The Power of Energy Communities: Turning Rights into Reality Across Europe!

RED II and its potential for energy revolution

Katharina Habersbrunner
What are we talking about?

• New energy rulebook: **Clean energy for all Europeans package**
• Consists of eight legislative acts
• **Renewable energy directive (RED)** – to be transposed by 30 June 2021
• **Electricity market directive (EMD)** – to be transposed by 31 Dec 2020
The Renewable Energy Directive (RED)

The new policy framework for renewables

- provides long-term certainty for investors and speeds up procedures to receive permits for projects
- puts the consumer at the centre of the energy transition with a clear right to produce own renewable energy
- increases competition and market integration of renewable electricity
- accelerates the uptake of renewables in the heating/cooling and transport sectors
- strengthens the sustainability of bio-energy and promotes innovative technologies

Source: https://ec.europa.eu/energy/content/factsheet-renewable-energy-directive_en?redir=1
The Renewable Energy Directive (RED)
Nowa polityka w zakresie odnawialnych źródeł energii

- stwarza długoterminową pewność dla inwestorów i usprawnia procedury ubiegania się o pozwolenia na realizację projektów
- umieszcza konsumenta w centrum transformacji energetycznej, dając mu jasne prawo do produkowania energii ze źródeł odnawialnych
- zwiększa konkurencję i integrację rynku energii wytworzonej ze źródeł odnawialnych
- przyspiesza wykorzystanie odnawialnych źródeł energii w sektorach ogrzewania/chłodzenia i transportu
- zwiększa zrównoważony charakter bioenergii i promuje technologie innowacyjne

Source: https://ec.europa.eu/energy/content/factsheet-renewable-energy-directive_en?redir=1
Electricity market directive (EMD)
Framework for EU electricity market

• The technical process of switching suppliers must take less than 24 h
• Information in electricity bills will be improved.
• Tackle the growing issue of energy poverty.
• **Consumers will be able to participate actively, individually or through communities, in all markets, either by generating electricity and then consuming, sharing or selling it, or by providing storage services.**
• consumers will have the right to request a smart meter and a dynamic price contract

Source: [https://ec.europa.eu/energy/content/factsheet-renewable-energy-directive_en?redir=1](https://ec.europa.eu/energy/content/factsheet-renewable-energy-directive_en?redir=1)
Self-consumption and energy communities

1. Renewable Energy Directive (RED II)
   - Individual and collective self-consumption (art. 21)
   - Renewable energy communities (art. 22)

2. Electricity Market Directive (EMD)
   - Active consumer (art. 15)
   - Citizens energy communities (art. 16)

Energy citizens has right to
- generate
- self-consume
- store
- sell renewable energy
- access to renewable energy and to participate in energy communities

Source: https://proseu.eu/
Vision of a prosumer centered Energy Union

Today’s typical European energy system (national)

Regulators
Policy makers
Utilities
TSO/DSOs
Consumers

Prosumers and energy communities

Future European Energy Union

Regulators
Policy makers
Utilities
Industry
TSO/DSOs
Prosumers & energy communities
Other Consumers

Source: https://proseu.eu/
What is needed for prosumers and energy communities

1. Setting ambitious and binding targets
2. Economic success via favourable framework
3. Supporting Renewable Energy Communities
4. Energy responsibility and coherence at all levels
5. Prosumer representation in governance and policy processes

Source: https://proseu.eu/
Momentum for renewable energy communities?

- **The good news:**
  - renewables more cost-competitive and flexible
  - energy system more decentralized
  - technology now allows citizens to get actively involved
- **Groundbreaking:** the acknowledgment, support and participation of active energy citizens and communities as stakeholders across energy sector
- **Strong narrative:** “citizens at its core, take ownership of energy transition, benefit from technologies, participate actively, vulnerable consumers are protected”

To realize this potential, regulation and policy needs to catch up with reality
Self-consumption and energy communities

- self-consumption
- collective self-consumption
- energy community

Source: https://www.ceer.eu/documents/104400/-/-/8ee38e61-a802-bd6f-db27-4fb61aa6eb6a
## From paper to practice: progress on transposition in Member States

