



**SCCALE**  
**203050**

# **ENERGY COMMUNITIES' CHALLENGES AT THE NATIONAL LEVEL**

Policy briefings

→ [sccale203050.eu](https://sccale203050.eu)




Funded by the H2020 Framework  
programme of the European Union under  
grant agreement No 101033676.

# ADDRESSING COMMUNITY ENERGY CHALLENGES IN CROATIA


Policy Briefing, March 2024

 **CHALLENGES**       **RECOMMENDATIONS**      


 **Lack of precision and clarity in legal definitions and provisions**

The complex legislative framework makes it very difficult for an energy community to develop and operate.


This situation, together with the lack of guidance on the implementation of the law, and coordination between the different national actors responsible for the transposition, discourages anyone that would like to initiate local energy communities or engage in collective self-consumption.

 The National government should clarify the legal framework for community energy and set up a coordination framework to ensure synergies between national, regional and local level. A national coordinating body with participants from different levels could be a solution.

In the long run, the Ministry should present a strategy with clear goals for community energy. This should be based on a study of the impacts that energy communities could have in Croatia.

 **Complexity of the registration process**

The process to register as an official energy community is so complex that currently there are officially no communities in Croatia.

 The registration process for energy communities could be done via a register, where communities meeting the minimum set of criteria identified by the law would be included. A simpler process could be foreseen for communities that offer energy services to their members while additional requirements would be necessary for communities who would like to operate on the energy market.

The set of clear and simplified criteria that defines a community energy project or an energy community should also serve as a basis for the control and verification process to continuously monitor established communities. If the criteria are not met, the community would lose their status. This should prevent corporate capture and ensure the registered projects have the benefit of the community at heart.





## Lack of official guidance on the application of the law and regulations



The establishment of an “Information Centre” managed by the Ministry responsible for energy communities could significantly facilitate the establishment and growth of community energy.

The Centre could clarify the interpretation of the law, offer information, expert advice, and guidelines regarding relevant legislation. It would serve as a central point of reference for all relevant stakeholders, including experts, community project developers, organizations supporting renewable energy projects, and the public.



## Lack of a definition of energy sharing

Currently there is no clear definition nor guidance on the different concepts and activities related to energy sharing (exchange, sale within the community, potential costs).

These uncertainties result in technical, legal, and economic barriers to the practical implementation of energy sharing in Croatia.



The concept of energy sharing needs to be clarified and defined by the competent regulatory bodies to achieve technical and economic sense.

Energy sharing among members of the energy community must be interpreted within the framework of the terms “technical exchange of energy” and “financial exchange related to shared energy”, whereby the technical term means the exchange of energy expressed in kWh, and the financial term means the exchange of monetary value (€).

The framework for energy sharing should be defined with a degree of flexibility to enable the launching of several pilot projects. Based on pilot results additional analysis can be made, to adjust the approach and application of different energy-sharing keys.

It is necessary to clearly define what are the possible network costs related to energy sharing and how the amounts of the shared energy will be calculated by the operators (the timeframe and process of calculation).

The fees regarding energy sharing must be defined in a way to support the actors interested in energy-sharing and the building of energy communities and must enable the development of sustainable and attractive business models.





### Limit of collective self-consumption to one multi-apartment building

Currently, collective self-consumption is limited to one multi-apartment building. This prevents many users from engaging in energy sharing unless they can establish a new legal entity.



### Expanding the limit for collective self-consumption to a larger area

Extending the possibility for energy sharing from the building area to at least one low-voltage substation would significantly increase the potential for participation in energy sharing schemes.

This would enable a large number of users to share energy without the need to establish a new legal entity.

The status of members in collective self-consumption projects should be equal to the status of self-consumption in individual households to enable the first sustainable business models.



### Restriction to membership

A member of the energy community cannot have more than 40% of the shares owned by another legal entity. This often excludes municipalities from joining. Also, sole traders cannot participate in the community as legal persons and physical persons.



It is necessary to ease the membership restrictions. Instead of preventing membership, the voting system could ensure democratic control. In alternative, specific cases such as municipalities could be exempted from the rule.



### Complex requirements for the registration of energy communities

The procedures for registering as an energy community include several requirements that are hard to fulfil for newly established energy communities, such as: hiring one qualified expert, having office space, but also high administration fees and having at least 3,000 EUR available in their accounts in the three months previous.



To ease the registration process, the following actions could be taken:

- Removal of the requirement to employ one expert: expert advice could be procured via service contract with a third party.
- Removal of the requirement to have office space.
- Reducing the registration fee and the reserve in the bank account for smaller/pilot projects.





### Limits to the production facilities hinder the growth of the communities

Limits to the production facilities hinder the growth of the communities

The total combined power of an energy community's production facilities is currently limited to a maximum of 500 kW. This limit makes the establishment of communities with more than fifty members objectively impossible. This makes the communities less competitive compared to commercial entities in the market.



The limit of 500kW for energy community projects needs to be removed to allow larger community projects that are usually more cost-effective rather than smaller ones and to ensure equal participation in developing energy projects.

