

The Clean Energy Package: opportunities for communities in a democratic energy transition

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The *Clean Energy for All Europeans* Legislative Package

EU targets, plans, oversight and monitoring

**Governance
Regulation**

Sector-specific legislation

**Energy
Performance of
Buildings
Directive**

**Energy
Efficiency
Directive**

**Renewables
Directive**

Market Design

**ACER
Regulation**

**Electricity
Directive**

**Electricity
Regulation**

**Risk
preparedness
Regulation**



Citizen participation: a principle of the internal energy market

Electricity Regulation, Article 3:

“Customers should be empowered to act as participants in the energy market and energy transition”

The Clean Energy Package

a policy foundation for energy communities

Acknowledgment:
definitions of renewable
and citizens energy communities

A set of basic rights
to participate
in the market based
on
non-discrimination

Enabling Framework
to promote
& facilitate
development of
energy communities

Equal footing
in accessing
renewables
support schemes

**Proportional
regulatory treatment**
simplification of
administration and
procedures

+

Energy Union Governance:
monitoring & transparency of Member State action

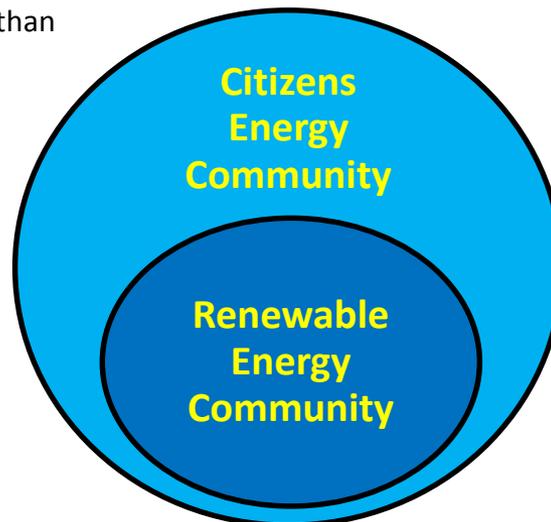
Acknowledging energy communities as an 'organizational concept'

'Renewable energy community' - a legal entity:

- (a) 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;
- (b) the shareholders or members of which are natural persons, SMEs or local authorities, including municipalities;
- (c) 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 profits;

'Citizens energy community' - a legal entity:

which is based on voluntary and open participation, effectively controlled by shareholders or members who are natural persons, local authorities, including municipalities, or small enterprises and microenterprises. The primary purpose of a citizens energy community is to provide environmental, economic or social community benefits for its members or the local areas where it operates rather than financial profits. A citizens energy community can be engaged in electricity generation, distribution and supply, consumption, aggregation, storage or energy efficiency services, generation of renewable electricity, charging services for electric vehicles or provide other energy services to its shareholders or members;



Comparing the definitions of energy communities

in the Renewables Directive
Renewable Energy Communities

in the Electricity Directive
Citizens Energy Communities

ELIGIBILITY



Members/shareholders that are:

- Natural persons.
- Local authorities (including municipalities).
- SMEs.

Members/shareholders that are:

- 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.

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Environmental, economic, social community benefits for members or local areas of operation rather than financial profits.

OPEN & VOLUNTARY MEMBERSHIP



- Participation must be voluntary
- Participation in renewable energy generation projects should be open to all potential local members based on non-discriminatory criteria.

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DEMOCRATIC GOVERNANCE & OWNERSHIP

