policy roadmap** - Political documents and strategic plans increasingly recognize energy communities as a tool for achieving sustainability goals, energy independence, and social equity. Special emphasis is placed on the need for active involvement of local authorities and citizens as key actors in the energy transition process.
- **Legislation update** - The national legislative framework has begun to acknowledge the need to adopt regulations to facilitate the implementation of local energy initiatives. However, current legislative changes are still insufficient to enable dynamic development of energy communities in practice. Further adjustments are necessary to ensure that the legal framework is flexible, clear, and focused on removing barriers

#### Identified challenges

Despite positive progress, numerous barriers still hinder the faster and broader implementation of the energy community concept at the local level. The main challenges relate to legal inconsistencies, financial constraints, and low levels of citizen awareness.

- **Legal framework** - The legislative framework regulating the establishment and operation of energy communities remains overly complex for practical application at the local level. Permits require lengthy administrative procedures, and legal definitions and responsibilities are often unclear or misaligned. Additionally, laws frequently restrict participation to a narrow group of actors, such as non-profits.
- **Financial constraints** - Local energy initiatives often lack access to adequate financial mechanisms. The costs of launching and managing an energy community—including documentation, permits, and infrastructure investments—can be prohibitively high for small communities or groups of citizens without institutional support.
- **Limited municipal financial support mechanisms** for local energy initiatives create barriers to implementation. The costs of launching and managing an energy

community—including documentation, permits, and infrastructure investments—can be prohibitively high for small communities or groups of citizens without institutional support from local authorities.

- **Insufficient technical capacity** within local government and community groups to develop and implement energy community projects effectively. Local stakeholders often lack the necessary knowledge and skills to navigate the technical aspects of renewable energy projects.
- **Limited integration with municipal planning** processes restricts the development of energy communities. Current urban and energy planning procedures in Zagreb do not adequately incorporate community energy models as part of the city's sustainable development strategy.

### Recommendations for policy change

To support the development of energy communities and remove existing barriers, targeted policy changes at the national level are necessary, focusing on the following priorities:

- **Establish dedicated municipal financial mechanisms** for energy communities in Zagreb, including start-up grants, easier access to loans for citizens and local government participation, and availability of non-refundable funds for technical assistance and capacity building at the local level.
- **Develop comprehensive local information campaigns** and targeted educational programs for citizens, local authorities, and relevant stakeholders in Zagreb. Building awareness and technical capacity is a prerequisite for broader participation in the city's energy transition.
- **Integrate energy communities into municipal planning** processes by establishing clear guidelines for incorporating community energy projects into Zagreb's urban development plans, building regulations, and energy strategies.
- **Information & training** - It is essential to ensure the development and implementation of systematic information campaigns, targeted educational programs, and dedicated advisory services for citizens, local authorities, and relevant stakeholders. Building awareness and technical capacity is a prerequisite for participation in energy transition. Establishing a national platform for energy communities, which includes practical guides, case studies, training materials and accessible support contact points, would greatly enhance knowledge sharing and empower local actors. Local platform for energy communities in Croatian context is too small. In parallel, awareness of available financial instruments—such as targeted subsidies, loan guarantees and crowdfunding opportunities should be integrated into training modules to help communities fully understand and access support for their energy initiatives.



## 4. Crete, Greece

### Positive policy developments

- **Local support system for new energy communities** has been established by Minoa, providing information regarding statutes, communication strategies, and operating procedures. This local support infrastructure has been crucial for helping new community energy initiatives to form and operate effectively across the island.
- **Comprehensive one-stop shop development** with both online presence and physical location at the community office in Arkalochori provides localized services and guidance to citizens. This one-stop shop, developed with the support of Life LOOP, offers technical support and legal assistance customized to Crete's specific regulatory context.
- **Collaborative vulnerability identification program** with municipal social services has successfully identified 65 vulnerable households across four municipalities of Crete. This local collaboration has facilitated their free inclusion in community projects, addressing energy poverty while enhancing social cohesion.
- **Regional stakeholder engagement** has been implemented through regular brokerage events on just energy transition. These events bring together local authorities, businesses, and citizens to discuss and promote community energy development tailored to Crete's unique conditions.
- **Local coalition building** with other energy communities in the Greek Coalition of energy communities "Desmi" has strengthened advocacy efforts for more favorable local regulatory frameworks across the island.

