

Policy Brief No1 Enabling the creation and growth of energy communities in rural areas

What is the challenge?

Policy measures at all political levels should be taken so that energy communities in rural areas, composed of citizens, and other local actors willing to co-operate, like farmers, other local SMEs, and the municipality, can grow in number and size and promote the local energy transition.

Such measures, constituting the enabling framework required by the Renewable Energy Directive (REDII) and the Electricity Market Directive (IEMD), should support communities across the EU to engage with, participate in and benefit from the energy transition to a fossil fuel free agriculture, economy, and society by 2050.

The prospect of an enabling framework and the unclarity of the definition of energy communities in the RED II and IEMD Directives, however, is currently leading in several Member States to the hijacking of the concept by private and public, incumbent, and new big players in the energy market, like in Flanders (BE).

Policy Recommendations

EU Level: Align both definitions of energy communities (REC/CEC) with each other and make sure that they guarantee citizen participation and special support to citizen driven initiatives.

National Level:

- Introduction of specific definitions of energy communities at the national legislation in line with the EU legislation, explaining the criteria around what constitutes an energy community as a bottom-up initiative with the EU-citizen at its core. See the [Transposition tracker REC and CEC definitions](#)¹ or the [Policy Database of the Energy Communities Repository \(DG Energy\)](#)², where you can follow up on how the transposition and implementation is going on in all EU member states. Each Member State should do an assessment of barriers and potential for the development of energy communities at the national level and the findings of such an assessment should be used for the design of a complete enabling framework for them to be able to participate in the market without discrimination compared to other market actors.

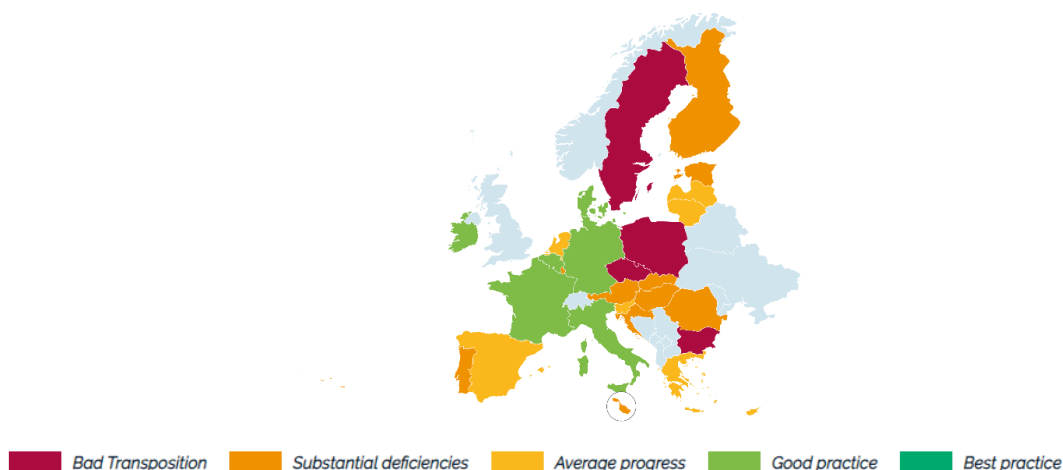


Figure 1: Transposition of definitions of REC and CEC in the different EU member states end of 2022.

¹ Transposition tracker energy communities definitions: <https://www.rescoop.eu/transposition-tracker>

² Policy Database of the energy Communities Repository: https://energy-communities-repository.ec.europa.eu/energy-communities-repository-legal-frameworks/energy-communities-repository-policy-database_en

- An ambitious community energy sub-target within the renewable energy target (like in [Scotland](#)³, the [Netherlands](#)⁴ and [Wallonia](#)⁵ – see in impacts section) should be set by all Member States.
- Specific allocation and targeting of development programs and [EU public funds](#)⁶ (Recovery and Resilience Funds, Cohesion & Regional Development Funds, Modernisation Fund) for energy communities at a national, regional, and local level.
- The share of total funds allocated to energy communities should be proportional to the development stage of the community energy movement and the ambitious community energy sub-target of each Member State.
- Tailored community building support, legal, financial, and technical advice for energy communities make up an essential element of the enabling framework. There should be a holistic strategy to provide financing and advice across different levels of project development:
 - ✓ Tailored financing tools for energy communities should be available, including grants, but also low interest loans, guarantees, blended financing mechanisms, etc.
 - ✓ There should be a link between energy communities, building renovation and energy efficiency schemes of all Member States.
 - ✓ Energy communities should be recognised under multiple objectives (e.g., green and/or circular economy), promoting renewable energy, tackling energy poverty, etc.
 - ✓ The design and communication of the schemes and measures supporting energy communities should be transparent.
 - ✓ The selection criteria and the prioritisation of various social components should be given to potential energy communities clearly and in detail.
- Member States should consider the specificities of renewable energy communities when designing their support schemes for renewables. Tendering processes by authorities should be decentralised to allow and assist local actors to run energy communities.
- Procedures to facilitate the participation of energy communities in open calls (e.g., capacity building workshops/ working with network and intermediary organisations) should exist to boost access in available public funds.
- The funding programmes should be stable and predictable through time, keeping the process transparent and consistent in its structure and the investment policy and maintaining constant disbursement cycles.
- Member States should follow the good example of Austria which has introduced and supports a national coordination office for energy communities (Österreichische Koordinationsstelle für Energiegemeinschaften; <https://energiegemeinschaften.gv.at/>) to support the creation of new energy communities and the support of existing ones.
- Online information gateways for energy communities could be implemented in European countries and should be supported. A blueprint of such gateways was developed by the project SHARES⁷
- [Examples of working enabling frameworks](#)⁸
- Greece has established a robust regulatory and legal framework over the past decade, having at the heart of this journey the Law 4513/2018, which serves as a cornerstone in promoting decentralized energy production and fostering Energy Communities. Farmers in Thessaly, taking cues from this enabling environment, were quick to adapt and harness the advantages offered by Energy Communities to mitigate cultivation costs by leveraging community-driven energy production initiatives. The energy produced is primarily utilized for

