



Fleshing out energy community legislation in EU Member states for a fair energy transition

Policy recommendations for national policymakers based on the Sun4All project

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1. Introduction

For the last five years, the European Union (EU) has been promoting a new generation of renewable energy production systems that are cleaner, smaller and more decentralised. Energy communities were identified in the 2019 '*Clean Energy for All Europeans*' package as important collective and mission-driven actors in the energy sector with the potential to render renewable energy production more democratic and socially just. With the ambitious climate and energy agenda of the von der Leyen Commission (2019-2024), including the '*Fitfor55*' package and the '*REPowerEU*' plan, the EU is now making way for the second generation of EU legislation on energy communities.

Member states hold a crucial position to facilitate the development of energy communities within their territories. They must adapt – or create from scratch – legislation on energy communities based on the relevant EU directives.¹ In particular, Member states are required to establish a dedicated enabling framework that fully accounts for energy communities' wider goals, such as to "provide environmental, economic, or social community benefits rather than financial profits".

At the same time, as inherently local initiatives, energy communities often rely on the support of local governments, which are themselves in dire need of support to assume and fulfil this role properly. Therefore, Member states also need to ensure that local governments possess the necessary resources and support structures in light of these new responsibilities to implement the European Green Deal, and in particular to foster the development of energy communities.

This policy brief highlights the role of national governments in fostering the development of energy communities in their territories overall, and in particular on how to support energy communities in fulfilling their potential for social cohesion. The analysis primarily draws on the [Sun4All project](#), a Horizon 2020 project that tests support schemes that help vulnerable households switch to renewable energy while reducing their energy bills through collective self-consumption schemes and energy communities in France, Spain, Portugal and Italy.

The policy brief first reviews the transposition process of the first-generation EU legislation on energy communities and key aspects of it. It then outlines the new provisions that Member states will need to adopt in the coming years as part of the second-generation EU legislation on energy communities. Lastly, the policy brief offers concrete policy recommendations targeting national-level policymakers in order to boost the development of energy communities and support them in fulfilling their wider social goals. This paper is part of a three-part series on the topic of energy communities and energy poverty, built on the insights of the Sun4All project.²

¹ In particular Directive 2019/944 on common rules on the internal market for electricity (EMD) and Renewable Energy Directive 2018/2002 (REDII), but also new provisions in other EU Directives adopted as part of the Fitfor55 package and REPowerEU plan that this policy brief outlines.

² Recommendations for the EU level are available at: Kerneis, K. (2023). [The EU framework on energy communities: How to ensure energy communities can contribute to a fairer energy system](#), Sun4All,

2. First-generation energy community legislation: Transposing provisions from the Clean Energy package

Member states had to transpose provisions on citizen energy communities (Directive 2019/944 on common rules on the internal market for electricity - EMD) by 31 December 2020 and provisions on renewable energy communities (Renewable energy directive 2018/2002 - REDII) by 30 June 2021. However, for now, **the transposition of these key pieces of legislation varies greatly across Member states**. No country has yet aligned comprehensively with the EU legislation regarding the definitions of Citizen Energy Community (CEC), and Renewable Energy Community (REC), and, even less, to establish the appropriate enabling framework.³

Many national laws transposing EU rules provide too few details and clarifications beyond the EU provisions – a sort of “copy-pasting” – which can create uncertainty for existing and future energy communities and could thus hinder their development.⁴ In several cases, national governments have already amended their legislation, sometimes several times, to overcome these shortcomings. Unfortunately, an unstable policy framework can also become a barrier for energy communities, for instance when trying to find investors. Overall, Member states remain therefore in the ‘exploration phase’ of energy communities’ regulation, with a strong need for assessment, monitoring and likely fine-tuning of the policies in place.⁵

2.1. Introducing and defining energy communities

Member states should quickly provide the necessary clarifications to the definition of energy communities related in particular to the legal form that a REC or CEC can take, their governance principles, and the definition of the proximity criteria for RECs, which may go beyond the EU definition. In some instances, legal forms are adapted to match existing national rules (for instance on cooperatives). Countries may also choose to strengthen governance requirements, in particular for CECs, which have less stringent rules. Member states may also decide to be flexible when defining proximity, in particular to account for different geographical realities. Member states also need to better define the activities that energy communities can conduct beyond owning, democratically controlling and self-consuming energy. This includes engaging in energy efficiency services, charging services for electric vehicles or providing other energy services to members or shareholders, as stated in the EU legislation, but should also explicitly include citizen-led renovation and community-led heating and cooling programmes. In addition, when Member states decide that energy communities may act as distribution system operators (DSOs) –

