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TARGET
Technical Assistance for Regions Undergoing a Green Energy Transition

Various Aspects of REC Projects Development

Seminar on REC in the context of the TARGET Technical Assistance project in Ida-Viru County16/03/20232

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MSs Obligations & Challenges

Policy

- Increase RES by facilitating enabling framework; transfer of best practices and capacity development; policy recommendations and Action plans underway;
- Transposition deadlines; enabling framework; Cost-benefits analysis;
- MSs to carry out assessment of barriers and potential (Art. 22,3 RED II)
- MSs to provide enabling frameworks for RECs (Art. 22,4 RED II); regulatory / administrative barriers eliminated; DSO to cooperate; energy transfer within REC; transparent procedures; fair charges; inclusion of vulnerable consumers; public authorities support; non-discriminatory treatment vs all market players
- MSs to take in account RECs specifics when designing support schemes; equal footing (Art. 22,7 RED II)
- MSs have different specifics and experience; hence, country-specific enabling framework

Challenges

- Failing cooperation with DSOs; connection points of localities; capacity and maps;
- Low political attention; short-term measures focused on crisis
- Different legal concepts and way of implementation regarding RED II
- Pre-existing legal frameworks (quasi-legal definitions)
- Access to energy markets, directly or aggregation; equal footing; missing framework for energy sharing
- Proximity criterion: (geographically or technically/substation) voltage/distance based
- Fair, cost reflective, transparent, non-discriminatory charges

Current REC Framework in MSs

Clearly defined purpose

- Communities describe objectives in their statutes
- pursue environmental, social or economic objectives over pursuit of financial gain

Cooperative governance principles reflected

- Yes / No – usually yes, to the extent they integrate the EU definition

Legal entities allowed

- Yes / No / Subject to conditions

Citizen participation is ensured

- Yes / No

Designated authority to oversee

- Energy regulator authorization; validity (10-15 years); publish list of authorized ECs with description of activities; monitors compliance with obligations and criteria; revokes licences

EC Definitions

- Energy community, citizens energy community, renewable energy community, local energy community

Coherency between definitions

- All definitions come under the common concept of energy communities; autonomy applies to all, but eligibility and effective control standards may differ; pursue local renewables generation, consumption and sharing

Enabling Framework

Transposition gaps

Enabling framework still weak and fragmentary

- Technical restrictions for RECs
- Lengthy permitting & licensing
- Lack of start-up capital
- No proper regulatory framework
- No incentives for energy sharing
- No measures to facilitate cooperation with DSO
- Need for intermediaries, advisory, and one-stop-shops
- Support schemes lack specificity of RECs
- Lack of cost-reflective network charges

Promising policies & measures

- Multi-level governance task
- Economic incentives, e.g. premium tariffs for energy sharing
- Eliminate usage fees (e.g. for low-voltage grid)
- Tax deductions or elimination of real estate tax, tax on installation and works, etc.
- Community energy funds for start-up financing

Municipalities to lead by example

- They are potential initiators, investors and members
- Provide access to financing tools
- Promote networking; disseminate good practices
- Use public procurement schemes (apply social criteria when buying electricity / heat)
- Spatial planning (designation of areas for RECs)
- Assess the available RE resources; map stakeholders

Role of Municipalities

Develop inventories of roofs and open spaces

- Solar cadastres
- Offer / lease space to install RES facilities
- Apply social / environmental criteria when leasing land / roofs

Public procurement schemes

- Social / technical criteria when purchasing electricity / heat for public buildings

Urban/spatial planning

- Designate areas for the use of RES
- Require / reward procedural & financial participation of citizens and local communities

Networking

- Good practices dissemination
- Energy agencies, competence / coordination centres
- Create the role of process manager to support RECs from concept to operation
- Local support desk; detailed guide adapted to local context
- Conclude bilateral agreements for purchase of REC's excess electricity

Access to financing tools

- Tailored to the needs of RECs
- Dedicated community energy funds (revolving funds, calls for tenders)
- Simple, start-up cost for site analysis, (pre-)feasibility studies, environmental assessment
- Cohesion funds can support early stage

Energy Supply REC

Objective:

- Facilitate energy transition from RES
- Small community (~500 members); 2-3 employees; invested EUR250,000
- Operates on energy supply license; buys green energy on the free market managed by the market operator; or directly from prosumers, wind farms, PV parks;
- Charges competitive prices – public and transparent
- Simple invoicing; low administrative costs; fair contracts

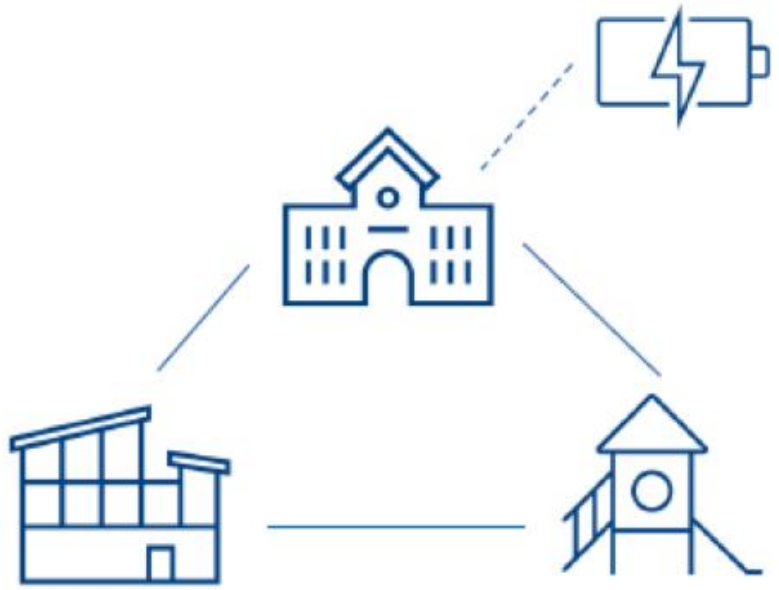
Activities of the Municipality:

- Membership: register and buying min. 1 social part = EUR 50; one vote irrespective of number of social parts;
- Easy exit; return of deposited funds at registration
- Steps for a member: estimate consumption; fill in a form; generation of contract; sign contract; receive green energy;
- Funds collected from members are used for new renewable capacities or buying existing ones;
- The EC launches a collective buying system for solar panels, el. cars / scooters;
- Link to prosumers: own < 100 kW and are allowed to sell energy; supply contracts with them for RE

Municipal Electricity Generation REC

Installation of PV panels in a small municipality (2,500 inhabitants)

- Fitting solar panels on buildings owned by the municipality
  - *City hall building*
  - *Kindergarten*
  - *School*
- Battery storage (15 kWh) in one of the buildings
- Roof structure adjustments and electrical wiring upgraded



Installed PV	55 kW
Electricity generation	56.5 MWh/y
Investment cost	EUR 84,000
Grant (up to 75%)	EUR 63,000