Policy background: Energy communities

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1. Energy communities: background & model

Energy System of the future
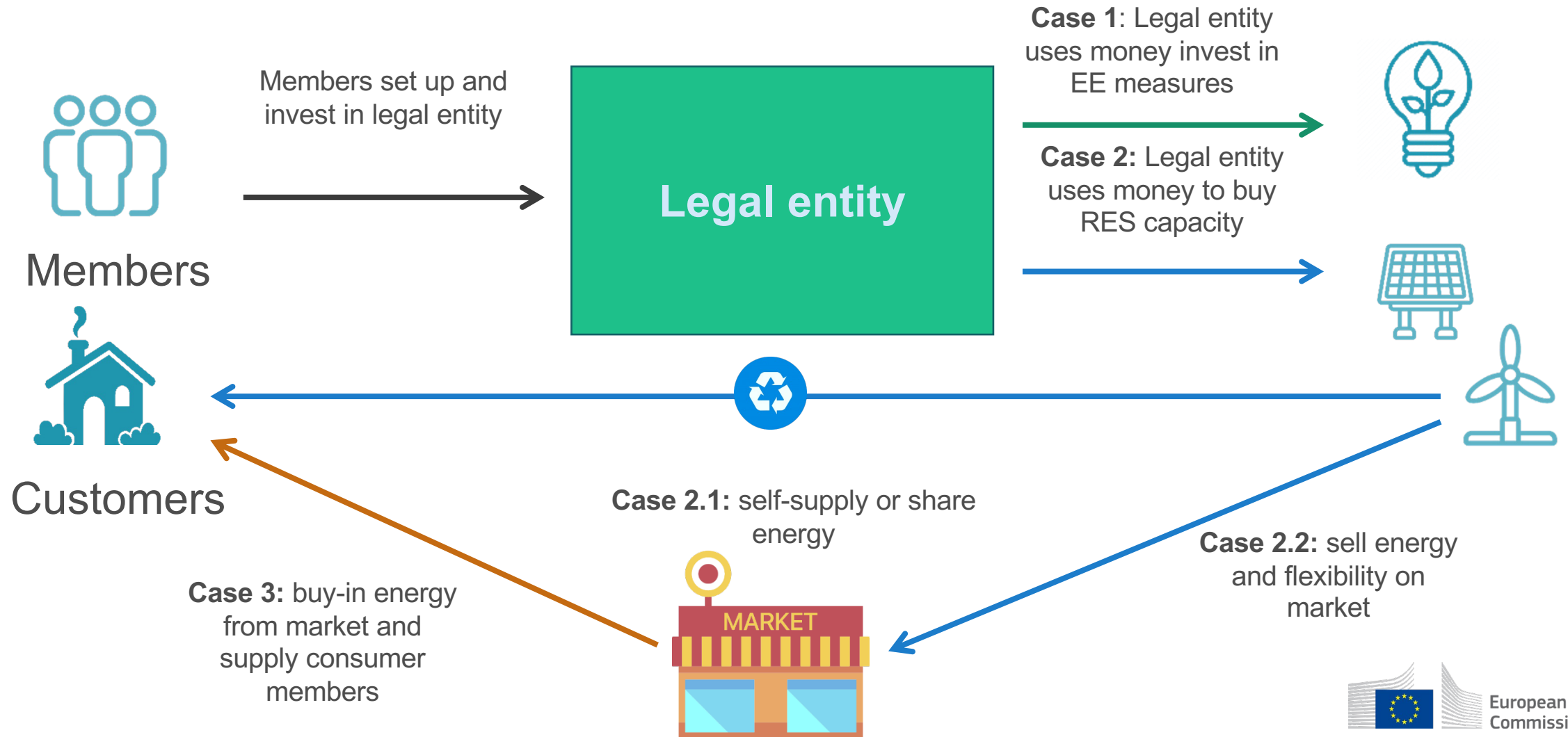
Liberalised and competitive