Horizon 2020 project no. 101032239, October. Recommendations for the local level are available at: Kerneis, K. (2024). [Municipalities: with great power come green responsibilities? Highlighting effective ways for local governments to support energy communities and socially inclusive renewable energy projects](#). Sun4All, Horizon 2020 project no. 101032239, April.

³ REScoop, [Transposition tracker](#). Retrieved in May 2024.

⁴ Kerneis, K. (2023). [Op. cit.](#)

⁵ Ibid.

which includes price-setting capabilities – they should better explain this role to avoid any legal uncertainty.

Another issue that **Member states need to consider is the sometimes unclear difference between collective self-consumption schemes (CSC) and energy communities that rely on collective self-consumption as their main activity.**

In theory, the purpose of energy communities to provide environmental, (local) economic or social community benefits distinguishes them from collective self-consumption initiatives that can be operated purely for economic reasons. However in practice, like in the Sun4All experience, we observe that CSC schemes can still be set up with a social mission in mind. In addition, while in theory, collective self-consumers can simply draw up a contract to enter into such an agreement, in some Member states, the obligation to form a legal entity for energy communities also applies to CSC schemes. This is for instance the case in France, with the requirement to establish a *Personne Morale Organisatrice* (PMO) as well as in Portugal, where renewable CSC schemes must appoint a managing entity responsible for the sharing of energy, commercial relationships in case of surplus, connection to the grid, contract with the distribution system operator (DSO), etc.⁶ In Portugal, these schemes are also required to approve internal regulations on memberships and have other governance obligations like the need for a majority to pass resolutions.⁷ For actors on the ground, coherence and guidance are needed in order for them to understand the different options and corresponding incentives and make informed choices.

2.2. Establishing a comprehensive national enabling framework

Establishing and improving national enabling frameworks for energy communities should remain a priority for Member states moving forward.

The revision of the National Energy and Climate Plans (NECP) is a perfect opportunity to do so. Portugal already constitutes a best practice with its NECP from December 2019 with “substantial progress on measures for simplifying administrative procedures and on the promotion of self-consumption and renewable communities”.⁸

Overall, **energy communities are still lacking the funds – public and private – necessary to get off the ground.** The lack of available funding sources notably comes from difficulties in accessing loans due to banks and financial institutions’ risk perception of citizen-led and value-driven projects.⁹ Although energy communities have the potential to unlock citizens’ capital,¹⁰ this usually takes place when a

⁶ Frieden D., Tuerk A., Neumann C., d’Herbemont S., Roberts J. (2020). [Collective self-consumption and energy communities: Trends and challenges in the transposition of the EU framework](#). *Compile, Working paper*, December.

⁷ Kerneis, K. and Defard, C. (2023). [A comparative analysis of the regulatory framework in Sun4All pilot cities](#), Sun4All, Horizon 2020 project no. 101032239, May.

⁸ European Commission (2020a). [Assessment of the final national energy and climate plan of Portugal](#). *Commission Staff Working Document*. SWD(2020)921 final, 14 October.

⁹ Energy Communities Repository, (2024). [Barriers and action drivers for the development of different activities by renewable and citizen energy communities](#).

¹⁰ Climate Action Network Europe (2023). [Sunny Shorts: Funding the energy community movement in Europe](#), *Blog post*, 12 June.

project is already defined and running.¹¹ Member states have thus a role to play to support energy communities in securing initial investments, for instance through specific national funding streams, including by taking advantage of European funds and exploring avenues for how to facilitate energy communities' access to private funding streams.¹²

Spain provides a good example of how Member states can make use of European funds, set up national funding streams and create enabling rules for energy communities. The Spanish government launched four calls to fund REC pilot programmes as part of its National Recovery and Resilience Plan. In addition, the wider social responsibilities of energy communities imply that operational support should also be made available to them, for instance through preferential tariffs. In Spain, very favourable incentives exist for collective self-consumption, including as part of an energy community, with no grid fees or taxes.¹³ In this vein, long-term visibility should be a priority for policymakers in order to attract investors and make the community profitable.

