Common response to the EU's consultation on its Solar Strategy

The current geopolitical tensions confront all of us - European citizens, public authorities, NGOs and businesses - with the fact that we are all highly dependent on fossil fuel imports. The current crises have also resulted in soaring gas and oil prices, which lead to increased heating and electricity bills for all the EU citizens. Before this crisis, many citizens were already confronted with energy poverty. Now, it is almost a certainty that the number will continue to rise.

The current geopolitical and energy crises comes on top of the climate crisis. The EU rightfully aims to speed up its response to both crises. Placing solar energy in the hands of its citizens and local authorities is crucial for it to become a success. Therefore, in the context of the Commission's recently published REPowerEU Communication, we would like to propose a REPowerEU for energy citizens.

At its center, the EU needs to define local renewable energy ownership as a matter of security of energy supply. Along with energy efficiency, solar PV and solar thermal are readily available technologies that are easily within reach of local communities, taking into account that solar is usually the technology that energy communities start with, because it is easier to install and invest in. While communities should be encouraged to utilize the full potential of local renewables development, this should start with solar. The solar strategy that the Commission is preparing can help lay all of this out.

The response to this consultation has been developed based on input that REScoop.eu and Energy Cities received from our members on challenges related to the development of solar projects. For our input identifying specific challenges and barriers, please see our answers to the questionnaire for this consultation, as well as any relevant submissions from our individual members.

Existing barriers for the development of solar projects

Most energy cooperatives around Europe already develop solar projects. However, there are still important barriers that should be addressed in order to achieve the full deployment of the solar energy potential. Key barriers that delay or prevent new PV projects from materializing include grid connection issues, conflicting environmental regulations, increased uncertainty of curtailments and in some cases lack of public acceptance. Moreover, auction-based support schemes for renewables are considered inadequate to ensure a level playing field for smaller players. Furthermore, in several Member States there is uncertainty regarding future support scheme frameworks and regulatory and taxation frameworks, which impacts the development of solar projects.

Our members also report that in several Member States there is a lack of clarity in permitting procedures to set up energy communities. In addition, the applicable grid tariffs for physical electricity sharing or collective self-consumption are considered an obstacle preventing energy communities from fully playing their role in the generation, sharing and sale of solar energy. In Germany, the absence of an adequate legal framework for decision-making and representation in jointly-owned buildings (e.g. blocks of flats) with commonly owned rooftops and facades was highlighted as an important obstacle, together with the existing complex procedures for grid connections (DSO) and operation. Access to areas for renewable power plants is also a major issue, while the lack of installation engineers and technicians for renewable systems presents practical challenges. Finally, energy communities that share renewables production are not allowed to use electricity collectively and this decreases the deployment of the solar energy potential.

When it comes to the changes that would be beneficial to enable the increased exploitation of solar energy, the following section sets some main points that the Commission should make sure to integrate into its solar strategy.

Measures REScoop.eu and Energy Cities propose

The Commission should take into account the following proposals for its solar strategy:

1. The solar strategy should put a strong emphasis on promoting local ownership of solar PV production

Securing local ownership and production of renewables is an urgent matter of security of supply, and we ask the Commission to identify it as such. Local communities that have secured renewable energy production are able to shield themselves from the impacts of high and volatile wholesale electricity and gas prices. Ecopower, an energy cooperative in Belgium, is case and point. It supplies 2% of Flemish households, and at the moment

has the lowest electricity prices in the region. Why? Because it owns all of the renewables capacity needed to supply its members. It is not as exposed to high wholesale prices as other retail suppliers, because even though it must sometimes buy from the wholesale market, it also supplies its production to the wholesale market.

This example emphasizes the need to secure locally owned renewable energy production. If we want to ensure consumer-owned suppliers can set up a sustainable business model, ownership of production is a precondition. Otherwise, the supplier is completely exposed to the wholesale market.

2. Ensure full implementation of the Clean Energy Package's provisions on renewable energy communities

The Commission should ensure full implementation of the existing EU legislation on renewable energy communities (RECs), which will be a precondition for empowering citizens to achieve their full potential in contributing to Europe's move away from fossil fuels. Ever since the Clean Energy Package was finalized, the community energy movement has been working hard to arm citizens across Europe with knowledge and resources, and to make sure EU rules on energy communities are well written into national law.

