

The EED: supporting energy communities to deliver energy savings

With its recent proposal for a recast Energy Efficiency Directive (EED), the European Commission (Commission) has recognized the need to increase ambition on energy savings in order to meet 2030 and 2050 climate objectives. To meet these objectives more action is required in all segments of society. Citizens, for their part, are increasingly mobilizing through their own community, developing initiatives around the uptake of renewable energy and the adoption of energy savings measures. The underlying goals of these initiatives vary, ranging from the pursuit of an energy efficiency first approach, using revenues from renewables production to fund energy savings measures, education and awareness raising, to supporting sustainable building renovation, energy solidarity and addressing energy poverty.¹ One common thread tying all these different initiatives together is the pursuit of a democratic transition to clean, decarbonized energy system.

Such initiatives were recently acknowledged in the Clean Energy for All Europeans legislative Package (CEP), which defined and established supportive provisions for Renewable Energy Communities (RECs) and Citizen Energy Communities (CECs). While the role of energy communities in achieving energy savings was acknowledged in the CEP, there were no references to energy communities in the EED. With its recent proposal, the Commission has attempted to rectify this policy gap. Now is the opportunity to build upon the Commission's proposal to ensure that energy communities are able to receive sufficient policy and financial support in order to maximize their role in addressing energy savings at household level, as well as ensuring an inclusive and fair energy transition where no one is left behind.

¹ See REScoop.eu (2021). A Supportive EU Legal Framework for Energy Communities in Energy Efficiency. Available at: <https://www.rescoop.eu/toolbox/a-supportive-eu-legal-framework-for-energy-communities-in-energy-efficiency>.

Key Recommendations

In order to maximise the potential for citizens and their communities to help deliver energy savings obligations, the legislative process between the European Parliament and the Council must result in the following:

1. Increased ambition for the EU's 2030 energy efficiency targets;
2. Clarification of role of energy communities in helping Member States achieve their energy efficiency objectives;
3. Clearer rules around public procurement so that energy communities and local authorities can collaborate more easily;
4. A requirement for Member States to develop alternative policies and measures to support energy communities that help deliver energy savings, and to include energy communities as targeted actors to support in energy efficiency obligations schemes (EEOs);
5. Provision of support to energy communities so they can contribute to information, technical advice and support, and awareness-raising for households; and
6. Support for the role of energy communities in tackling energy poverty; specifically energy communities are contributing to stabilizing the energy prices, provide administrative and grant supports to low income households and provide educational tools to help energy poor households to gain in sobriety.

1. Increased ambition on energy savings

Binding energy efficiency targets

Article 4 proposes a binding efficiency target for MS. The EU target is expressed as a 9% reduction compared to the 2020 Primes Reference Scenario, so that the Union's final energy consumption amounts to no more than 787 Mtoe and its primary energy consumption amounts to no more than 1023 Mtoe in 2030. This obligation is also followed by sanctions highlighted in Article 4(3).

The target is still too low compared to the ambition of the EC laid out in the Green Deal communication. The EC proposes to increase the annual energy savings rate to 1.5% which is in line with their proposed ambition of a 36% energy efficiency target. However, to account for the need to speed up energy savings, and the associated cut in emissions, As a member of the Coalition for Energy Savings, we recommend increasing the annual rate to 2% from 2024 onwards, which would fit to a target of 40% energy efficiency set to maximize the environmental and economic benefit of the energy transition.

Energy Efficiency First Principle

Article 3 embeds a practical approach to implementing the energy efficiency first principle at the national level, in particular requiring consideration in planning, policy, and investment decisions relating to energy systems as well as non-energy sectors that have an impact on energy consumption and energy efficiency. Application of the principle must

be verified by an entity that is responsible for monitoring its implementation. Member States must promote the principle, integrating into cost-benefit methodologies, and must also report on the principle's implementation as part of their NECP reporting obligations.

We support the inclusion of a requirement to apply the energy efficiency first principle in the EED. We also support the Guidelines that the Commission has provided to Member States for how they can apply the principle. These Guidelines acknowledge the role of energy communities as well as local authorities in applying the energy efficiency first principle at the local level. This role should be further acknowledged and supported through the EED's recitals and subsequent guidance in order to help Member States in their implementation of this principle.

