

Transposing the CEP: Creating a supportive legal and policy framework for community ownership of renewables

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Current challenges for community ownership of renewables

Practical

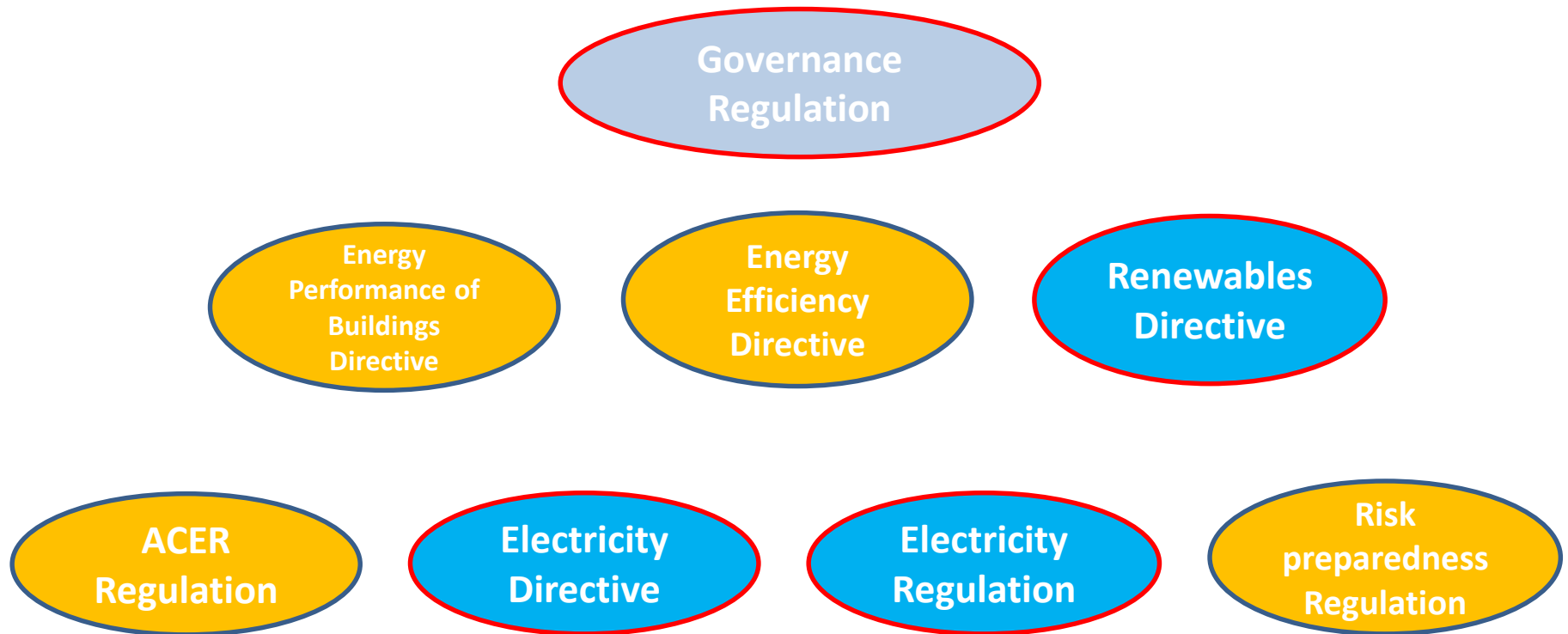
- Lack of information and technical expertise
- Access to finance
- Public participation / engagement / understanding
- Governance, decision-making efficiency

Policy

- Unstable / changing national support schemes for renewables towards more market-based system
- No recognition of / plan for supporting renewable energy communities
- Overburdensome licensing requirements / barriers to competition
- Complex administrative and regulatory burdens / procedures (e.g. setting up a cooperative, local planning, grid connection)



The Clean Energy Package: what is it?



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

Energy community definitions: an organisational concept

- Legal entity
- Non-commercial purpose
- Open and voluntary membership
- Emphasis on participation by citizens, SMEs and public authorities
- Emphasis on 'effective control' by members not engaged in the energy sector
- For RECs: requirement for autonomy



Don't copy-paste – Definitions need further precision

- 1) **Aims/purposes:** elaborate concrete aims around socio-economic and societal benefits, and empowerment of citizens
- 2) **Openness:** needs to be adapted/differentiated according to context (i.e. different activity)
- 3) **Voluntary:** need to distinguish between consumer & member dimensions
- 4) **Effective control:** consider adopting minimum participation requirements for citizens; to prevent abuse limit share of capital/voting power of larger/non-local members (including through subsidiaries); use existing company law
- 5) **Autonomy:** limit share of capital and decision making power of individual members and outside business partners, financiers; consider one-person-one vote to promote democratic participation
- 6) **Eligibility:** consider whether it is better to have energy companies as member/shareholders or as partners/service providers

Empower energy communities to participate across the energy market

Definition should not be framed around specific activities and should be kept broad, allowing energy communities to engage across a number of activities that they choose