As a legal concept, energy communities are new in many countries, particularly in Eastern Europe. Already, the transposition process has been slow and arduous. The translation of the community energy definitions into national laws has created a lot of legal complexity for national decision-makers across Europe. Often, energy communities, which are inherently a social and organizational concept, are confused with technical concepts, like renewables collective self-consumption and energy sharing. These definitions need to be clarified – otherwise, the social innovation potential of energy communities could be undermined.

Furthermore, most Member States have yet to put in place enabling frameworks to promote the growth of renewable energy communities at the national level. Almost no Member States have undertaken an assessment of the potential and barriers for the development of RECs, which is a requirement of the Renewable Energy Directive. If we want energy communities to grow enough to meet the scale of the next decade's renewable energy production needs, national enabling frameworks need to be put in place as soon as possible.

Member States also need to revise their national support frameworks to tailor them so that RECs are not prevented by tenders and other burdensome administrative procedures from receiving operational support for renewable electricity production. The new Climate, Energy and Environmental State aid Guidelines (CEEAG) provide Member States with options for tailoring support schemes for RECs, including discretion to exempt 100% REC and SME owned projects up to 6 MW (18 MW for wind). To help Member States effectively use the CEEAG to promote a level playing field for RECs, the Commission

should develop guidance for national and subnational authorities (including local authorities) on how to design support schemes for RECs at the national level.

Another point that should be addressed is the lack of a "regionalization" of PV calls for tenders, which causes unfair competition between regions. In Strasbourg, France, for instance, private operators do not find economic models for ground-mounted or shaded installations below 5 ha and, instead, all chose to go South to get higher yields. This means enormous areas are left unexploited, because they do not fit the private sector financial return expectations and are too big to benefit from the support schemes dedicated to smaller projects. Local authorities and energy communities could fill that gap, as they are more focused on securing non-financial benefits. In order to do that, they would require more financial support and in-house expertise, as outlined below in recommendation 6.

3. Establish national and subnational objectives for citizen and community ownership and production of solar

Member States need to be planning, both at the national and subnational level, how they aim to maximize the potential of exploiting the power of the sun (not just solar PV, but also solar thermal). In particular, Member States should encourage and support local and regional authorities in establishing these objectives. In their existing National Climate and Energy Plan (NECP) templates under Regulation 2018/1999 (Energy Union Governance Regulation), Member States are invited to communicate their trajectories and objectives for renewable energy produced by cities, RECs and renewables self-consumers in both their NECPs and in their reporting. This provides a policy basis for strengthening efforts at the national level and subnational level to establish high level objectives.

Some Member States have actually set out objectives for the growth of RECs. In its Climate Plan, Ireland aims to achieve 500 GW of renewable energy production from RECs by 2030. In their Climate Pact, the Netherlands included a policy objective to ensure that all new onshore wind and solar PV projects provide local communities up to 50 % of ownership. France also just recently set an objective to develop 1,000 new locally governed renewable energy projects involving local authorities and citizens by 2028. More Member States should follow these examples and set specific targets for REC projects.

Beyond the national level, local authorities should also be encouraged and supported to set out their own objectives for locally owned production and supply of renewable energy. The Commission could support such national and subnational initiatives, starting with the Solar Strategy. However, objectives should be broadened to other exploitable renewable energy technologies.

4. Access to solar for energy poor, vulnerable and otherwise lower-income households needs to be treated as a priority – not just in side measures

Especially in times of crisis it is becoming clear that the poorest are likely to be disproportionately impacted by higher energy prices. As a matter of equity, it is not enough to ensure these people are not left behind. Rather, we should be reframing this as a need to prioritize access to solar for vulnerable, energy poor, and lower-income households. This can be done by providing policy and financial support to local authorities and REC projects that want to prioritise their activities on energy solidarity and tackling energy poverty.

We should also make sure that we are not forgetting citizens that, while they may be well enough off not to fall into the category of energy poverty, are still struggling significantly. It will be important to ensure that those in the middle class do not fall into poverty as a result of being stuck on gas. Furthermore, this should include access to solar thermal, which can help households improve efficiency and reduce gas in heating by up to 50%.

Article 22 of the Renewable Energy Directive already requires Member States to ensure that their enabling frameworks guarantee that RECs are accessible to low-income and vulnerable households. However, implementation of this requirement is severely lacking at the moment. The Commission and Member States need to double their efforts to make sure renewable energy access is more inclusive and not contingent upon capacity to invest. The EU Commission should support Member States in developing policies and measures to incentivize vulnerable, energy poor and low-income households to participate in RECs, while also supporting RECs so that they are able to reach out to these groups.