2. Acknowledging the role of energy communities in achieving energy savings

In its legislative proposal, the Commission has made a good attempt to make links and create coherence with the Renewable Energy Directive (RED II) and the Electricity Market Design Directive (EMD) by acknowledging the role of RECs and CECs in promoting energy efficiency and poverty alleviation. In particular, Recital 92 highlights the role of RECs and CECs in reaching climate targets and municipal goals. It also highlights the pivotal role that energy communities play in empowering consumers, and dealing with energy poverty. The recitals provide a basis for supporting RECs and CECs in the EED.

However, the Commission's proposed text does not fully capture the role that energy communities play in helping citizens better relate with their energy usage, for instance through awareness raising, advice, and assistance . The text also leaves out the opportunities for energy communities and local authorities to collaborate at the local level to reach citizens, or to highlight some of the challenges or barriers that prevent this type of collaboration. In order to effectively communicate the added value of energy communities towards achieving the objectives of the EED therefore, there is a need to improve the text of the recital 92 to fully emphasize the role of energy communities in driving energy savings in households, and the need to remove barriers so that energy communities can play this role.

3. Supporting collaboration between municipalities and energy communities

Local authorities have a leading role to play at the local level in driving energy savings. Local authorities are also natural partners of energy communities, and they often support each other in helping reach local citizens, for example through one-stop-shops One way local authorities can cooperate with energy communities is through the procurement of services, which are often linked to improving energy efficiency in public buildings, and in direct outreach to citizens, particularly vulnerable households. However, this type of collaboration can often be hampered by EU and national public procurement rules. Such

rules often deter local authorities from collaborating or providing other support to energy communities, for fear of legal reprisal. Furthermore, many local authorities lack clarity on the operative aspects of public procurement legislation. Due to a lack of human and/or financial resources, many local authorities lack expertise in the area.

The EED proposal emphasizes the role of public authorities to realize efficiency investments and take a leadership role encouraging other sectors to take action. In particular, Article 5 requires Member States to support regional and local authorities to perform this role, through mostly capacity building and cooperation. Such collaboration should also include partnerships with local initiatives, in particular with civil society and social enterprises, such as energy communities. As such, we would recommend adding such a reference in Article 5.

Articles 7 paragraph 5 of the EED proposal also reinforces the possibility for MS to take into account "wider sustainability, social, environmental and circular economy aspects in procurement practices," and to take into account Union green public procurement criteria. Again, however, this provision misses an opportunity to promote collaboration between local authorities and citizen- and community-led initiatives.

Article 7 should include language that promotes public procurement rules as a way to enhance collaboration opportunities between municipalities and energy communities. Furthermore, Article 7 should introduce a requirement for the Commission to develop green public procurement criteria for local authority collaboration with local actors, such as energy communities, in order to provide legal clarity on how to navigate relevant criteria when partnering with energy communities.

4. Energy efficiency obligation schemes

By encouraging and facilitating less energy demand from their members, energy communities can make a significant contribution in helping Member States and other market actors meet their energy efficiency obligations under article 8. With dedicated policy and financial support by governments, energy communities could play a much larger role.

Article 8 paragraph 3 of the proposed recast EED states that Member States must consider and promote RECs and CECs in designing alternative policy measures. This is a positive step in the right direction. However, it is not clear from the text whether RECs should be included in alternative policy measures generally, or those designed to achieve energy savings by those affected by energy poverty, vulnerable customers and, where applicable, people living in social housing.

Energy communities can make a substantial contribution towards combatting energy poverty, and this should also be supported in Article 21 of the EED (see below). However, Article 8 should be clarified so that Member States have a general requirement to support the role of RECs and CECs in the development of alternative energy efficiency policy measures. Correspondingly, Annex V should include language to ensure that realized

energy savings by energy communities, and encouragement of collective action of consumers, can be verified.

Furthermore, Article 9 does not acknowledge the role that RECs and CECs can play in helping obligated parties under Member States' energy efficiency obligation (EEO) schemes. Yet, a number of REScoop.eu members already work with obligated parties, helping them reach citizens and consumers to help them achieve their EEO obligations. Article 9 should identify RECs and CECs as actors that obligated parties are required to target in meeting their EEO obligations.

