

Ensuring access to affordable, secure renewable energy: local ownership through energy communities

Local ownership of renewables production through energy communities is essential to securing an affordable, clean energy supply. Energy communities operate across the energy sector and are part of the cooperative and social economy. From offshore wind, to large-scale district heating and cooling projects, energy communities, which often bring together citizens, small and medium enterprises (SMEs), and local authorities, are already demonstrating that local communities can take an active role in driving the EU's decarbonisation and green industrialisation objectives.¹ Local communities that can secure ownership of renewable energy production are able to shield themselves from the impacts of high and volatile wholesale electricity and gas prices.

By 2050, it is projected that around 45 percent of renewables production could be owned by EU citizens, and 83 per cent of European households could be active in the energy system through demand response and/or energy storage.² Reaching this potential would help reduce the EU's dependence on foreign sources of energy, helping achieve autonomy in the secure supply of renewables.

This briefing³ explains why local actors, in particular renewable energy communities and local authorities, must be considered strategic partners in delivering a fair energy security policy framework that puts consumers and communities first. This approach should be supported under the EU's Clean Industrial Deal (CID) and Energy Affordability Action Plan.

¹ Vrettos, C et al (2024). Euronews - "[Not \(just\) for hippies: Energy communities should be the drivers of the EU's re-industrialisation](#)".

² CE Delft (2016). [The Potential of energy citizens in the European Union](#).

³ This Position Paper is a modification of REScoop.eu's official input into the European Commission's call for evidence on the EU's Energy Security Framework.

Performance of energy communities during the energy crisis

According to the European Commission, energy communities that produce and consume locally are a way to tackle the energy crisis by shielding consumers from volatile wholesale markets. In a recent report by the Council of European Energy Regulators (CEER), renewable energy communities mitigated the effects of high market prices for members in Italy and the Netherlands during the most recent energy crisis.⁴ There are also concrete examples of energy communities shielding their members from high prices during the crisis. Specifically, in the Belgian regions of Flanders and Wallonia, cooperative retail energy suppliers Ecopower and Cociter, both citizen energy communities, were able to either cap or keep prices below that of the market due to their ability to supply their members' full needs through self-owned renewable energy production located within the respective regions.⁵

Energy communities helping reduce system costs

Through smart and flexible energy sharing, energy communities can also help reduce losses during transmission and distribution, helping to manage demand on the grid.⁶ Cost-benefit analyses of local network tariff components for shared energy conducted by the Flemish and Brussels regulators show that with appropriate market design (e.g. smartly designed time of use tariffs) and local network tariff incentives, energy sharing by energy communities can contribute to peak shaving.⁷ Several Member States have already adopted incentives connected to the volumetric component of their network tariffs to encourage energy sharing in a cost-reflective manner.

National examples of rewarding reduced use of the network through energy sharing:

Austria

In Austria, the grid is split into seven levels based on voltage level. For members of a Renewable Energy Community (REC), the volumetric component of the network charge is reduced according to the level of the grid where production installation(s)

⁴ CEER (2024). Impact of high market prices on renewables, p 24-25.

⁵ See Cociter (27 October 2022). Press Release – [“Cociter is the only supplier in Wallonia to cap the price of electricity for its customers”](#); and Ecopower (31 August 2022) [“November 1: price increase and change in pricing system for green citizen electricity at Ecopower”](#).

⁶ Taylor, K. (18 September 2022). Euractiv - [“How community-led renewables could help solve the energy crisis”](#).

⁷ Brugel (2023). [Coûts-avantages relative aux communautés et au partage d'électricité](#) ; and Energy Ville (2023). [Kosten-batenanalyse betreffende de bijdragen aan de ontlasting van het Vlaamse elektriciteitsdistributienet van hernieuwbareenergiegemeenschappen, energiegemeenschappen van burgers, betrokken personen van de verkoop van groene stroom conform artikel 7.2.3 Energiedecreet of de actieve afnemers in een gebouw, en analyse van de resulterende relevante vergoedingen.](#)

and members are located compared to the production site. The level of reduction differs depending on whether the members are part of one of two types of REC:

- 'Local level' RECs (where members are located within low-voltage distribution network and the low-voltage side of the transformer station) within the concession area of one DSO; or
- 'Regional level' REC (where members are located within the medium-voltage network and the medium-voltage side of the transformer substation) within the concession area of one DSO.

For local level RECs where members are located on grid levels 6 and 7, the charge is redacted by 57%. For regional level RECs, members located on grid levels 6 and 7 receive a reduction of 28%, while members located on grid levels 4 and 5 receive a reduction of 64%.

Brussels-Capital Region of Belgium

In the Brussels-Capital region of Belgium, for members of an energy community, distribution tariffs are broken up between four sub-categories, including:

- sharing within the same building;
- sharing on the same public grid under a single low voltage substation;
- sharing under a single transmission substation; and
- sharing under multiple transmission substations.

Importantly, the tariff available to the community depends on the sub-category where the least local member is located.