Communities should be able to install systems significantly larger than the total power of their connections, because they may want to use other business models than energy sharing (e.g. sell the energy on the market).



### Lack of support schemes for energy communities

The initial phase of establishing a community energy project entails some costs that are difficult for starting communities to cover. At the moment, there is no such support available for communities in Croatia at national or local level.



Technical, legal, and financial support should be made available to energy communities. Croatian authorities could take inspiration from what has been already developed in other EU member states:

- Advice to starting communities for the initial project activities and ideas;
- Financing or technical assistance in the development of technical documentation;
- Legal support to establish an energy community;
- Bank guarantees provided by state or local bodies;
- Financial support for project development and registration fees;
- Financial support for covering charges for transmission and distribution networks in energy sharing;
- Provision of specific quotas for the allocation of market premiums and guaranteed purchase prices for community energy projects.





### Complex legal framework hinders cooperation with municipalities

The law stipulates that a member of the citizens' energy community cannot have more than 40% of the shares owned by another legal entity that wants to participate in the community. This restriction often excludes municipalities from participating in energy communities.

In addition, municipalities and public actors are limited by the current legislative framework, preventing experimentation and innovation in sector such as public procurement.



Municipalities should be able to directly participate in energy communities and provide support to community energy projects.

Similar to public bodies in Belgium or the Netherlands, Croatian cities and municipalities should be able to open their RES projects to the participation of their inhabitants.

Municipalities should be able to also include social and green criteria in public procurement procedures to facilitate the use of public buildings and land from energy communities or to work with them.



### About the project

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 203050 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favourable EU legal framework on citizen energy.

For more information, visit



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no. 101033676.

# ADDRESSING COMMUNITY ENERGY CHALLENGES IN FLANDERS (BELGIUM)

Policy Briefing, March 2024



CHALLENGES



RECOMMENDATIONS



## New energy sharing scheme does not offer viable business case for communities

The number of citizens making use of the new energy sharing regulations (that have been introduced together with the transposition of EU definition of Renewable Energy Community and Citizen Energy Community) remains low and mainly limited to peer-to-peer selling of energy. The new scheme for energy sharing does not provide a viable business case for energy communities, as it entails a considerable administrative burden while affecting a minor part of the final bill.

Nevertheless, several cities, energy cooperatives and SMEs are currently thinking about setting up new energy communities, hoping to benefit from the new enabling framework - the **technical assistance hubs**.



The Flemish government should reassess its framework and move away from a purely technical approach on energy-sharing.

The focus (collective citizen action on renewables) and social impact of communities should be considered when developing legislation and support programmes. Concrete measures should be set up to safeguard the active role of citizens and avoid corporate capture.



## Lack of economic incentives to develop new projects

To local authorities especially, energy communities seem an attractive approach to lower the public energy bills, stimulate additional RES production on their territory, and fight energy poverty. However, reality falls short of these expectations. There is no significant incentive to build new solar or wind installations. There is a considerable risk that bills will turn out higher than expected as the added value of energy sharing is low. This also hampers the benefit of the scheme for vulnerable groups.



Flanders should learn from inspiring examples such as the Dutch Climate Agreement (allowing the local community to claim ownership of up to 50% of any future wind farm). This way, the local community will be able to retain wind profits and lower the bills. The latter will increase social acceptance for renewables projects in general, and it will help address energy poverty.



### Slow transition to fossil free heat

The transition to sustainable heat is one of the biggest challenges in Flanders. The speed of the current heat transition remains too low. The regulations for energy communities do not facilitate this transition in the hands of citizens.



Flanders should consider a tax shift from electricity towards fossil fuels to make RES investments and district heating networks more economically viable.



### About the project

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 203050 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favourable EU legal framework on citizen energy.

For more information, visit



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no. 101033676.



# ADDRESSING COMMUNITY ENERGY CHALLENGES IN FRANCE

Policy Briefing, March 2024



## Uneven playing field in tendering processes

Community energy projects are often less competitive than projects developed by traditional market actors which makes it less likely for Renewables Energy Communities (RECs) to win a traditional tendering procedure.



The government should explore “Open-door” schemes that would allow communities to submit unsolicited applications to install renewable energy projects.



## Complex mechanism to reward citizen-led initiatives in tendering processes

Although calls for tenders are often not adapted to the specificities of Renewable Energy Communities, it was still possible for public authorities to favour RECs by adopting a so-called bonus for citizen-led projects and/or projects with a local character. Unfortunately, the French administration recently reformed this “participative bonus approach” and the mechanism that was put in place is too complicated for daily practice and roll-out.



The French government should review the recent reform of the “participative bonus” to make it more accessible for RECs



## Difficult access to support schemes

From 2021 it is impossible for RES production projects to benefit from both local and national support schemes. This cumulation however was crucial for some community energy projects, especially in the North of France where solar PV projects tend to be less economically viable.



The cumulation of local and national support schemes should be allowed by the national legislation.