5. Information and awareness raising

One of the operating principles of cooperatives is the principle of education, training and information for members. This is one of the reasons many REScoops that focus on energy savings do so through education and outreach initiatives, and technical advice and assistance services with their members and the local community. Reaching out to citizens and helping them better understand energy sobriety² is one of this significant added benefits that energy communities provide. As such, this role deserves to be supported in the EED.

Supporting energy communities in spreading awareness around energy efficiency

In its recast proposal, the Commission strengthened provisions in Article 21 on information and awareness raising on energy savings. This includes a requirement for more information to be made available to, inter alia, energy communities. However, the proposal misses the positive role that energy communities play in dissemination of information and awareness raising, and does not propose any policies or measures to concretely support energy communities in playing an active role undertaking this activity. As such, we recommend adding language to paragraph 2 to ensure that Member States provide support mechanisms in order to help energy communities undertake activities to educate citizens on how to uptake measures to save energy.

Supporting energy communities in providing technical advice and assistance to households through one-stop-shops

We welcome that the proposed revised Article 21 (i) specifically mentions the use of one-stop-shops or similar mechanisms on energy efficiency and that the connection is made with both building renovation and renewable energy for buildings. As trusted local actors experienced in both renewable energy and energy efficiency (for buildings) energy

² Energy sobriety refers to the change of consumers' behavior to sustainably reduce energy demand over a long period of time. Sobriety also refers to the effort of transferring of the remaining demand to renewable sources.

communities are well positioned to deliver such one-stop-shop services in a very accessible manner, including to vulnerable customers. To ensure they can take up this role, in partnership with local authorities and energy agencies, Article 21 (i) and Recital 93 and 103 should specifically mention energy communities as possible providers of one-stop-shops for households.

Split incentives

The creation of an energy community can be a good method to help start dialogues between tenants and building owners regarding the uptake of energy savings measures. In Article 21 of the recast EED the Commission proposed to strengthen provisions looking at split incentives between building owners and tenants, allocating a role to energy communities in national dialogues that MS must establish to deal with such issues. We fully support this approach. [Add more substantial recommendation]

6. Targeting energy poverty

Tackling energy poverty is a key goal of the EED proposal. The Commission has re-shaped a number of its instruments to better funnel resources toward achieving this goal. These proposals come at a crucial time, as over 50 million Europeans are estimated to live in unhealthy, leaky homes, with indecent housing linked to over 100,000 premature deaths per year and contributing towards a public health burden of over €140 billion across the EU.

The Climate Action Social Fund is proposed as the main tool for energy poverty mitigation within the EED. However, today it is merely designed as a band-aid measure for regressive climate and energy policy, such as the proposed extension to the ETS to buildings and transport. The Fund should not only be decoupled from an ETS extension, as a stand-alone tool it should fit in a wider holistic strategy of the EU's fight against energy poverty and its aim for a fair and inclusive transition. At this point, the Fund will fail to be sufficient for the structural role it was meant to play in that EU policy ecosystem.

One of the pieces in that ecosystem puzzle should be energy communities, given the important potential role that energy communities can play in reaching out to low income and vulnerable households, they should be supported with adequate funding to help them tackle energy poverty. In particular, funding to support the creation of community-based efficiency schemes through RECs, could be part of the key alternative policies supported by Member States.

As already mentioned above, Article 8 requires Member States to consider and promote the role of energy communities in prioritizing implementation of energy efficiency obligations, although it is unclear whether such language is linked to supporting energy poor and vulnerable households and those living in social housing. As such, we recommend including a specific reference in Article 22 supporting participation by energy poor and vulnerable households, as well as those living in social housing, in energy

communities. In particular, energy communities should be acknowledged as a potential 'social actor' that can promote active management in the energy market under point (e).

7. Heating and cooling assessment and planning

Finally, we support the recast EED's proposal to encourages local authorities to create a local heating plan for municipalities of more than 50 000 inhabitants. However, Member States should be required, and not just encouraged, to ensure that local authorities prepare such plans, and to support the development of such plans through financial and administrative support. Furthermore, while the proposal acknowledges the need to foster a dialogue for the "local community", this provision should require plans to consider and promote measures to ensure participation of local actors, including citizens and energy communities, in the implementation of such plans.