Digitalised

Decentralised and consumer centred

Integrated

Decarbonised

Energy communities – business models

Members set up and invest in legal entity

Members

Customers

Legal entity

Case 1: Legal entity uses money invest in EE measures

Case 2: Legal entity uses money to buy RES capacity

Case 2.1: self-supply or share energy

Case 2.2: sell energy and flexibility on market

Case 3: buy-in energy from market and supply consumer members

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2. Clean Energy Package

Consumer empowerment

Individual active customer

Jointly acting active customers

Energy communities

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Renewable Energy Directive: all types of *renewable energy*
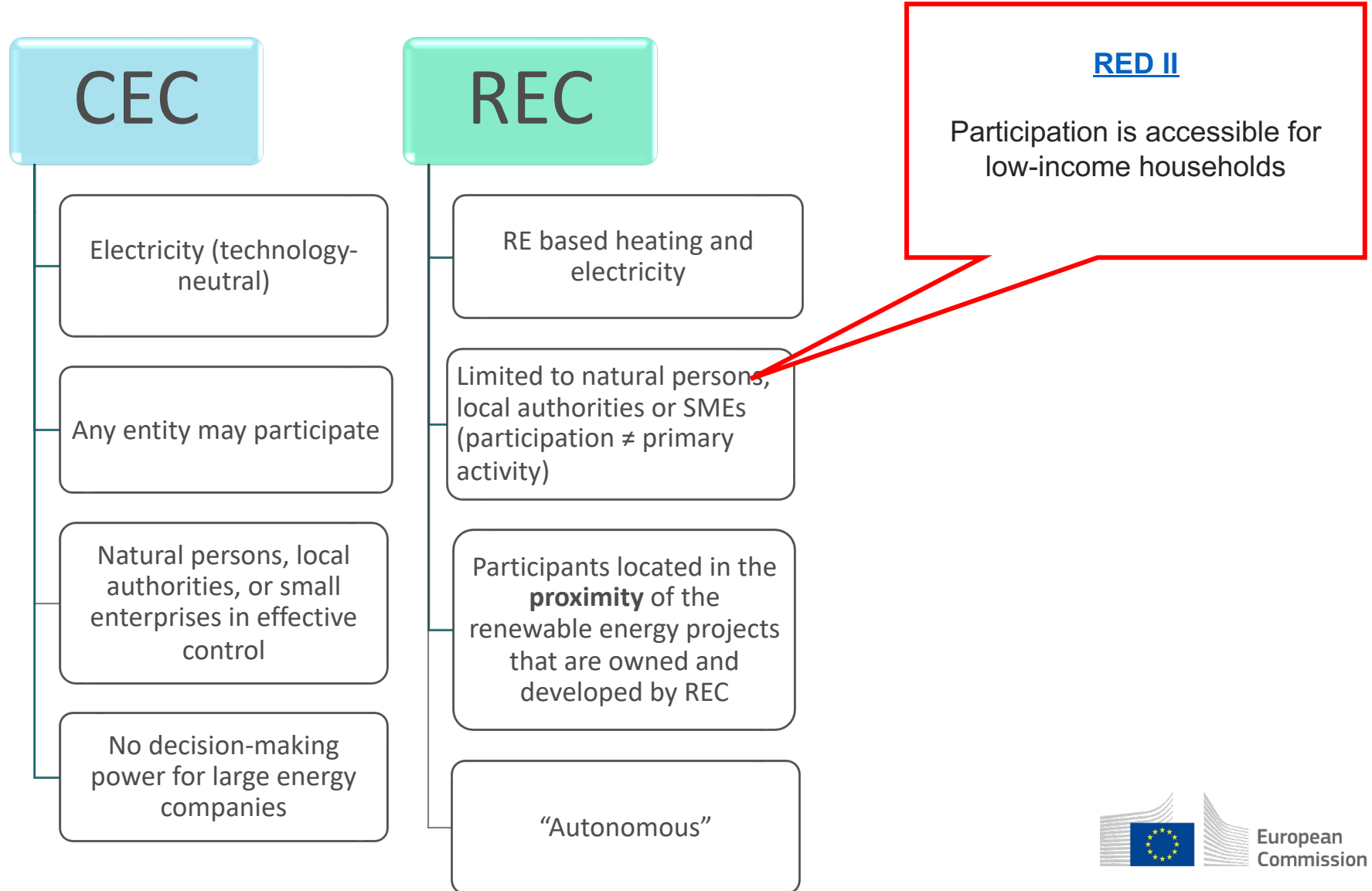
Electricity Directive: all types of *electricity*