Keep energy communities for people

Recital 44 (Electricity Directive)

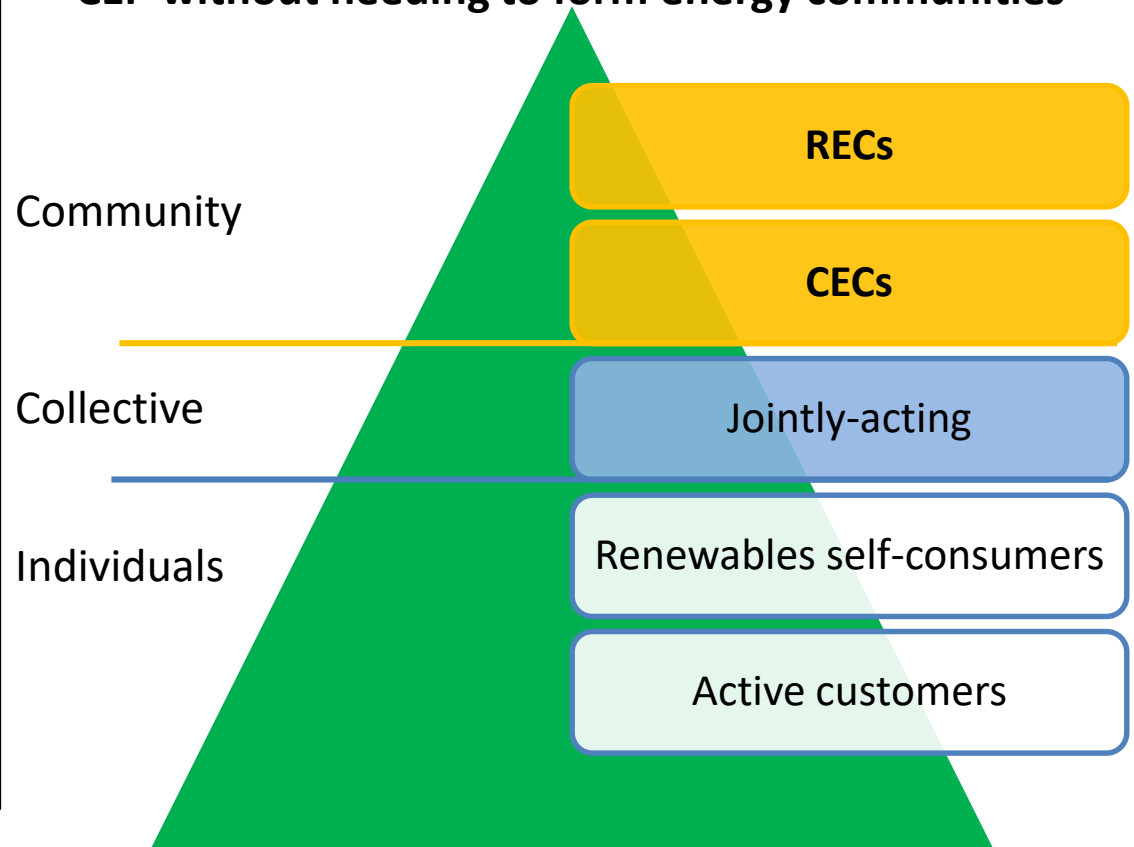
The provisions on citizen energy communities do not preclude the existence of other citizen initiatives such as those stemming from private law agreements.

BUT:

Transposition must prioritise citizens, local authorities and small businesses to form energy communities

Supportive frameworks for industry, energy companies should be treated as separate initiatives

Commercial market actors can benefit from the CEP without needing to form energy communities



An enabling framework for renewable energy communities

First: assess potential, and existing barriers

Second: Member States must adapt enabling frameworks to:

- Remove unjustified regulatory and administrative barriers
- Ensure proportionate and non-discriminatory treatment
- Tools to access finance and technical expertise
- Regulatory capacity building for local authorities
- Promote inclusion of vulnerable/low-income households, tenants
- Economic incentives based on value to the energy system and society

Important: citizens must develop information/awareness raising, guidance or training programmes to inform citizens

Adapting regulations so energy communities can enter the market

Different options:

- **Differentiation** – Where a different set of rules are applied to energy communities.
- **Reduced/simplified burden** – some standards lowered or not fully applied for energy communities, or admin procedures streamlined to make easier to meet/understand
- **Flexibility** – Providing energy communities with alternative means of complying with the same obligations as other market actors.
- **Capacity building support** – Regulator or public body provides/facilitates admin support, technical advice/assistance regarding licensing, registration, finance, etc.