Some concrete proposals towards this direction include earmarking funds for the acceleration of PV installations and heat pumps to get rid of gas use and to fight energy poverty.

5. Objectives for citizen solar should be accompanied by robust urban, spatial and energy planning, supported by national and EU resources.

Local authorities, system operators and citizens in their communities are at the forefront of ramping up solar production at the local level. This needs to be done in a coordinated and planned manner. Yet, everywhere across Europe, the potential for renewable energy is systematically underestimated, because the local resources are not mapped.

Planning should accompany trajectories and objectives, and be supported by tools that can make it easier for uptake by citizens (transparency, online mapping and other tools,

streamlined single contact points for projects, etc.). Member States should be mandated to provide full support for their local governments to:

> (a) include an assessment mapping out all the options to develop local sustainable renewable energy supply chains, as well as identifying the renewable energy supply and optimization options which are the most conducive to long-term socio-economic development; and
>
> b) include an assessment, which identifies areas available to deploy renewable energy projects, related storage facilities and infrastructure respecting EU environmental legislation, such as roofs, land available for multiple uses including urban areas, agricultural land, water bodies and brownfields.

There are relevant proposed amendments in the European Parliament discussions on the Revised Renewable Energy Directive, which should be taken forward and provided support by the Commission and Member States. Furthermore, the Commission should support what it can through its forthcoming recommendations for permitting.

There should also be stronger efforts to make sure grid operators, especially at the local level, develop grid development plans so that there is transparency around grid infrastructure capacity, options for system optimization, and clarity for stakeholders around suitable sites to install production. This should be coupled with carving out grid access for citizen and community projects, so that they don't have to compete with professional project developers. Proposals around this are further elaborated in REScoop.eu's consultation response regarding permitting for renewables projects.

6. The Solar Strategy should lay out a strategic focus on supporting collaboration between local authorities and citizens.

Public authorities and citizen- and community-led initiatives are natural allies when it comes to the fight against climate change. Local governments have no shortage of motivation with regards to scaling up decentralised renewable energy solutions. However, they face in-house capacity challenges to navigate State aid, competition and public procurement rules when designing tenders (or other dedicated support schemes) that pursue policy objectives to include or promote citizen and community led projects using public space. Moreover, they lack the "territorial engineering skills" necessary to structure more projects, for example by establishing more links between various administration levels and stakeholder groups (to address land-use related conflicts for example).

The Commission and Member States have a role to provide further legal clarity, as well as resources to local authorities, so that they can move forward with collaborative processes using public procurement to achieve social and climate objectives. Such support is needed not just in renewable energy production (e.g. wind, solar PV), but also

in areas of energy savings and building renovations. However, starting with solar projects will go a long way to initiate this process. While such issues could be clarified in relevant legislation such as the Renewable Energy Directive and Energy Efficiency Directive, EU Public Procurement legislation needs to be amended to provide legal clarity around social procurement.

In addition, most people are still unaware of the potential to become energy prosumers, particularly if they belong to vulnerable groups of consumers. A massive "empowerment and awareness" campaign should thus be launched at European level to make sure all EU citizens are "energy literate" and bridge the energy divide. Local authorities and energy communities need to be supported to help build and roll out such campaigns.

Annex to our consultation response

REScoop.eu undertook this consultation by sharing the Commission's questionnaire with its members. The responses from our members have helped make up our key messages to this consultation, as well as individual answers in our submitted questionnaire response.

In a couple of instances, the REScoop.eu members' responses were too long to input into the questionnaire. As such, we are including them below.

Question 6: What are the key barriers that delay or prevent new utility grid solar energy projects (photovoltaic -PV or concentrated solar power - CSP) from materialising?

DGRV pointed out that the biggest barrier for new PV plants in Germany and the overall German PV aims in order to meet the German climate aims and in order to get independent from Russian gas and oil is the strict European competition law, in particular the climate, energy and environment state aid guidelines and the application practice of the DG Competition and the Commission: PV-5, even 10. The state aid guidelines and the DG Comp demand such a low funding rate that a lot of PV plants and business cases in Germany are not feasible. They expect that with the current funding rate Germany can increase its PV aims by three or four times, which is needed for our climate aims and the independence of Russian gas and oil . Furthermore, they demand instruments like tenders, endogenous quantity control (endogene Mengensteuerung), which are not helpful for the additional PV capacity at all. Furthermore, state aid notification process can take between six and thirteen, months which then means that this time is lost for further installations.