### PPAs are challenging for smaller actors

Beside the public support schemes, power purchase agreements (PPAs) could be an indirect way to support citizens projects too. However, PPA's in France are mainly used by big market actors and it remains challenging for small and cooperative suppliers to get long-term contracts which could provide them with a stable revenue stream over a longer period.



The implementation of a state backed guarantee mechanism targeted towards RECs and small market actors in order to facilitate their access to PPA, as foreseen in the reviewed EU market design directive, should address this challenge.



### About the project

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 203050 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favourable EU legal framework on citizen energy.

For more information, visit




This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no. 101033676.


# ADDRESSING COMMUNITY ENERGY CHALLENGES IN GREECE


Policy Briefing, March 2024



 **New legal framework phases out pre-existing energy communities**

The new framework for energy communities creates two types of energy communities: Renewable Energy Communities and Citizen Energy Communities. In practice, it makes all the energy communities created under the previous legal framework no longer eligible to undertake new projects as of November 2023, unless they undergo a complex and costly process to change their legal form. This creates an important, and unjustified barrier to the Greek community energy ecosystem, setting the movement back by several months and creating regulatory gaps.

 Allow the energy communities set up under the previous legal framework to still develop projects.

 **Access to the grid**

The main issues related to the lack of access are due to the need for upgrades and the delays in dealing with connection requests. Most of the requests comes from industrial private actors.

 The government should reserve grid capacity specifically for energy communities. In addition, they could stimulate a 'race to the top' by providing priority grid access to energy communities that meet certain social and environmental criteria (e.g., inclusion of energy vulnerable households).

The government could also request applicants to combine storage with renewable energy production, to avoid grid congestion.

The inclusion of energy communities in flexibility markets (storage and demand response) should also be facilitated.





### Lack of information

There is a persistent lack of awareness on energy communities and their business models, both by citizens, but also by key public actors (e.g., DSO, Municipalities, Ministries)



The Regional Development Funds, and the Recovery and Resilience Facility could be leveraged to fund national/regional One Stop Shops (OSS) to support the creation of new energy communities, and facilitate the inclusion of citizens, especially in rural and disadvantaged areas, as it has been the case in Italy and Spain.

Such OSS could provide general support around other topics like electric mobility, rooftop PV, household renovations etc.



### About the project

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 203050 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favourable EU legal framework on citizen energy.

For more information, visit



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no. 101033676.

# ADDRESSING COMMUNITY ENERGY CHALLENGES IN THE NETHERLANDS

Policy Briefing, March 2024



## CHALLENGES



## RECOMMENDATIONS



### Lack of facilitating framework for public-civic cooperation

Municipalities are reluctant to set up partnerships with citizen-led initiatives because they are worried about incurring in violation of State-Aid regulations.



The national government should develop clear guidance and provide municipalities with examples of what is needed to set up civic-public partnerships in line with the European State Aid regulations.



### Lack of conceptual recognition for heating communities

National legislation (Heat Act) does not recognise the role of energy communities.



The national Heat Act should clearly define renewable energy communities, their role, rights, and obligations. It should include special provisions/exemptions for citizen initiatives/energy (compared to commercial ones) to recognise their potential impact on the territory and facilitate their participation in heat development projects.

Guidance should be developed to clarify the regulation on the national target of "50% participation by the local community by 2030".



### Lack of resources for heat communities

Despite the citizens' ambition, energy communities don't have enough resources.



The government should create a range of financial arrangements for energy communities, for example by complementing the existing development fund for wind and solar with a community energy development fund for district heating.

As energy communities often support capacity building of municipalities, guidance should be provided on how they could access the public funds available for capacity building of local governments on the topic of the energy transition.



### Energy sharing is not defined by Dutch law



National legislation should consider offering renewable energy communities that are active in congestion management (e.g. through smart energy sharing) priority access to the grid. Such smart energy sharing projects could for instance benefit from the feed in premiums or similar support schemes. Incentives for participating in such projects should also be provided.



### Access to the grid



New grid connection codes should be developed by the Dutch Authority for Consumers & Markets, considering energy communities' needs and plans.



#### About the project

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 203050 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favourable EU legal framework on citizen energy.

For more information, visit



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement no. 101033676.

## ABOUT SCCALE 203050

Sustainable Collective Citizen Action for a Local Europe (SCCALE) 20-30-50 intends to bring Europe closer to its citizens by fostering the creation of energy communities, taking full advantage of the favorable EU legal framework on citizen energy.

## CONTACT THE PROJECT COORDINATOR

Daan Creupelandt.

[daan.creupelandt@rescoop.eu](mailto:daan.creupelandt@rescoop.eu)

## FOLLOW US

Website [www.sccale203050.eu](http://www.sccale203050.eu)

Look for #SCCALE on

Twitter: [@energycities](https://twitter.com/energycities) [@REScoop.eu](https://twitter.com/REScoop.eu)

Facebook: [@energycities.eu](https://www.facebook.com/energycities.eu) [@REScoop.eu](https://www.facebook.com/REScoop.eu)