RESCOOP.EU
Advocacy Document

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Introduction

EU energy markets are characterised by centralised generation and ownership. The European federation (REScoop.eu) contends this outdated structure is holding back the widescale adoption of decentralised, renewable energy. We believe renewable energy and energy efficiency is something that will attract widescale support within Europe and that we do this best by putting citizens at the heart of the energy transition.

The European energy structure does not currently do this, despite the increasing citizen involvement in the energy transition. Through individual and collective actions as investors, owners, "prosumers" or simply active members of their local communities, citizens are now part of a new 'energy democracy' model. This is demonstrated by the growing number of 'sustainable energy communities' being developed throughout Europe.

To make this transition, the European Union needs to focus on the citizen at all levels:

- in the Energy Union policies definition
- in the Internal Market
- in local RES projects

In order to maximise citizen participation, a clear and stable legislative framework is crucial. This will reduce the complexity, administrative costs and risks faced by sustainable energy communities.

The State Aid Guidelines (2014/C 200/01) offered member states the opportunity to implement a special 'bikelane' for small and local projects, but in Germany e.g. this was not implemented. As a result the small PV-projects of energy cooperatives had to compete in tenders with the very large PV-installations of big enterprises. The first four calls for tenders for open-space photovoltaic installations reveal that the declared political objective of

stakeholder diversity cannot be guaranteed. Just 0.22 per cent (in terms of installed capacity) of bids were won by energy cooperatives.

Now the State Aid Guidelines are being revised it is imperative that member states are guided better.

1. European Energy Market 2.0

The European Union is at the start of an accelerating energy transition that will lead to a completely changed European Energy Market. The ultimate goal of the internal market is to increase welfare for all Europeans, so they can benefit from better services, fair prices and innovative products while respecting the environment.

On the 25th of February 2015 the European Commission issued the Energy Union package, which stated:

'*Our vision is of an Energy Union with citizens at its core, where citizens take ownership of the energy transition, benefit from new technologies to reduce their bills, participate actively in the market, and where vulnerable consumers are protected.*'

This future energy market will require new features and characteristics to become sustainable; but it also needs to better reflect the role of citizens by providing a clear and stable legal framework supporting 'Sustainable Energy Communities'.

The European federation REScoop.eu supports the energy transition to a decentralized, renewable, efficient and sustainable energy system with citizens at its core. We refer to it as 'the energy transition to energy democracy'. We believe that REScoops - as 'sustainable energy communities' - offer several business models which can support this transition.

Putting the this vision into practice will thus require a radical shift in the design of the current European energy market. We need an energy market where:

- citizens have access to renewable energy at transparent and fair prices without hidden costs or risks that are passed on to future generations;
- citizens are allowed and incentivized to produce, store and use their own energy from renewable sources either individually or collectively within 'Sustainable Energy Communities';

- citizens can actively participate in RES and energy efficiency projects by being encouraged to think beyond their own energy needs and reduce their energy consumption;

- energy security from local sources is increased, creating less dependency on imports from gas and oil producing countries and thereby preventing money to flow out of the hands of citizens, municipalities, regions, member states and the European Union as a whole (in this order of importance);

- distribution grids are more efficient through the transformation into smart grids allowing the information to flow in both directions;

- the need for base load electricity generation capacity is decreased and replaced by renewable energy sources (primarily wind and solar power) and increased grid flexibility - by demand-response and by decentralised production of electricity and biogas from local renewable sources;

- prices for CO2 emissions are increased, more predictable and paid by the emitter;

- “the polluter pays” principle is implemented in electricity prices for all energy consumers, not only for energy intensive industries but also for households. This will encourage both industry and individual consumers to make more sustainable choices.

The energy transition requires large investments and - whether the European citizens act and invest directly, or stay passive - in the end they will pay for it, either as an energy consumer, as a taxpayer or because banks lend bank deposits of citizens to investors.