Energy communities and local authorities – whose role is paramount to the development and success of socially-driven energy communities¹⁴ – **are facing a lack of technical capacity and expertise.** This is exacerbated by the innovative aspect of energy communities and the legal uncertainties or fast-changing regulatory environment associated. Complex processes are a huge obstacle for energy communities, whether to respond to calls, establish a legal entity, manage the project's operations, deal with licensing, etc. A lot thus depends on whether volunteers already have some knowledge of these issues or have the time and capacity to find the information needed. Similarly, small municipalities with few human resources may also lack internal expertise. In both cases, seeking outside expertise via consultancy firms may incur significant costs.

National technical assistance including specific funding for such services would be needed in addition to comprehensive guidance, single points of contact at the national level and simpler procedures. This is the case in Italy where a dedicated body – the Energy System Manager (GSE) – is in charge of providing information and guidance to citizens in their projects to engage in renewable energy projects like RECs, as well as in Portugal, where the national energy agency, ADENE, has begun publishing guidance documents for municipalities to navigate the country's legislation on these issues.¹⁵

Experiences from the Sun4All pilots underline that administrative burdens and lack of proper procedures are major obstacles for energy communities. In Italy, the administrative procedure to register a REC on the dedicated web portal is very complex, requiring a lot of data which might be difficult to collect for REC members.¹⁶ In Spain, due to the lack of formal processes in place, procedures may vary significantly from one utility to another. In Portugal, online procedures were

¹¹ Energy Communities Repository, (2024). [Op. cit.](#)

¹² See for example: SCCALE 20 30 50. (2023). [Financing community energy - A short guide for banks.](#)

¹³ REScoop, [Transposition Tracker - Spain.](#)

¹⁴ Kerneis, K. (2024). [Op. cit.](#)

¹⁵ ADENE (2022). [Digital legislative guide 'Self-consumption and renewable energy community'.](#)

¹⁶ REScoop, [Transposition tracker - Italy.](#)

only adapted for individual self-consumption, setting aside CSC schemes and energy communities. In France, grid connection requests are also complex processes that can take many months to be reviewed and approved.

In some Member states, the existing technological infrastructure may not systematically meet the requirements of energy communities, in particular those engaged in collective self-consumption. This includes first and foremost the deployment of smart meters, which is a prerequisite for any CSC operation. Right now, the level of smart meter rollouts varies between Member states, with some having already completed the process while others are lagging behind.¹⁷ Additionally, the lack of grid availability is a growing issue in the EU. This can pose major obstacles for community energy projects, leading to increased connection costs or inability to secure a connection.¹⁸ For instance, half of virtual net-metering requests in Greece were rejected by the national DSO due to poor grid availability in 2022.¹⁹ In Ireland, local grid congestion, meaning that more grid capacity has been reserved than is being used, is cited as an issue for renewable energy communities on the ground.²⁰ The lack of transparency about grid capacities along with procedures that favours bigger commercial market actors will need to be tackled.

Energy communities face regulatory barriers beyond energy market regulation. In terms of housing law, getting consent from the landlord or from all co-owners to install a generation plant can easily prevent people from engaging in self-consumption.²¹ There are also risks that the ownership of a generation plant installation by residents in a multi-apartment building is transferred to the building owner. The recently adopted German “Solarpaket I” dealt with these specific tenancy issues regarding solar installations and led to changes in tenancy and residential property laws,²² in particular, reducing bureaucracy for solar installations on multi-apartment buildings and for tenants.²³ Other policy areas can also prove crucial for energy communities and should therefore not be set aside by policymakers. This is the case of tax laws and social welfare rules, which may also impact people’s decision to join or set up an energy community, for instance for threat of losing tax or social benefits due to the installation of a generation plant or owning assets.²⁴

¹⁷ Meletiou, A., Vasiljevska, J., Pretico, G., Vitiello, S. (2023). [Distribution System Operator Observatory 2022: Managing innovation and RES grid connection for a carbon-neutral Europe](#). JRC Science policy report, Publications Office of the European Union.