### Identified challenges

- **Restrictive virtual net metering changes** have significantly impacted local energy communities. Recent legislation has removed the option of virtual net-metering from Greek law, despite the fact that energy communities' virtual net-metering plants correspond to only 0.3% of total photovoltaic installed power in Greece. This particularly affects municipalities and vulnerable households in Crete.
- **Limited access to regional funding and subsidies** for energy community projects on the island. Despite existing financing programs for self-consumption projects, citizen and SME-based energy communities in Crete are often excluded from such programs, limiting their ability to implement renewable energy projects.

- **Apollon Programme – Failing to engage municipalities and citizens under the umbrella of energy communities**
  - In early 2025, the Greek Ministry of Energy and Environment introduced a program named Apollon, aimed at mitigating energy poverty and reducing energy costs for municipalities by utilizing the Citizen Energy Community (CEC) model and resources from the Recovery and Resilience Fund (RRF). According to the Law 5106/2024 that introduced the Apollon program, the Ministry will facilitate the creation of CECs across each of the 13 regions (only the municipalities can participate as members), with the goal of benefiting municipalities and energy-vulnerable citizens through solar self-production plants regulated by the recently introduced virtual net-billing model.
  - Given that the Ministry is using the CEC model and resources from the RRF, it is essential to highlight the following issues. Please note that a thorough assessment of the Apollon program will follow once the expected Ministerial Decree is issued, which will hopefully clarify all details.
- **Grid capacity limitations in Crete** have been monopolized by large-scale investors. The electrical and geographical space for new renewable energy projects on the island has been largely occupied by wind park applications and licenses owned by a small number of major investors. Many applications have remained under evaluation since 2011, exceeding legal time limits for review. Meanwhile, existing licenses have been extended through questionable regulatory changes (Law 4821/2021, Article 100 and Law 5151/2024, Article 29) that removed obligations for these investors to contribute to critical grid infrastructure development. These provisions have effectively granted these large projects priority over community-based initiatives, bypassing competitive licensing processes. Beyond violating principles of fair competition, these large-scale developments threaten to negatively impact both the natural environment and local communities on the island.
- **Restrictive financial requirements** mandate that energy communities on Crete must keep 80% of their revenues from RES electricity production projects as bank reserves. This requirement creates a major disincentive for new members to participate and invest in local energy community projects.

### Recommendations for policy change

- **Release grid capacity for local stakeholders** by advocating for the rejection of long-pending large-scale applications and revocation of oversized wind park licenses. For Crete, at least 70% of the available electrical space should be reserved for local stakeholders' projects: energy communities, municipalities, the regional authority, and small firms.



- **Develop local energy transition planning councils** involving municipal authorities, regional government, licensing authorities, energy communities, technical chambers, and academia. These collaborative councils would create specific island-based energy transition plans describing the number, size, technology, and siting of energy projects to be implemented. This plan should officially be acknowledged, adopted and applied by the Greek State. Any RES project or energy saving project which originates from local energy communities or municipal authorities should be strongly and officially supported and prioritized, both on licensing and funding level.
- **Guarantee grid access for community projects** by reserving a specific percentage of grid capacity for citizen energy communities to ensure equal access to the network. Connection procedures should be accelerated, with special incentives for self-production and energy storage projects developed by local communities. For smaller islands, 100% of their electricity needs should be covered by projects developed and owned by local energy communities, with massive participation of citizens and the local municipalities.
- **Simplify local regulatory framework** for energy communities to create a clear and simplified process for existing energy communities to adapt to changing regulations. This would provide a stable policy environment to ensure that operating rules do not change constantly at the local level.
- **Prioritization for genuine local energy communities:** A formal recognition system should be established to support authentic community-based energy initiatives on Crete. We propose introducing the concept of "broad-based energy communities" - defined by their inclusive local membership structure, geographical connection to the territory they serve, demonstrated social impact, democratic citizen governance, and commitment to regional development. These criteria would align with the upcoming Grids Action Plan while ensuring that energy transition benefits remain within the local community. Broad-based energy communities should receive preferential licensing status (Priority A classification) and streamlined grid connection processes to overcome existing barriers to community energy development on the island.
- **Establish municipal support mechanisms** that acknowledge the value of real energy communities with broad local membership. Municipalities can play a central role by providing public land for renewable energy installations and facilitating access to funding, as well as actively participating as members of energy communities.
- **Revoke the bank reserve requirement** for energy communities, which currently mandates holding 80% of revenues as reserves. This would remove a major disincentive for local energy communities to accept new members and implement new projects.