Capacity building & simplifying administrative barriers

1. Tools to facilitate access to finance and information are available

- Guarantees and favourable loans
- Individual investment incentives

2. Integrating energy communities into local planning (e.g. spatial, infrastructure)

3. Single administrative contact point for permitting process

- One contact point for all procedures / all documentation can be easily submitted
- Manual of procedures

4. Regulatory capacity building for municipalities/local authorities

Addressing vulnerable and low-income households

Incentives/requirements for project initiators

- Minimum participation requirements for certain types of projects
- More favourable economic incentives/support for projects (e.g. local authorities) that target low income & vulnerable households
- Incentives for building owners that allow projects to be build on their premises



Incentives for customers

- Finance/information support
- On-bill credits/financing

Ensure communities can access renewables support schemes

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

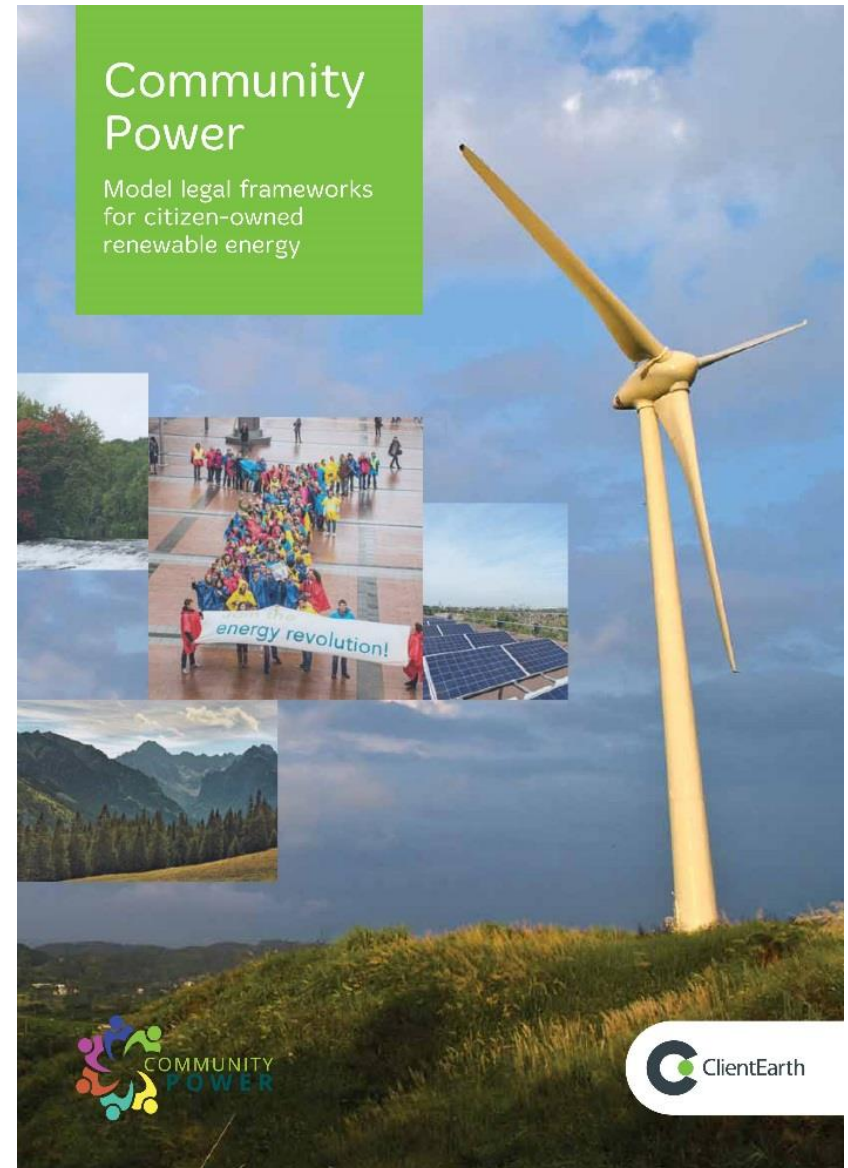
Recitals provide guidance for how to take RECs into account:

- ***Provision of information, technical and financial support***
 - ***Reduce administrative requirements***
 - ***Include criteria around citizen participation & public acceptance***
 - ***Allow RECs to compete against RECs instead of commercial companies***
 - ***Exempt smaller RECs from participating in auctions/tenders***
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- ***For small installations:*** exempt from auctions/tenders & eligible for direct price support
 - ***For islands and outermost regions:*** may adapt support schemes

Recommendations

- 1) **Acknowledge/define energy communities as non-commercial market actors**
 - Keep flexible/open for different activities
 - Tailor to national context (go beyond simple copy-paste approach)
 - Clearly differentiate from other activities/support for other commercial market actors
- 2) **First: Assess potential/barriers, then act**
- 3) **Capacity building for citizens and local authorities**
- 4) **Include vulnerable and low-income households**
- 5) **Clear, simple and proportionate regulatory frameworks**
- 6) **Understandable and convincing economic incentives**
 - Bike lanes for RECs in renewables support schemes
 - Remuneration/charges reflecting value to the energy system

Other resources to get you started...



*If you want to know more, please
contact us!*

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