¹⁸ Energy Communities Repository, (2024). [Op. cit.](#)

¹⁹ Todorovic, I. (2023). [Energy communities in Greece boost installed capacity by 71.4% year over year](#). *Balkan Green Energy News*.

²⁰ Energy Communities Repository, (2024). [Op. cit.](#)

²¹ Bertel, M. et al. (2022). [Catalogue of potential legal and economic barriers and facilitators of energy citizenship](#). *Energy Citizenship and Energy Communities for a Clean Energy Transition*.

²² Bundesregierung (2024). [Solarpaket I: Mehr Solarstrom, weniger Bürokratie](#). 15 May.

²³ Haufe (2024). [Solarpaket: Neue Regeln für Mieterstrom und Balkonkraftwerke](#). 26 April.

²⁴ European Environmental Bureau (2022). [At full speed: Policy brief on the EU emergency regulation to accelerate renewable energy](#). *EEB Policy brief*, December. & Hoicka, C.E. et al. (2021). [Implementing a just renewable energy transition: Policy advice for transposing the new European rules for renewable energy communities](#), *Energy Policy*, 156(112435), September.

2.3. Guaranteeing energy communities fulfil their social mission

The social role of energy communities remains unclear. The Renewable Energy Directive (REDII) explicitly requires Member states to ensure that participation in RECs is accessible to all consumers, including those in low-income or vulnerable households. However, recitals (although not legally binding) in both the REDII and EMD assign a long list of roles to energy communities from lowering energy consumption to fighting energy poverty and increasing the acceptability of renewable energy projects. Member states should thus first and foremost better define what “providing social community benefits” precisely means, including providing some guidance and best practice examples - energy communities that guarantee inclusivity in terms of membership, that uphold an obligation to provide affordable energy, that distribute part of their profit or part of the energy produced to vulnerable and/or energy-poor citizens that are not members of the energy community, etc.

Most national laws on energy communities are still lacking concrete measures to support the social mission of these initiatives. In most cases, Member states have focused their enabling framework on removing administrative and financial barriers for energy community projects, leaving social considerations on the sideline. For example, the French action plan for energy communities,²⁵ which aims at providing an enabling framework as per the EU rules, includes 10 measures, none of which address inclusivity. Not linking energy communities with the creation of social benefits for the wider community risks entrenching inequalities; leaving the financial advantages of renewable electricity production primarily accessible to individuals with higher socioeconomic status and more capital at their disposal to invest in such endeavours.²⁶ Without dedicated measures by Member states, energy communities are not incentivised to engage their few financial and human resources to reach wider social goals.

Nevertheless, we can still identify several exceptions in Member states. In Greece, new provisions specifically allow for self-consumption using virtual net metering to cover the needs of citizens living below the poverty line and households affected by energy poverty.²⁷ The law also clarifies that energy communities may support non-members of the energy community affected by energy poverty. In Lithuania, when municipalities are the majority shareholder of an energy community with a social mission, they receive priority access to the grid.²⁸

Member states sometimes target specific municipalities or regions that face high levels of poverty or demographic issues, rather than households. In Spain, the funding programme from the Recovery and Resilience Facility dedicated to energy communities (CE Implementation) included social criteria accounting for 30% of the final score. These covered not only the inclusion of vulnerable consumers

²⁵ French Ministry of Ecological Transition. (2021). [10 measures in favour of citizen renewable energies](#). November.

²⁶ Hanke, F., et al. (2021). [Do renewable energy communities deliver energy justice? Exploring insights from 71 European cases](#). *Energy Research & Social Science*, 80(102244), October.

²⁷ REScoop, [Transposition tracker - Greece](#).

²⁸ REScoop, [Transposition tracker - Lithuania](#).