On the same question Green Planet Energy from Germany highlighted that the key barriers for PV are access to areas for renewable power plants, the regulatory framework impacting the business case, grid connection issues and the lack of public acceptance, which might increase.

Question 7: What do you consider are the main factors that negatively affect the business case of new utility grid solar energy projects (photovoltaic -PV or concentrated solar power - CSP)?

Green Planet Energy mentioned that the main problem in Germany is access to areas for renewable installations. Also, guarantees of origin due to untransparent disclosure rules result in insufficient incentives concerning additional RE capacity development outside the scope of the subsidy. As of now there is uncertainty regarding the future regulatory framework (in Germany). The question is whether or not a renewable power plant outside

the German Renewable Energy Law will be profitable for the next 20 years. At this point, there are no good financing offers outside the German Renewable Energy Law. They also stated that competition from conventional generation installations is not a problem, but the current market design is a problem, since it is designed for conventional base power plants and not designed for sharing. The fact that energy is a commodity is problematic.

DGRV stated that feed-in-tariffs and market premiums are always better than auction schemes in order to achieve a huge increase in PV installations and an independence of Russian gas and oil.

Question 8: Which do you consider to be the main factors that negatively affect the deployment of distributed, small-scale solar production installations in single-unit (SUB) or multi-unit buildings (MUB)?

Enostra mentioned that with regards to the permitting procedures, a recent law in Italy gives the possibility to consider the installation of roof PV plants as ordinary maintenance activities, subject to a simple "communication" to the municipalities offices. They also highlight as barriers the regulatory and public support framework impacting the business case, mainly for the complex bureaucracy and procedures. They mentioned as an important barrier for MUB the absence of an adequate legal framework for decision-making and representation in joint-ownership buildings (e.g. blocks of flats) with commonly owned rooftops and facades and as a general comment they pinpointed the complex procedures for grid connections (DSO) and operation (GSE - the Energy System Manager who acknowledges incentives and withdraws/purchases excess energy).

In the same question Green Planet Energy stated that they hope that most challenges will be taken care of in the new German Renewable Energy Law package this month. However, a major issue is the lack of installation engineers and technicians for renewable systems. Another issue is that energy sharing is not possible in Germany yet. Another Problem is that the individual self-supply is significantly worse/less attractive financially speaking than feed-in tariffs. Only for MUB they highlighted as a barrier the absence of an adequate legal framework for decision-making and representation in joint-ownership buildings (e.g. blocks of flats) with commonly owned rooftops and facades.

Question 10: How would you assess the following factors in preventing energy communities from fully playing their role in the generation, sharing and sale of solar energy?

Enostra listed as factors that prevent energy communities from fully playing their role in the generation, sharing and sale of solar energy the lack of clarity on the fiscal discipline of the RECs and RECs' members incomes (especially in case of SMEs), the lack of clarity and regulatory framework to discipline the distribution of shared energy and incomes among the RECs members.

Green Planet Energy highlighted the first 3 options and added that the core problem In Germany is that energy sharing communities are not allowed to use electricity collectively; all other points are also problems. DGRV pointed as the main factor the insufficient funding rate, e.g. feed-in-tariffs or market premiums or tender prices due to restricting state aid guidelines and the application practice of DG Competition.

Question 15: What regulatory changes would be beneficial to create a more supportive framework for additional distributed photovoltaic capacity in locations other than buildings, e.g. agricultural, industrial, or recreational areas?

ZEZ from Croatia showcased the need for higher price for surplus energy, easier application for incentives.

EWS from Germany replied:

- A legally determined minimum area target on a national level with co-determination by municipalities;

- a mandatory repowering of existing old plants;

- Positive funding guidelines for the financial participation of municipalities in PV parks on publicly owned land;

- Reform of existing policy framework for privileged grid feed-in of distributed renewable electricity;

- Repeal of conflicting environmental directives (e.g. ban on conversion of permanent grassland); and

- A legal structure for energy sharing and RECs.

Green Planet Energy stated that in Germany they need to be able to conduct energy sharing and they need explicit subsidy for PV systems that enable dual use = innovative PV systems (e.g. agriculture + PV).

DGRV asks for less restrictive state aid guidelines and application process of DG Comp, especially with respect to feed-in-tariffs and market premiums and auctions schemes.

Question 26: How would you assess the contribution of the following measures to the sustainability, competitiveness and resilience of the EU solar energy value chain?

Green Planet Energy commented that there is too little skilled staff for installation of PV.