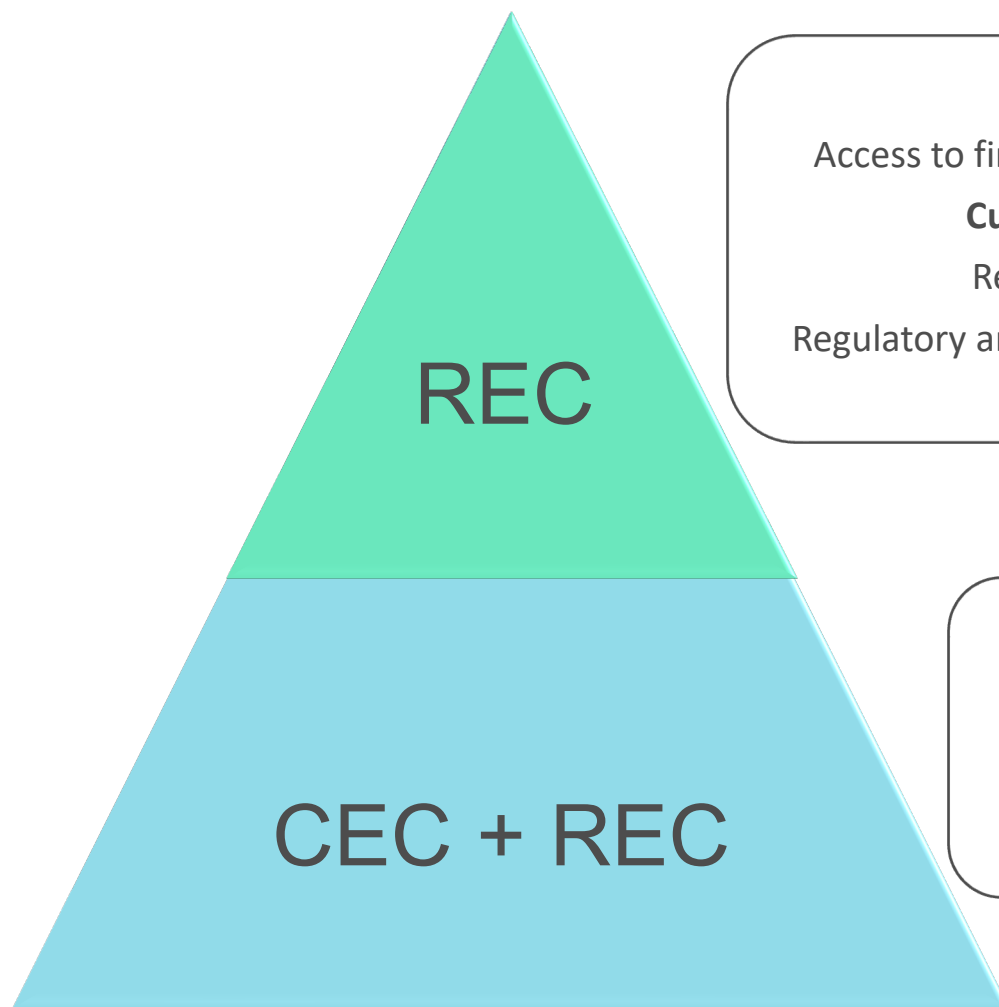European Commission

Purpose of energy communities

- Can be an effective tool to increase **public acceptance** of new projects

- Mobilise **private capital** for the energy transition

- Could be a tool to increase **flexibility** in the market

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Differences

CEC

- Electricity (technology-neutral)
- Any entity may participate
- Natural persons, local authorities, or small enterprises in effective control
- No decision-making power for large energy companies