(e.g. beneficiaries of energy vouchers) and gender equality promotion, but also municipalities experiencing demographic challenges (e.g. smaller or rural municipalities as well as municipalities involved in just transition programmes).²⁹ In Hungary, the government is funding a programme to generate renewable energy in 300 deprived municipalities in the country and support the energy needs of vulnerable families.³⁰ The organisations running the projects have also been tasked to make legislative proposals to support energy community projects that are socially-driven.³¹

In sum, there is still room at the national level to boost the development of energy communities and provide them with a comprehensive enabling framework that fully accounts for their wider goals and specificities within the energy sector. The following section explores the newest EU measures relevant to energy communities that Member states will need to implement, and which thus constitutes yet another opportunity for national governments to strengthen their national framework on energy communities.

²⁹ IDAE (2022). [Programa de incentivos a proyectos piloto singulares de comunidades energéticas \(CE Implementa\), En el marco del Plan de Recuperación, Transformación y Resiliencia](#). Annex 4.

³⁰ Innovation origins (2022). [No need to burn furniture anymore, solar energy warms up homes of the poor](#). March. & Hungarian government (2022). [RRF-3.4.1-22 Community renewable energy production and use](#), February.

³¹ REScoop, [Transposition tracker - Hungary](#).

3. Second-generation energy community legislation and guidelines: New provisions as part of Fitfor55 and REPowerEU

While the European Commission did add some positive provisions on energy communities in the framework of the Fitfor55 package (July and December 2021) which further recognised their role in the energy system, it still mainly chose to give priority to the transposition process at the national level. With the REPowerEU plan, which was presented in May 2022 in response to the disruptions caused on the energy markets by the war in Ukraine, some of the initial ambitions of the Fitfor55 were further increased, requiring Member states to step up their national legislation, including on energy communities.

3.1. Renewable Energy Directive

Firstly, **the revised Renewable Energy Directive encourages Member states to introduce measures in favour of RECs and renewable self-consumption in their legislation and building regulations**, in order to help them achieve the collective EU target of 42.5% of renewable energy in the final consumption and the indicative target of at least a 49% of renewable energy in the building sector in 2030.³² The directive also provides that, where relevant, “Member states may promote cooperation between local authorities and renewable energy communities in the building sector, particularly through the use of public procurement”.³³

The Renewable Energy Directive aims to **shorten permit-granting procedures for renewable installations**, in particular thanks to the provision to identify renewable acceleration areas as well as to specific rules for solar installations with low capacity,³⁴ which are very relevant for energy communities. However, some exceptions are foreseen (e.g. lowering the capacity threshold) when they are related to grid capacity constraints. As seen previously in this paper, Member states should thus make sure that grid infrastructures are upgraded when necessary and closely cooperate with distribution system operators to avoid any bottlenecks and delays. In addition, a recent Commission recommendation on permitting for renewable installations stresses the importance for Member states to “implement simplified permit-granting procedures and proportionate permit-granting requirements for renewable and citizen energy communities”.³⁵

To make sure that the public is on board with the deployment of renewable energy project, **the directive promotes direct and indirect participation of local**

³² Articles 7 & 15. European Parliament and Council (2023a). [Directive \(EU\) 2023/2413 of 18 October 2023 amending Directive \(EU\) 2018/2001, Regulation \(EU\) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive \(EU\) 2015/652](#), *Official journal of the EU*.

³³ Article 15. *Ibid.*

³⁴ Article 16. *Ibid.*

³⁵ European Commission (2024). [Commission recommendation of 13.5.2024 on speeding up permit-granting procedures for renewable energy and related infrastructure projects](#), C(2024) 2660 final, May.

communities,³⁶ which is yet another strong signal for energy communities. Finally, Member states have to designate contact points to provide information and guidance in order to facilitate the administrative and permitting process for renewable installations, including for energy communities and renewable self-consumption projects.³⁷

3.2. Energy Efficiency Directive

Secondly, **the revised Energy Efficiency Directive recognises that energy communities can help Member states to achieve their energy savings obligations and help fight energy poverty** “by advancing energy efficiency at local or household level, as well as in public buildings, in cooperation with local authorities”.³⁸ Importantly, the Directive introduces an EU-wide definition of energy poverty. Member states who are still lacking a definition will thus need to quickly implement one – and define indicators following the Commission’s recent guidance³⁹ – which should lead to a “comprehensive and coherent approach to fighting energy poverty”⁴⁰ and better coordination between the national authorities and the involved stakeholders.⁴¹