Portugal

For collective self-consumption (so not just energy communities) schemes connected by the public grid, the tariff for the self-consumed energy is calculated taking into account only the tension level used (for self-consumed energy e.g. within a REC on low voltage level only low voltage network tariffs apply). If a self-consumption installation is located at a voltage level where reverse flows occur (i.e. from lower to higher voltage levels), the deduction of network use tariffs of higher voltage levels might be only partial.

The different levels include:

- Low Tension (BTN e BTE) – Point of Production and Point of Consumption \leq 2 km and connected to the same transformer post;
- Medium Tension (MT) – Point of Production and Point of Consumption \leq 4 km and connected to the same substation;

- High Tension (AT) – Point of Production and Point of Consumption \leq 10 km and connected to the same substation; and
- Very High Tension (MAT) – Point of Production and Point of Consumption \leq 20 km or connected to the same substation.

The EU's energy security framework needs to better prioritise local ownership of renewable energy production

The way costs of energy supply risks are distributed across the economy, particularly those due to reliance on imported fossil gas, undermine the EU's decarbonisation and a just energy transition objectives. According to the Draghi Report, the EU is more dependent on spot markets for purchasing gas than any of its competitors; the EU is also the biggest global gas and Liquefied Natural Gas importer.⁸ This reliance is exacerbated by the high degree of concentration within gas markets, which the European Central Bank has identified as a vulnerability in energy futures trading.

These factors helped companies leverage their dominant market positions, and kept wholesale markets high during the energy crisis. In response, large energy companies were subsidised to sell expensive fossil gas in order to artificially lower costs to consumers, at the expense of public budgets. This has led to societies with higher public debt, placing them at risk of austerity. The Draghi Report has acknowledged this risk, stating that as long as imported gas features as a strong element of the EU's energy mix, it will be impossible for citizens and other consumers to realise the full benefits of renewables production, not just in the energy sector but across the entire economy.

The EU energy security framework should aim to rid the EU's reliance on gas. At the same time, efforts should focus on leveraging citizens, businesses, and their local communities to uptake active solutions to take ownership over their own production. This requires support for local actors such as energy communities, local authorities, active consumers, as well as a market design that rewards flexible production and consumption, starting at the distributed level. In the long run, this would help replace subsidies for expensive fossil fuels with locally-owned resources that provide secure and affordable renewable energy that local communities can use to shield themselves, should further crises face Europe during the energy transition.

⁸ EU Commission (2024). [The Future of European Competitiveness: Report by Mario Draghi](#).

The added benefits of local ownership of renewables

Research in France⁹ and Germany¹⁰ shows that locally-controlled and financed renewable projects deliver 2 to 8 times more return to the local economy than projects built by external developers. This ownership provides revenue to fight energy poverty, support education, and drive local investment in renewables and infrastructure. Furthermore, prioritising local ownership builds public acceptance and ensures further RES development.

Europe's Clean Industrial Deal & Affordable Energy Action Plan: Leveraging the Citizen Energy Package & Action Plan on Energy Communities

If the specific added benefits of energy communities are acknowledged and supported, energy communities can establish themselves as key actors to achieve the objectives of the CID and the Energy Affordability Action Plan. The Citizens Energy Package (CEP), and the Action Plan on Energy Communities in particular, will be essential in empowering local communities — including citizens, authorities, and SMEs — to contribute to the EU's energy security strategy through investment and ownership of renewables.

Key Asks

To support these efforts, **energy communities should be supported so they can help deliver the CID and the Energy Affordability Action Plan objectives**. Specifically, the CID and Affordable Action Plan should:

1. Acknowledge energy communities as partners for delivering the CID and energy affordability; and
2. Make concrete links with, and support, energy communities through the CEP.

Furthermore, **the CEP should acknowledge and support local ownership of renewable energy production so it can better contribute to more affordable, secure energy supply**. Specifically, the Citizens Energy Package should:

1. Set an EU level policy objective for community ownership of renewable energy production, supported by national and sub-national objectives for citizen and local community ownership and production of renewables;
2. Guarantee grid access for energy communities and other locally-driven projects by citizens and local authorities;

⁹ Energie Partagée (2019). [Local Economic Benefits of Citizen Renewable Energy](#) (in French).

¹⁰ Wilkens, I, and Wetzel, H (2023). [Regionale Wertschöpfung in der Windindustrie am Beispiel Nordhessen II—Kurzstudie zur Aktualisierung der Daten](#) (in German).

3. Ensure Member States implement their obligation to assess the potential development of renewable energy communities and the barriers they face;
4. Support implementation of national obligations to integrate citizen and community participation in energy planning (electricity distribution, heating and cooling, local and regional spatial planning for renewables development, etc);
5. Simplify regulations for sharing and supply of electricity by energy communities;
6. Provide a key role for demand-side measures including flexibility and sufficiency; and
7. Finance local RES production capacity through highly effective programmes for energy communities, including through robust criteria that ensures inclusiveness and citizen participation.