Repower communities – not fossil fuels

Analysis of the revised national recovery and resilience plans of 15 Member States

Executive summary and key messages

- **The measures proposed in the new national REPowerEU chapters are mostly positive for the climate**, with broad support for energy efficiency and renewable energy. However, **the extent of the changes proposed** and the willingness to adopt new approaches to the energy crisis, as evidenced in the national recovery and resilience plans, **varies considerably between Member States**.

- **Challenges remain**, with doubts about the details of the measures persisting. Further, it is unclear to what extent these measures will benefit from public funding and whether they will be transformative enough to achieve climate targets.

- While new measures in certain national REPowerEU chapters **specifically address reforms and investments to facilitate collective self-consumption and the development of energy communities, some countries lag behind.**

- In addition, **Member States missed an opportunity to engage fully with the public**, as stakeholder consultations on the review of the plans lacked transparency and inclusiveness.

- More problematically, **several countries have earmarked REPowerEU funds for fossil fuel investments**, including the expansion of fossil gas infrastructure.

- **Difficulties and delays with the Recovery and Resilience Facility (RRF) are undermining the implementation of a clean and fair transition**. The focus must be on opening up the process to the public and delivering the key measures that will benefit the energy transition, serving and involving all citizens.

Introduction

The REPowerEU plan has mobilised almost EUR 300 billion to enable Member States to request additional support for energy efficiency and renewable energy measures as part of their revised recovery and resilience plans. The deadline of 31 August 2023 for Member States to request loans from the European Commission under the RRF has now passed. Most countries have submitted their revised plans, which include additional reforms and investments.

The aim of this briefing is to provide an overview of the revised and submitted national recovery and resilience plans of 15 Member States. In particular, it analyses whether and to what extent the measures foreseen facilitate the greater involvement of citizens in the energy transition. The potential is immense: **By 2050, around 45 per cent of renewable electricity production could be in the hands of citizens, with about a quarter generated through participation in cooperatives**,[1] including energy communities. As defined in the EU Clean Energy for all Europeans Package of Directives,[2] specifically the recast Renewable Energy Directive,[3] renewable energy communities are legal entities that promote the active participation of citizens, local authorities, small and medium-sized enterprises (SMEs), and other stakeholders in the energy market, particularly through local renewable projects.

The political impetus to translate this potential into concrete outcomes has increased significantly. In its official guidance[4] on the drafting of the REPowerEU chapters, **the Commission explicitly encourages the funding of energy communities as a means of tackling energy poverty. Similarly, the Commission's Country Specific Recommendations, within the framework of the European Semester for 2023,[5] call on France, Belgium, Croatia, Portugal, Czech Republic, Greece, Poland and Latvia to increase their support for self-consumption and community energy projects**. In addition, the recast Renewable Energy Directive,[6] adopted by the European Parliament on 12 September 2023, mentions energy communities in several articles, including calling for citizen participation in:

- offshore wind [Article 9(7), point (a)];
- linking building decarbonisation with energy communities [Article 15(2)]; and

[1] Bettina Kampman, Jaco Blommerde, Maarten Afman, The potential of energy citizens in the European Union, *CE Delft*, September 2016.
[2] European Commission, Clean energy for all Europeans package, *European Commission*, 22 May 2019.
[3] European Parliament, Council of the European Union, Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast), *EUR-Lex*, 21 December 2018.
[4] Secretariat-General of the European Commission, Guidance on Recovery and Resilience Plans in the context of REPowerEU, *European Commission*, 1 February 2023.
[5] Secretariat-General of the European Commission, 2023 European Semester: Country Specific Recommendations / Commission Recommendations, *European Commission*, 24 May 2023.
[6] European Parliament, European Parliament legislative resolution of 12 September 2023 on the proposal for a directive of the European Parliament and of the Council amending Directive (EU) 2018/2001 of the European Parliament and of the Council, Regulation (EU) 2018/1999 of the European Parliament and of the Council and Directive 98/70/EC of the European Parliament and of the Council as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 (COM(2021)0557 – C9-0329/2021 – 2021/0218(COD)), *European Parliament*, 12 September 2023.