As mentioned in the motion on the Renewable energy progress report 2016/2041(INI) by the Committee on Industry, Research and Energy of the European Parliament, in order to promote the role of citizens in the energy transition, “*a common comprehensive definition of the concept of 'prosumer' at EU level*” is fundamental.
We also think that several terms including ‘self-consumption’, ‘sustainable energy communities’ and ‘community energy’ need to be included in the definitions used by the European Commission.

2. Definitions

‘ENERGY PROSUMER’

‘Energy Prosumers’ are ‘individual citizens, households, non-commercial organisations, public entities and SME’s, that not only consume energy, but also actively participate in the energy market, either individually or through ‘Sustainable Energy Communities’. Active participation in the market may consist in producing renewable energy, enhancing energy

efficiency and/or energy system management and grid integration of fluctuating renewable energy sources through demand-side response, aggregation, storage, etc.'

Our proposals about prosumers:

- The EU ensures an easy access to the grid and the markets at fair conditions for prosumers.
- Member States support and give incentives to prosumers to make access to the various markets feasible (adapted grid tariffs, fiscal reduction, ...).

'SELF-CONSUMPTION'

'Self-consumption' is 'the act for prosumers to consume all or part of the energy produced by installation(s) they own individually or through a Sustainable Energy Community.'

Our proposals about self-consumption:

- The EU promotes the EU-wide right to self-consume for both tenants and owners of homes and an easy access to the grid.
- The EU favours closed networks for all, by including citizens and households in article 28 of the European directive 2009/72/EC.
- Member States ensure a fair value of the surplus of energy fed into the grid. Grid tariffs should have more correlation with energy consumed (variable cost) than capacity installed (fixed cost) since it encourages energy efficiency.

'SUSTAINABLE ENERGY COMMUNITY'

A 'Sustainable Energy Community' is 'a legal entity where energy prosumers co-operate in the generation, distribution, storage or supply of energy from renewable sources, or offer energy efficiency/demand-side management services. Its statutes aim to benefit its members and the local community, and provide for open participation and democratic governance of the undertaking'.

Our proposals about Sustainable Energy Communities:

- The EU recognises that Sustainable Energy Communities are initiatives bringing social innovation as defined by the European Commission[1] in the energy market.
- For EU and Members States: Sustainable Energy Communities need a special framework or 'bike lane', e.g. in the State Aid Guidelines.

'COMMUNITY ENERGY'

'Community energy' is 'energy produced by a Sustainable Energy Community'.

[1] **Social innovation** means developing new ideas, services and models to better address social issues. It invites input from public and private actors, including civil society, to improve social services. http://ec.europa.eu/social/main.jsp?catId=1022

3. Which projects of Sustainable Energy Communities should benefit from a bikelane in the State Aid Guidelines and its implementation in the member states regulations?

For projects of or projects where Sustainable Energy Communities participate, special measures (i.e. a bikelane) should be implemented when they meet at least 1 criterium from each category described below:

- CATEGORY 1 - OWNERSHIP
    - At least 51% of the fixed assets (windturbines, PV installation, …) are owned by individual citizens, households, not-for-profit organisations, public entities and SME's through their membership of a sustainable energy community
    - At least 51% of the shares in the legal entitiy owning the fixed assets (SPC) are owned by individual citizens, households, not-for-profit organisations, public entities and SME's through their membership of a sustainable energy community
    - Through their membership of a sustainable energy community Individual citizens, households, not-for-profit organisations, public entities and SME's have the majority in the board of directors of the legal entity owning the fixed assets

- CATEGORY 2 - SIZE of the Sustainable Energy Community
    - The Sustainable Energy Community is an SME:
        - staff headcount <250
        - SME turnover ≤ € 50 m € OR balance sheet ≤ € 43 m €
    - Energy production by the SEC covers a maximum of 150% of the energy needs of its members

- CATEGORY 3 - If applicable, SIZE of the RES production project
    - an installed electricity capacity of less than 5 MW (technologies except wind)
    - for wind energy installations up to 6 generation units.
    - any project as long as it doesn't cover more than 150% of the energy needs of the members of the Sustainable Energy Community.