3.3. Energy Performance of Buildings Directive

Thirdly, **under the revised Directive on the Energy Performance of Buildings (EPBD), renewable energy communities are explicitly listed as one of the options available to cover the energy needs of a zero-emission building**⁴² – whereas the previous definition of “nearly zero-energy buildings” did not refer to energy communities. The new EPBD mandates the installation of rooftop solar energy on all new public and commercial buildings (>250m²) by the end of 2026, on all new residential buildings and adjacent roofed car parks by the end of 2029 and on existing public and commercial buildings depending on floor area and other requirements by deadlines between 2027 and 2030.⁴³ Collective self-consumption schemes and energy communities could benefit from these new obligations by creating partnerships between self-consumers in the residential sectors, but also with municipalities, associations, and industrial actors with available roof spaces or with sufficient installed capacity to share the energy they produce with the local community.⁴⁴

In addition, under the directive, **Member states are required to provide information, technical assistance and training to all relevant actors**

³⁶ Article 15. Ibid.

³⁷ Article 16. Ibid.

³⁸ European Parliament and Council (2023b). [Directive \(EU\) 2023/1791 of 13 September 2023 on energy efficiency and amending Regulation \(EU\) 2023/955 \(recast\)](#), *Official journal of the European Union*.

³⁹ European Commission (2020b). [Commission recommendation \(EU\) 2020/1563 of 14 October 2020 on energy poverty](#), *Official Journal of the European Union*, October.

⁴⁰ European Commission (2023). [EU guidance on energy poverty: Accompanying the document Commission Recommendation on energy poverty](#), SWD(2023) 647 final, October.

⁴¹ Ibid.

⁴² Article 11 EPBD. European Parliament and Council (2024). [Directive \(EU\) of 24 April 2024 on the energy performance of buildings \(recast\)](#), *Official journal of the European Union*.

⁴³ Article 10 EPBD. Ibid.

⁴⁴ Klervi Kerneis, K. and Defard, C. (2023). [Op. cit.](#)

including renewable energy communities. For instance, they need to establish one-stop shops that deal with buildings' energy performance and renovation. This could easily be combined with other one-stop-shop-related measures foreseen in the EED and the RED. As stated in the EED, these facilities should pay special attention to households affected by energy poverty.⁴⁵ Finally, under the EPBD, Member states need to include the policies they have implemented to promote citizen-led and REC-led renovation programs in their National Building Renovation Plans.

3.4. EU Solar Strategy

Fourthly, the EU Solar Strategy, while not legally binding, sends a strong political signal for energy communities working with solar panels. It notably encourages Member states to set a target of at least one renewables-based energy community in every municipality with a population larger than 10,000 by 2025. Political goals are important to create momentum among different actors and some Member states have already adopted their own national objectives. For instance, Italy set a target of installing about 2,000 MW of new capacity through both RECs and collective self-consumption schemes, with specific action to establish RECs in towns with fewer than 5,000 inhabitants.⁴⁶ In 2021, France also set a target of 1000 new locally governed renewable energy projects involving communities and citizens by 2028.⁴⁷ Unfortunately, this goal was not followed up on in the French ecological strategy that came out two years later.⁴⁸

The EU Solar strategy also stresses the importance for Member states to help energy-poor and vulnerable consumers access solar energy, for instance by supporting partnerships between local authorities, energy communities and social housing managers⁴⁹ and establishing pre-financing schemes to receive shares in energy communities.

3.5. State aid rules

Lastly, **the revision of the EU guidelines on state aid for climate, environmental protection and energy** (CEAAG) in February 2022 to support Member states in reaching the European Green Deal objectives **should make it easier for energy communities to access state aid.** Under the revised rules, RECs with an installed capacity or maximum demand of 6 MW (18 MW for wind generation projects) can be exempt from mandatory competitive bidding processes for aid allocation. The new CEAAG also allows Member states to design special

⁴⁵ Article 22 EED. European Parliament and Council (2023b), [Op. cit.](#)

⁴⁶ Component M2C2.1. [Italian National Recovery and Resilience Plan.](#)

⁴⁷ French Ministry of Ecological Transition (2021). [10 measures in favour of citizen renewable energies.](#) November.