## 5. Sardinia, Italy

### Positive policy developments

- **Legal recognition of energy communities** – Italy formally adopted the EU Renewable Energy Directive (RED II), allowing the creation of Renewable Energy Communities (RECs). (Legislative Decree 199/2021)
- **Incentive mechanisms** – Italy introduced financial support and incentives for shared energy within RECs, aligning with **PNRR** (National Recovery and Resilience Plan) funding for start-up investments (feasibility studies, plants installation). (Ministerial Decree No. 414/2023)
- **Expansion of participation criteria and geographical constraints** – The national framework now allows **medium-sized businesses and municipalities** to join RECs, enhancing local engagement in energy transition efforts. The geographical boundaries are now broad enough to create RECs of different sizes and across different territories (primary station areas for energy sharing, up to national territory for juridical entities domain).
- **Sardinian** Regional Law to subsidize PV plants and storage systems for self-consumption and RECs (LR 20/2024). The Regional Government has allocated a fund of 678 M€ to finance the installation of PV plants and storage systems. The funds can be acknowledged to citizens, SMEs and local administrations through grants, financial instruments, or a mix of the two. Allocation criteria are still under discussion.

### Identified challenges

- **Local grid infrastructure limitations** restrict the development of energy communities across Sardinia. The capacity of the distribution network is currently often insufficient to support energy-sharing models, particularly in remote areas of the island where grid infrastructure is less developed.
- **Difficult access to consumption data** creates operational challenges for energy communities. Local consumers experience difficulties and delays accessing their own real-time consumption data, even where buildings are equipped with smart meters. Interactions with distributors are challenging and unbalanced, particularly regarding procedures for grid connections of new power plants.
- **Complex local administrative procedures** for establishing RECs remain bureaucratic and slow, creating particular challenges for bottom-up initiatives arising from local communities without institutional support

- **Municipal capacity constraints** create implementation barriers across the island. Many Sardinian municipalities have financial resources to support RECs but lack the necessary technical expertise, whereas informal community groups possess knowledge and motivation but lack funding.
- **Limited awareness and participation** – Citizens and businesses often have limited knowledge about how to set up, participate and benefit from a REC. Moreover, as long as people perceive REC participation only as a means for economic return or savings, they will probably be soon disappointed and demotivated.
- **Regional land-use restrictions** defined in the Regional Law (LR 20/2024) have created uncertainty regarding permissible areas for renewable energy development. While the law provides definitions and criteria for designating permitted and restricted areas for specific types/sizes of RES plants, the practical implementation remains unclear, especially for pending procedures.

#### Recommendations for policy change

- **Simplify municipal administrative processes** for REC creation and activation, making it easier for civil society groups to self-organize independently. Local authorities should develop standardized procedures and templates to reduce bureaucratic requirements.
- **Enhance grid modernization** – Invest in upgrading the electricity distribution grid to better accommodate distributed energy generation.
- **Increase and stabilize incentives** – Improve the accessibility and reliability of financial incentives to make RECs economically viable in the long term.
- **Establish dedicated local funding programs** for REC development, ensuring financial support not only for energy installations but also for the startup phase of community energy initiatives, particularly for grassroots groups and informal organizations.
- **Enhance municipal technical support** by allocating resources and technical assistance to local governments across Sardinia. This would help bridge the expertise gap that currently limits municipal engagement in REC development.
- **Promote awareness campaigns** – Educate citizens and businesses on the benefits of RECs through public information programs and training.
- **Implement targeted municipal measures** to engage vulnerable consumers by fostering collaboration between local social services and third sector associations dealing with vulnerable groups across the island.