- CATEGORY 4 - LOCAL BENEFITS
    - local actors (citizens, households, not-for-profit organisations, public entities and SME's) are offered at least 51% ownership of the fixed assets of the SEC project / 51% of the shares of the legal entity owning the project;
    - energy services, training, education, information (RES and/or EE) are offered to local citizens, households, not-for-profit organisations, public entities and SME's during the lifetime of the project.

4. Proposals for the EU

1. Member State national legislation and policy should define 'Sustainable Energy Community' flexibly. It should promote a range of models for citizen ownership and participation in the production, distribution, supply and/or use of sustainable energy:
    a. from very small, by local sustainable energy communities (e.g. in Germany by a 'Bürgerenergiegesellschaft', as defined in EEG 2017, §3, nr 15), to bigger sustainable energy communities that also supply their members Member State wide (e.g. Ecopower (BE), Cooperative Energy (UK), SomEnergia (ES), EWS (DE), Enercoop (FR) … and might become bigger than an SME);
    b. from merely an initiative of local citizens, to a collaboration of citizens with their municipality, a collaboration of citizens with local SME's, associations, a collaboration with a private developer or even incumbant energy utility (when 51% ownership of citizens);
    c. from a merely local initiative to an initiative taken on a regional or member state level but that opens its project completely to local citizens, associations, authorities and SME's.

2. Member State legal frameworks should enforce at least partial community 'ownership' of, and effective 'participation' in, renewable energy projects.

3. In order to provide direction and certainty, authorities (at all levels) should establish binding targets for renewable energy inclucing a sub-target for Sustainable Energy Communities, like e.g. in Scotland.

4. Projects of Sustainable Energy Communities can seldom compete with large scale sustainable energy projects in nation wide tenders for support[2]. Although they might be more expensive than the large projects, the return to the local economy and citizens is substantially higher[3]. That is why Sustainable Energy Communities need a 'seperate bikelane' not only in the EU State Aid Guidelines, but also in the implementation of these at the Member State level. The projects of Sustainable Energy Communities should be eligible to receive feed-in tariffs or other effective support such as investment and tax reliefs, flexible grid fees, reduced charges on energy consumption, etc. This is necessary as long as not all externalities of fossil and nuclear energy production are taken into account and subsidies for fossil and nuclear energy production are in place.

5. Authorities at all levels should provide financial support (e.g. grant-to-loan, guarantee, or cheap credit opportunities) for preliminary investigations and works on projects of Sustainable Energy Communities, like e.g. the CARES fund in Scotland[4].

[2] https://www.dgrv.de/weben.nsf/web/annualsurveyenergycooperatives
[3] http://www.renewablesinternational.net/local-added-value-from-a-community-wind-farm/150/537/96249/
[4] http://www.localenergyscotland.org/cares

6. Local authorities - with support from national governments if appropriate - should use urban planning powers and their sustainable energy action plan to require integration of renewables and energy efficiency measures into public, new and renovated buildings, streamline requirements for Sustainable Energy community projects into a one-stop-shop approach, and provide guidance to assist navigation of regulations.

7. 'Community leadership' should be eligible as a material consideration for planning decisions relating to renewable energy projects.

8. Laws should ensure equitable grid access for SEC projects; reinforcement costs should fall on the grid operator as part of a continuing duty to ensure integration of renewables and ensure security of supply.

9. National laws should not impose overly restrictive requirements on sustainable energy communities wishing to become owners/operators of network grid infrastructure or fully licensed suppliers of green energy.

10. The EU's 2030 Climate and Energy reform process should include consideration for more explicit promotion and support for Sustainable Energy Communities, particularly through integration into relevant existing EU legislation.[5]

Conclusion

The EU is in a unique position to demonstrate leadership in this area. The opportunity is to put people at the centre of the low carbon energy transition, transforming individuals from passive consumers to engaged and active citizens.

[5] http://www.communitypower.eu/images/Clientearth_summary.pdf