³ Scotland: <https://www.gov.scot/publications/local-energy-policy-statement/pages/4/>

⁴ Netherlands: <https://www.klimaataakkoord.nl/participatie/handreiking-participatie-duurzame-energie>

⁵ Wallonie: Pax Eolienica: <https://www.wallonie.be/fr/actualites/eolien-wallon-un-plan-ambitieux-simplifie-et-plus-participatif-pour-2030>

⁶ Tracker how EU public funds (Recovery and Resilience Funds, Cohesion & Regional Development Funds, Modernisation Fund), are being used by Member States to support energy communities: <https://www.rescoop.eu/financing-tracker>

⁷ <https://sharer Renewables.eu/>; Example of a national gateway in Germany: <https://erneuerbare-energie-gemeinschaften.de/>

⁸ Report on enabling frameworks: <https://www.rescoop.eu/toolbox/enabling-frameworks-for-renewable-energy-communities-report-on-good-practices>

irrigation, which is a significant factor in the region's agricultural success.

- In Italy, the National Recovery and Resilience Plan (Pnrr) allocates 2.2 billion euros for the promotion of energy communities in municipalities with fewer than five thousand inhabitants, to relaunch their development and mitigate situations of economic vulnerability. The goal - but the process has yet to start - is to reach June 2026 with at least 2,000 MW of installed renewable capacity and a production of 2,500 GWh. According to the latest quarterly report Energy and climate in Italy by the GSE, published in May 2023, at the end of 2022 there were forty-six configurations of collective self-consumption and twenty-one renewable energy communities, for a power of 1.4 MW. These numbers are still small compared to the targets and ambitions, but it is expected that they will grow a lot once the European authorities have finished evaluating the decree presented by the government on February 2023. The text not only provides for economic support, but provides energy communities with a clearer and more complete regulatory arrangement that is currently lacking. Among other things, the power limit for each incentive plant is raised to 1 MW - it is possible to associate more, provided they do not exceed this capacity -, in order to enable renewable technologies other than photovoltaic ones, which in any case remain the simplest to place.

Expected Impacts

- With a well-designed enabling framework, the [community energy sector can grow substantially](#)⁹ as the examples of Scotland with its [CARES scheme](#)¹⁰ and the Netherlands with the [Post Code Rose mechanism](#)¹¹ illustrate. In the Netherlands the number of citizen-led initiatives grew from about 70 to 700 in 7 years.
- When the windfarms and solar parks in the rural areas are owned or co-owned by the farmers and their neighbours and the returns also stay local, this will [boost the local economy](#)¹² and give young people opportunities to stay in their rural area.
- It will boost [social acceptance](#)¹³ for the energy transition.



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⁹ Study potential community energy:

https://www.ce.nl/publicatie/the_potential_of_energy_citizens_in_the_european_union/1845

¹⁰ Scotland: <https://localenergy.scot/funding/>

¹¹ Netherlands: <https://www.rvo.nl/subsidies-financiering/sce>

¹² Germany: <https://www.uni->

[kassel.de/fb07/index.php?eID=dumpFile&t=f&f=2280&token=7dbdd77657ce15e67e933920a04e4c52dd105aeb and France: https://energie-partagee.org/wp-content/uploads/2019/12/Note-technique-Etude-Retombees-eco-Energie-Partagee.pdf](https://energie-partagee.org/wp-content/uploads/2019/12/Note-technique-Etude-Retombees-eco-Energie-Partagee.pdf)

¹³ Study social acceptance community energy: <https://www.rescoop.eu/news-and-events/news/european-citizens-want-ownership-of-wind-and-solar-projects-in-their-neighborhood>