REC

- RE based heating and electricity
- Limited to natural persons, local authorities or SMEs (participation ≠ primary activity)
- Participants located in the **proximity** of the renewable energy projects that are owned and developed by REC
- "Autonomous"

RED II

Participation is accessible for low-income households

Enabling framework REC & CEC

3. REPowerEU

Role of citizens and communities under REPowerEU

- Communities and citizens can help to deliver on two out of three objectives of REPowerEU:

  ✓ **Produce clean energy** by increasing acceptance and mobilising private capital investments

  ✓ **Save energy** by providing energy efficiency services to their members and increasing consumer consciousness of energy use

- Self-consumption schemes may help to **secure access to affordable energy**, including for low-income households

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Key REPowerEU policy instruments

EU Save Energy Communication with recommendations for how citizens and businesses can help save around 13bcm of gas imports in the short term

EU Solar Strategy with measures to accelerate the roll out of solar energy to increase capacity to 600 GW by 2030

Electricity market design Communication to accelerate energy transition and ensure access to low-cost renewables

Biomethane Action Plan to save up to 35 bcm of natural gas by 2030

Permitting Recommendation to simplify and ease permit granting, grid connection and production licensing procedures

Shared political objective of at least one energy community in every municipality with a population higher than 10 000 by 2025

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4. Fit for 55 Package

Legal developments

RED
(Renewable Energy Directive)

- Potential role in offshore wind, public procurement, heat production, and the development of district heating and cooling networks
- Tailored information in single points of contact for permitting
- Fast track permitting procedures for small-scale RES installations
- Simplified registration processes and reduced registration fees for guarantees of origin

EED
(Energy Efficiency Directive)

- **Potential role in tackling energy poverty** and achieving energy saving obligations
- Assessment of role and impact in local heating plans
- Accessible information on energy efficiency improvement measures

EPBD
(Energy Performance of Buildings Directive)

- Building renovation plans should report on the role of energy communities.
- Renewable energy communities can contribute to zero emission buildings.

SCFR
(Social Climate Fund Regulation)

Social Climate Plans may include **energy community related measures to target vulnerable households, micro-enterprises, and transport users**

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Other key policy documents

- **Commission guidance on RRPs in the context of REPowerEU**: Member States may decide to support and promote energy communities to address energy poverty in Recovery and Resilience Plans

- **Commission guidance on NECPs update**: empower energy consumers via energy communities, with special focus on vulnerable groups

- **Commission Recommendation to tackle energy poverty**: collective self-consumption schemes, including those managed by energy communities or municipalities.

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5. Electricity Market Design Reform (Commission proposal)

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Energy sharing – Commission proposal

Art 15a   *Right to energy sharing*

Commission proposal:

- A right to energy sharing for all active customers to help them protect themselves against high and volatile wholesale market prices:

  - **Community energy sharing**

  - Peer to peer(s) energy sharing

  - Third party organised energy sharing

- Consumers have the right to have <u>shared electricity deducted from their total metered consumption</u> for the purpose of calculating the energy component of the energy bill.