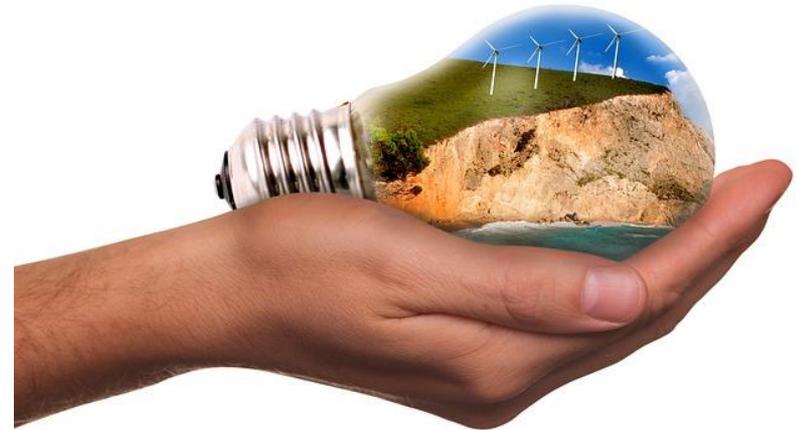


- Must be autonomous - no disproportionate control by individual members/outside partners in decision-making.
- Effective control by members/shareholders that are in 'proximity' to RES projects.

- 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.

A new set of rights

- Right of citizens participate in a renewable energy community while ensuring their consumer rights are protected
- Right to generate, **store**, **consume** and **sell** renewable energy
- Right to **access all suitable markets** individually and through aggregation
- Non-discriminatory / proportionate treatment regarding their rights & obligations



An enabling framework

Member States must assess potential, and existing barriers

Member States must develop enabling framework to 'ensure', inter alia:

- Reduction of unjustified regulatory and administrative barriers
- Non-discriminatory treatment
- Fair, proportionate, and transparent licensing and registration procedures & charges
- Tools to facilitate access to finance and information are available
- Ensure a 'just' transition – ensure access for citizens that are vulnerable, low-income, tenants
- Support for collaboration/engagement between municipalities/local authorities and communities
- DSOs must cooperate to facilitate exchange of RES within the community
- Communities that supply or provide aggregation services subject to relevant provisions

Self-consumption & energy sharing

Rights to engage in individual and 'jointly acting' self-consumption:

- Right to engage in 'joint self-consumption' in same building or apartment block (**Issue:** MS can have different rules as long as they are proportionate and duly justified)
- Right to engage in ***peer-to-peer energy trading***
- Remuneration: *at least market value* ('**may**' take into account long-term value of electricity to the grid, environment and society)

Right to share energy within the community :

*Citizen energy communities should not face regulatory restrictions when they apply existing or future information and communications technologies to **share electricity produced using generation assets within the citizen energy community** among their members or shareholders based on market principles, **for example by offsetting the energy component of members or shareholders using the generation available within the community, even over the public network, provided that both metering points belong to the community. Electricity sharing enables members or shareholders to be supplied with electricity from generating installations within the community without being in direct physical proximity to the generating installation and without being behind a single metering point.***

Ensure communities are not excluded from support schemes

Member States must take into account ‘specificities of REC’s’ when designing support schemes – must be allowed to compete on equal footing

Just some examples:

- *Provision of information, technical and financial support*
- *Reduce administrative requirements*
- *Community-based bidding criteria*
- *Tailored bidding windows for RECs*

For small installations, exemptions from auctions/tenders & direct price support schemes (sliding or fixed market premium)

May adapt support schemes for islands and outermost regions

Administrative procedures and regulations

Single administrative contact point for permitting process

- One contact point for all procedures
- Easy submission of documentation
- Manual of procedures

Simple notification for small installations

Requirement to integrate provisions on energy communities into urban planning

Network ownership and operation

Member States ‘may’ allow CECs to own, establish, purchase or lease:

- Distribution networks
- Closed distribution networks and receive relevant exemptions envisioned therein (*Issue: connection to household consumers not clear*)

If Member States allow this, they must have a framework in place to ensure:

- CECs can enter into in agreement with the relevant DSO or TSO
- CECs don't discriminate or harm non-member customers
- Member States may exempt closed distribution networks from rules on network planning and limitations on ownership of storage/EV charging stations

Immediate challenges

1. Transposition

- Proper and coherent definitions of energy communities
- National assessment of potential and barriers for renewable energy communities
- Enabling frameworks and renewables support schemes

2. Establishing national objectives for community energy

3. National regulations

- Network charges
- Simplification of licensing requirements, procedures and market access
- Regulatory frameworks for collective self-consumption, energy sharing and community networks
- Monitoring by the regulator

Timeline