<table>
<thead>
<tr>
<th>Country</th>
<th>Process ok?</th>
<th>General update on RED II transposition</th>
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<tbody>
<tr>
<td>Czech Republic</td>
<td>yes</td>
<td>good practice working group</td>
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<tr>
<td>Denmark</td>
<td>yes</td>
<td>The team in the Danish Energy Agency is preparing a draft law</td>
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<tr>
<td>France</td>
<td>yes</td>
<td>General interest, opportunity that they may progress with a positive transposition</td>
</tr>
<tr>
<td>Germany</td>
<td>questionable</td>
<td>no progress as yet on RED, very poor</td>
</tr>
<tr>
<td>Hungary</td>
<td>no</td>
<td>Very little progress on RED, claim to be working on Electricity directive first</td>
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<tr>
<td>Ireland</td>
<td>yes</td>
<td>The department defied DG competition to push through their own auction system with a positive separate money pot for RECs, positive development in wind</td>
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<tr>
<td>Italy</td>
<td>no</td>
<td></td>
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<tr>
<td>Spain</td>
<td>yes</td>
<td>Poor progress from Government, but self consumption now allowed</td>
</tr>
<tr>
<td>Wallonia/Brussels</td>
<td>yes</td>
<td>Energy administration is preparing first draft, first consultation with energy market actors and NGOs</td>
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From paper to practice:
progress on transposition in Germany

<table>
<thead>
<tr>
<th>RED Art. 21 (individual &amp; collective self-consumption)</th>
<th>Transposition process</th>
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<tbody>
<tr>
<td>New rules for self-consumption</td>
<td></td>
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<tr>
<td>Rules enabling collective self-consumption</td>
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<tr>
<td>Distinction betw. individual and collective self-consumers</td>
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<tr>
<td>Rules enabling p2p trading</td>
<td></td>
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<td>No double levies/fees for energy storage use</td>
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<tr>
<th>RED Art. 22 (renewable energy communities RECs)</th>
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<tbody>
<tr>
<td>Definition of RECs (existing not RED compatible)</td>
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<tr>
<td>Sharing of energy within RECs</td>
<td></td>
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<tr>
<td>Assessment of existing barriers/potential for development of RECs</td>
<td></td>
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<tr>
<td>Enabling framework for RECs (removing barriers, discrimination)</td>
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<th>EMD Art. 16 (citizen energy communities)</th>
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<tr>
<td>Definition and relationship in regard to RECS</td>
<td></td>
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<tr>
<td>Facilitation of energy transmission within CECs by DSOs</td>
<td></td>
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</tbody>
</table>
Thank you!

Katharina Habersbrunner

Katharina.Habersbrunner@wecf.org
The "Bündnis Bürgerenergie" (Alliance for Citizen Energy) sees the package as a great opportunity to herald a Citizen Energy Turnaround 2.0 in Germany. It is now up to the federal government to implement the defined rights into national law by mid 2021. After all, German legislation lags miles behind European legislation. Translated with www.DeepL.com/Translator (free version)
Comparing definitions of energy communities in the Clean Energy Package

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<tr>
<td>Members/shareholders that are:</td>
<td>• Natural persons.</td>
<td></td>
<td>• Any entity.</td>
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<td></td>
<td>• Local authorities (including municipalities).</td>
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<td></td>
<td>• SMEs.</td>
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| 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 | Participation must be voluntary | Participation in renewable energy generation projects should be open to all potential local members based on non-discriminatory criteria. | Participation must be voluntary. | Participation should be open to all potential members based on non-discriminatory criteria. |

| 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. |
In 2019, nine MS had legislation on collective self-consumption in place.

Still, adjustments may be required for proper transposition.

Source: https://proseu.eu/
Source: Sia-Partners France 2019_Enerplan_Energy-Lab_Autoconsommation-collective_VF-1
# RED II transposition in Germany

| **Renewable Energy Directive** (Generally) | - Must be subject to *fair, proportionate, transparent cost-reflective* network charges  
- Must be subject to relevant charges, levies and taxes, ensuring they contribute in an *adequate, fair and balanced* way in line with a transparent *cost-benefit analysis* of distributed energy resources |
| **Electricity Directive** (Generally) | - Frameworks must ensure CECs are subject to transparent and *non-discriminatory* and *cost-reflective* charges  
- In line with the Electricity Regulation (no mention of cost-benefit analysis, unlike in RED II)  
- Ensure adequate and balanced contribution to system costs (fairness not mentioned, unlike in RED II) |
| **(Renewables) Self-consumption** | - Renumeration: market value, *may take into account long-term value to the grid, environment and society*  
- No net metering (same for community networks)  
- CECs are subject to *cost-reflective, transparent* and *non-discriminatory* network charges |
| **Energy sharing** | - Must be subject to *applicable* network *charges, tariffs and levies* in line with a transparent *cost-benefit analysis* of distributed energy resources by the competent authority (same between ED & RED II) |
| **Community networks** | - Must be subject to *appropriate charges* at the connection point  
- No net metering |
Thank you!

Katharina Habersbrunner
katharina.habersbrunner@wecf.org