⁴⁸ Secrétariat général à la planification écologique (2023). [Taking action: ecological planning, Plan Summary, France Nation verte,](#) September.

⁴⁹ European Commission (2022a). [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions EU Solar Energy Strategy.](#) COM(2022) 221 final, 18 May.

tenders, for instance for energy communities, “[...] when it is clear that offering a single process would create an unbalanced playing field”.⁵⁰

In addition, Member states may now “include non-price-based criteria in tenders such as other policy-based objectives”,⁵¹ such as local socio-economic benefit, citizen and community engagement, etc., which could greatly benefit energy communities with a strong social mission and incentivize other initiatives to engage in such profit redistribution. Finally, the new rules also provide more flexibility to combine investment aids, which is the support that a REC receives to develop the project, and operational aids, which a REC might receive when exporting energy to the grid.⁵² This new rule constitutes great progress as energy communities need these different types of support at different stages of development.⁵³

In sum, Member states will need to upgrade their legislation rapidly in the coming years to keep up with new EU rules on European communities and provide a comprehensive enabling framework that includes support for socially-driven energy community projects.

Based on the previous analysis of Member states’ level of transposition of the first-generation EU legislation on energy communities and of their upcoming obligations under the second-generation EU legislation on energy communities, the policy brief offers several recommendations for national governments.

⁵⁰ European Commission (2022b). [Communication from the Commission Guidelines on State aid for climate, environmental protection and energy 2022](#). *Official Journal of the European Union*, 18 February.

⁵¹ REScoop (2022). [How can the State aid guidelines help energy communities address the energy crisis?](#). 23 December.

⁵² Ibid. & Klervi Kerneis, K. and Defard, C. (2023). [Op. cit.](#)

⁵³ Ibid.

4. Policy recommendations for national policymakers

Political objectives

- Set a national target for energy communities, in line with the indicative EU target of establishing at least 1 REC in municipalities with more than 10,000 inhabitants by 2025 introduced in the EU Solar Strategy. Member states can also set more specific objectives reflecting their specific needs, such as prioritising rural areas and smaller municipalities, like in Italy.
- Introduce a national definition of energy poverty to allow energy communities to target these groups more easily.
- Adopt a comprehensive roadmap or action plan until 2030 to foster the development of energy communities and other socially innovative energy schemes.
- Include the relevant planned measures, in particular measures to support the social activities of energy communities, in their final NECP and in the other relevant and interlinked documents such as National Building Renovation Plans – e.g. to help achieve the EPBD solar rooftop target and to help achieve EED energy savings objective – and Social Climate Plans – to contribute to reducing energy poverty.

Policies – general recommendations for RECs and CSCs

- Transpose the new provisions from the Fitfor55 and REPowerEU plan related to energy communities in their national legislation, such as accelerating and facilitating permitting procedures for renewables. Aim for an ambitious transposition, for instance by choosing to dedicate a percentage of community projects in renewable acceleration areas through national planning rules⁵⁴ or by limiting derogations for DSOs when it comes to permit-granting procedures (e.g. due to administrative burdens).
- Cooperate with distribution system operators (DSOs) to complete the roll-out of smart meters – free of charge for consumers – and upgrade grid infrastructures when necessary.
- Establish a regulatory framework – regulatory incentives/sanctions system – to ensure that DSOs properly connect energy communities and other collective self-consumption schemes to the grid and activate self-consumption, as well as to ensure that they properly transmit the metering data to the energy supplier and make it available digitally to allow for flexibility services, such as optimising self-consumption during peak periods.⁵⁵

⁵⁴ REScoop (2024). [REScoop.eu briefing on the revised RED](https://rescoop.eu/briefing-on-the-revised-red), 24 April.

⁵⁵ Ibid.

- Establish a regulatory framework – regulatory incentives/sanctions system – to ensure that energy suppliers are accounting for self-consumption and the selling of the self-produced energy in their billing operations to consumers.