## 6. Cyprus

### Positive policy developments

- **Regulatory Framework on Energy Communities:** in October 2021, the House of Representatives enacted the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021), which transposed provisions from Directive (EU) 2019/944. This law includes definitions for Renewable Energy Communities (RECs) and Citizen Energy Communities (CECs) and outlines the responsibilities of the Cyprus Energy Regulatory Authority (CERA) to draft an enabling framework for these communities, ensuring their non-discriminatory participation in the energy market.
- In 2022, Cyprus partially transposed Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources through the Law on the Promotion and Encouragement of the Use of Renewable Energy Sources (Law 107(I)/2022). This law includes definitions for RECs and mandates CERA to draft regulations establishing an enabling framework for these communities. Additionally, CERA is tasked with assessing barriers and potential for RECs in Cyprus and considering their specificities when developing support schemes

### Identified challenges

- **Entity constraints in the Regulatory Framework:** The current regulatory framework in Cyprus does not explicitly recognize energy communities as distinct legal entities, but allows energy communities to be formed as companies, cooperations or non governmental organisations. This restriction creates significant barriers for the formation and operation of energy communities, since these legal entities do not cover the full spectrum of operations of energy communities. Without legal recognition, energy communities face difficulties in participating in the energy market, accessing financing, and benefiting from support schemes designed for renewable energy initiatives. The absence of a tailored legal status complicates governance structures, limits the ability to enter into contracts, and restricts the capacity to own and manage energy assets effectively.
- **Development of Support Mechanisms for Energy Communities:** Currently there is no policy initiative that focuses on establishing energy communities led by or supported by public authorities, facilitating local and regional energy policy objectives through active citizen engagement. Also, there is no policy in place to create support services, such as One-Stop-Shops, to provide technical assistance and simplify decision-making processes.

- **Municipal Capacity and Infrastructure:** Municipalities and local authorities often lack the internal capacity and infrastructure to support renewable energy communities. Limited experience and resources make it challenging for them to effectively implement energy community initiatives.
- **Grid Capacity and Infrastructure:** Cyprus faces infrastructural challenges in becoming a regional energy hub due to a lack of infrastructure to transport and export energy. The existing grid infrastructure may not be adequately equipped to handle increased decentralized renewable energy generation, posing challenges for energy communities aiming to integrate their production into the national grid.
- **Energy Communities and storage:** Energy communities are not being promoted in energy policies regarding storage.
- **Public Awareness and Engagement:** There is a general lack of public awareness and understanding of the benefits and functioning of energy communities. This results in limited citizen participation and support, which are crucial for the success of such initiatives.

### Recommendations for policy change

- **Develop local financial instruments** to support the establishment of energy communities. Municipalities should create dedicated funding programs and financing mechanisms adapted to the specific needs and characteristics of their communities.
- **Establish municipal technical assistance centers** as one-stop shops to provide guidance, simplify decision-making processes, and offer practical support to emerging energy communities at the local level
- **Streamline local administrative procedures** by reducing bureaucratic requirements and creating fast-track approval mechanisms for small-scale and community-owned renewable projects. Municipal authorities should introduce pre-approved templates and simplified permitting for standard energy community setups.
- **Enable municipal participation** in energy communities by amending local regulatory frameworks to allow municipalities and other local public authorities to become founding or participating members. This would strengthen democratic governance in the energy transition, unlock underused public infrastructure, and promote local energy resilience. Enabling municipal participation would strengthen democratic governance in the energy transition, unlock underused public infrastructure (e.g. schools, town halls) for renewable installations and promote local energy resilience and citizen engagement.