New scenario – Local authorities sharing surpluses with households affected by energy poverty

Third party investor/organisor

Buy or receive for free excess energy

Share self-generated energy within imbalance settlement period
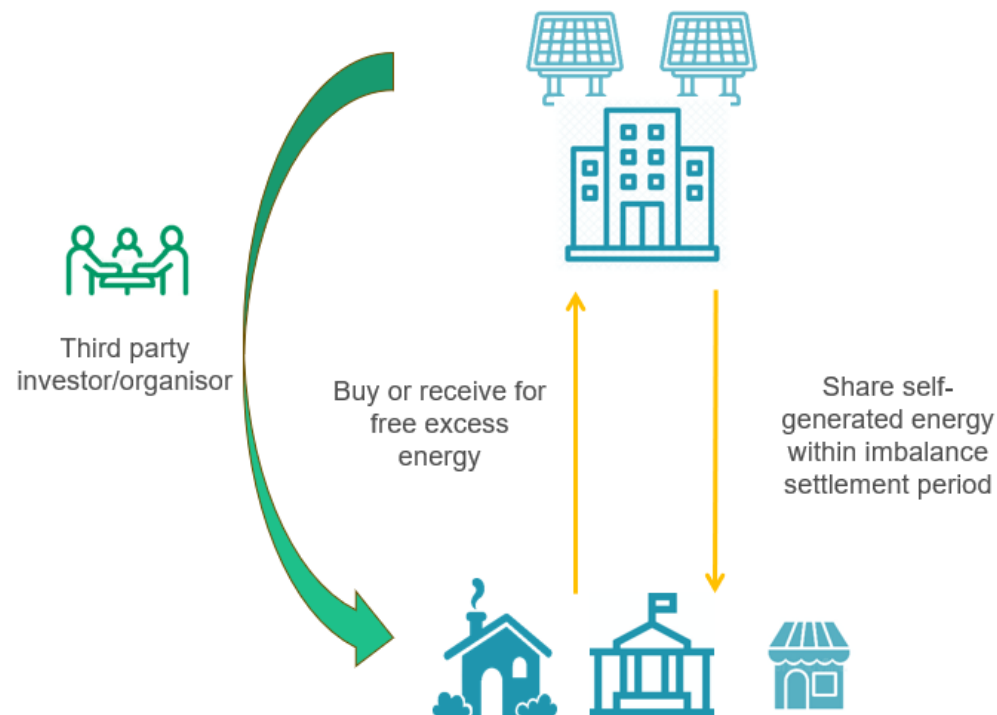
❖ Sharing of surplus generated electricity by individual active customers beyond multi-apartment building

See for example: Zero, proximity energy programme in Valencia.
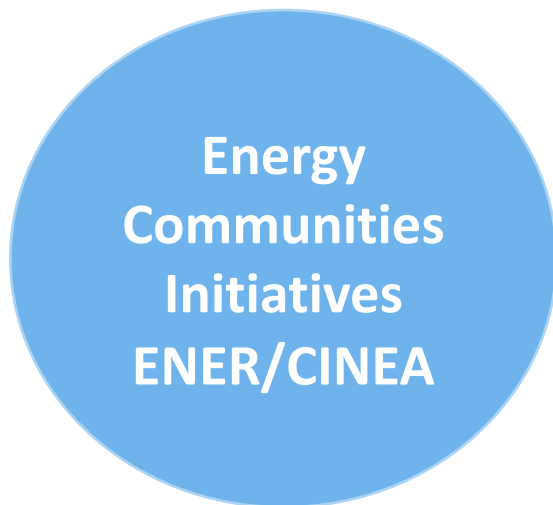
6. EU support for energy communities

Assistance for energy communities

Communities for Climate

Energy Communities Initiatives ENER/CINEA

Handbook on cross-border energy communities

Energy communities in the Western Balkans

Pilot action - Support to 50 local climate-related community projects, including energy communities

Pilot action (ongoing) – Support services for Citizen Led Renovation

Energy communities facility – grant support for business plan development

1. Definition of cross-border energy communities
2. Identification of obstacles
3. Good practices

Pilot action – Support to the development of energy communities in IPA countries

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Thank you

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