Policies – social recommendations

- Improve the national enabling framework for energy communities, especially when it comes to measures supporting their social activities.
- Clarify or adapt national public procurement rules to promote energy communities and other renewable energy projects with conditionalities related to citizen participation/local ownership and social criteria. These updated rules should not only support the participation of energy communities in public tenders but also facilitate the involvement of municipalities and social actors (e.g. social housing providers, schools, long-term & disability care facilities) in such collective initiatives.
- Exempt the participation (including owning assets) in energy communities and collective self-consumption schemes from the loss of tax or social welfare benefits.⁵⁶

Funding

- Set up national funding programmes for energy communities, with the redistribution of social and local benefits according to a set of criteria as conditionalities (e.g. number of low-income households involved, number of local businesses, associations and social services involved, share of profits or energy savings distributed within the local community, availability of reduced membership fees for energy-poor households, etc.). Simplify procedures and/or provide ample assistance to facilitate access to these programmes by smaller and often non-professional actors.
- Offer energy communities and renewable self-consumption schemes favourable tariffs (feed-in tariffs, grid access tariffs) as well as other financial advantages such as tax exemptions and investment premiums. Provide some visibility over these financial schemes by securing them over a period of several years (instead of annual or semester-based updates).
- Use the different EU funds available (e.g. recovery and resilience facility, cohesion funds, modernisation fund, social climate fund, just transition fund) to promote the development of energy communities and support them in achieving social objectives, such as fighting against energy poverty.
- Take full advantage of the new EU state aid rules to exempt RECs (under certain conditions) from mandatory competitive bidding processes and/or to design special tenders for unique market players like energy communities. Member states should also include non-price based criteria to account for

⁵⁶ European Environment Agency (2022). [Energy prosumers in Europe. Citizen participation in the energy transition](#). EEA Report No 01/2022. & Hoicka, C.E. et al. (2021). [Implementing a just renewable energy transition: Policy advice for transposing the new European rules for renewable energy communities](#), *Energy Policy*, 156(112435), September.

the social or democratic benefits that a project, like an energy community, might bring. They should also use the new possibility to offer investment aid and operational aid combined. However, the risk of cooptation of the REC and CEC models by incumbent actors need to be handled with care when providing exemptions from state aid rules.⁵⁷

- Provide energy communities with state-backed guarantees to help them access loans or to help them enter into a power purchase agreement.⁵⁸
- Ensure that sufficient financial and human resources are available in regional and local government to support the development of such initiatives on the ground.
- Explore the possibilities to harness private investment and technical assistance for energy communities through Environmental, Social and Governance⁵⁹ (ESG) investments and Corporate Social Responsibility⁶⁰ (CSR) schemes.

Technical assistance

- Establish a national one-stop-shop to support the development of energy communities, either through the creation of a national agency or of a department within the existing national agency, or by relying on an established civil-society-based network.
- Make sure that technical assistance for energy communities includes practical solutions to develop the social dimension of an energy community project, such as targeting energy-poor households or cooperating with social services.
- Roll out regional or local offices.
- Increase capacity building of municipalities regarding energy communities and energy poverty.
- Encourage collaboration between local and regional authorities, other public actors, private actors and citizen-based organisations.⁶¹ The inclusion of private actors could facilitate access to financing, as well as technical and administrative capacity.

⁵⁷ See page 23 in: Thalberg, K. *et al.* (2024). [Working paper with recommendations. Energy citizenship - what roles for citizens in the European energy transition.](#) EnergyPROSPECTS Deliverable 6.3. Grant agreement number 101022492.

⁵⁸ Energy Communities Repository, (2024). [Op. cit.](#)

⁵⁹ European Commission (2023). [Proposal for a Regulation of the European Parliament and of the Council on the transparency and integrity of Environmental, Social and Governance \(ESG\) rating activities,](#) COM(2023) 314 final, June.

⁶⁰ European Parliament and Council (2022). [Directive \(EU\) 2022/2464 of 14 December 2022 as regards corporate sustainability reporting,](#) *Official Journal of the European Union*, 16 December.

⁶¹ See page 13 in: Thalberg, K. and Schmid, B. (2024). [National Policy Measures and Best Practices for Citizen Engagement in the Energy Transition.](#) EnergyPROSPECTS Policy brief 3. Grant agreement number 101022492.

Reporting and monitoring / information

- Identify the barriers that energy communities face to reach vulnerable groups.
- Centralise data on self-consumption and energy communities.