## 7. Conclusions and recommendations

The analysis of community energy policy landscapes across Romania, Croatia, Greece, Italy, and Cyprus reveals both common patterns and region-specific challenges that must be addressed to unlock the full potential of energy communities across Europe:

### **The Critical Role of Local Authorities**

Municipalities emerge as pivotal actors in the success of energy communities. Where local authorities are actively engaged by providing public infrastructure, technical support, or participating directly in community energy initiatives, projects gain legitimacy, resources, and broader community acceptance. However, many municipalities lack the technical capacity and clear policy frameworks to effectively support energy community initiatives.

### **Regulatory Barriers at the Local Level**

Despite positive policy developments in all regions, persistent regulatory barriers impede community energy growth. These include complex administrative procedures, unfavorable tax treatment and limited integration of energy communities into municipal planning processes. These barriers disproportionately affect bottom-up citizen initiatives that lack institutional support.

### **Grid Access Limitations**

A recurring challenge across all regions is limited access to grid capacity for community energy projects. This is particularly evident in island communities like Crete and Sardinia, where grid infrastructure is often monopolized by large commercial developers or simply inadequate for supporting decentralized energy systems.

### **Financial Support Mechanisms**

While national incentive schemes exist in most regions, there is a significant gap in dedicated local financial instruments specifically designed for community energy projects. Municipalities with financial resources often lack mechanisms to direct these funds toward community initiatives.



## Recommendations for Policy Action

### 1. Create Demonstration Projects

Municipalities should implement visible showcase projects on public buildings such as schools, administrative centers, and community facilities to demonstrate the viability of community energy models. These initiatives should test innovative technologies in partnership with community groups, integrate with social housing to directly benefit vulnerable residents, and include monitoring displays and educational materials that explain system operations and benefits. By documenting implementation processes and hosting site visits and open days, these demonstration projects serve as both proof of concept and educational tools that build public awareness, interest, and confidence in community energy approaches.

### 2. Integrate Community Energy into Municipal Planning

Local authorities should comprehensively incorporate community energy into their planning frameworks by updating spatial planning documents to designate appropriate areas for community energy development. This integration should include conducting energy resource and demand mapping to identify optimal locations, modifying building codes to facilitate community-owned renewable energy on new developments and renovations, coordinating grid reinforcement with designated community energy areas, and establishing dedicated budget lines within municipal financial planning. By embedding community energy within these core planning instruments, municipalities create the necessary foundation for sustainable community energy growth.

### 3. Establish Support Centers at Municipal Level

Municipalities should create comprehensive support centers with both physical offices and digital platforms where citizens can access all information and services related to community energy development. These one-stop shops should provide technical feasibility assessments, legal guidance, financial modeling, and administrative support while offering standardized documentation and pre-approved templates. Dedicated staff should guide community projects through permitting processes, connect community groups with technical providers and funders, and maintain a knowledge repository of best practices and case studies. By centralizing these services, municipalities significantly reduce the administrative burden on citizen groups and accelerate project development timelines.

### 4. Develop Local Financial Support

Local authorities should establish diverse financial mechanisms to support community energy initiatives, including municipal revolving funds that invest in projects and recycle returns into new initiatives, loan guarantee schemes to reduce risk for financial institutions, and platforms that enable small-scale investments. Municipalities should also develop frameworks for





blending municipal funds with citizen investments, implement local tax incentives where legally possible, and offer favorable leasing terms for municipal assets used in community energy projects. These financial instruments address the critical funding gaps that often prevent community energy projects from moving from concept to implementation.

### **Path Forward**

The transition to renewable energy through community-based models represents not just a technological shift but a fundamental transformation in how energy systems are governed and how their benefits are distributed. By addressing the policy gaps identified in this report, local authorities can create enabling environments for citizen participation in the energy transition. The successful implementation of the policy recommendations outlined here would lead to more resilient local energy systems, democratized access to clean energy benefits, and accelerated progress toward climate objectives. Most importantly, it would ensure that the renewable energy transition serves not just environmental goals but also strengthens local economies and social cohesion. With appropriate policy support at the local level, they can become powerful vehicles for a just energy transition across Europe—one that is built from the ground up with citizens at its core.



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