- the timely provision of information on energy communities through the establishment of one-stop shops [Article 16(4)].

In Article 8 of the revised Energy Efficiency Directive (EED), energy communities are recognised as playing a key role in driving forward energy saving targets, requiring Member States to consider energy communities in the development of policies to reach their energy efficiency targets. In addition to emphasising vulnerable groups, the Article explicitly calls for the use of 'public funding, [and] funding facilities established at Union level'.[7] This funding can in turn be leveraged to trigger and attract further downstream investments.

It is therefore clear that to achieve the main objectives of the REPowerEU plan, including the accelerated rollout of renewable energy and increased energy efficiency, Member States should empower citizens and local communities to take part in the energy transition.

Main Takeaways

Overview of the process

Following changes to the RRF Regulation,[8] Member States were given the opportunity to amend their recovery and resilience plans. Although the Commission strongly recommended that these amendments should be submitted by 30 April 2023,[9] only a few Member States adhered to this informal deadline. During the summer of 2023, there was an acceleration in progress toward meeting the official deadline for requesting loans available under the RRF.

In the end, however, only 10 countries submitted these additional requests; some of them did so at the last moment, with others opting only for the grant elements. **Of the remaining EUR 225 billion available in loans, only EUR 127 billion was requested.[10] With the uptake of RRF loans close to 76 per cent, this means some money originally planned under the RRF will not be used. Of course, this represents a lost opportunity for investments in the energy transition.** However, all is not lost, as the Commission and

[7] European Parliament, Council of the European Union, Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast), *EUR-Lex*, 41, 20 September 2023.
[8] European Commission, Council of the European Union, Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC, *EUR-Lex*, 28 February 2023.
[9] Secretariat-General of the European Commission, Guidance on Recovery and Resilience Plans in the context of REPowerEU, *European Commission*, 2, 1 February 2023.
[10] Secretariat-General of the European Commission, Final overview of Member States' loan requests under the RRF: Note to the Council and European Parliament, *European Commission*, 1 September 2023.

Council of the European Union have yet to approve all of the changes made by Member States, with some chapters still being developed at the national level.

This revision of the recovery and resilience plans comes two years after the entry into force of the RRF. The Commission is currently conducting an evaluation of the RRF, which is due to be released by February 2024. The implementation, which has been far from straightforward, has faced serious delays in many countries.[11] While the Commission acknowledges that the implementation is 'firmly under way',[12] it also recognises the risks of delaying implementation of the recovery and resilience plans in many countries.[13]

With only weeks to go until we reach the halfway point in the RRF lifetime (ending in 2026), only EUR 153 billion of the EUR 800 billion (19 per cent) has been disbursed. The 2022 annual reports by the European Court of Auditors[14] note irregularities in the disbursement of funds from the RRF, including funds being unlocked without milestones and targets being properly achieved.

Changes to the scale of the recovery plans were made possible due to several factors, such as the addition of new REPowerEU chapters facilitated by new grants, the use of available loans, and the transfer of other EU funds. Additionally, the amounts of the initial grants were revised to reflect each country's actual economic performance in 2020 and 2021.[15] Also, national decisions were made to alter the initial measures that were no longer considered relevant for implementation.

These changes prompted a diverse range of decisions by respective governments. For some countries, the impact of the REPowerEU strategy on the recovery and resilience plans was extremely significant, forcing them to considerably modify their recovery plans and add bold measures for the energy transition. Other countries opted for more modest technical adjustments. Indeed, in certain cases, the process has led to decreases in the overall funding allocated in the initial plans and, quite possibly, in the ambition of some of the proposed measures.

The figure below outlines some examples of changes of size of the recovery and resilience plans:[16,17]

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[11] Peter Teffer, 'The billion-euro EU covid recovery fund is slow to be distributed to member states', *Follow the Money*, 7 July 2023.

[12] European Commission, NextGenerationEU: Implementation of the Recovery and Resilience Facility firmly underway, *European Commission*, 19 September 2023.

[13] Secretariat-General of the European Commission, Recovery and Resilience Facility Annual Report 2023, *European Commission*, 19 September 2023.

[14] European Court of Auditors, 2022 Annual reports on the implementation of the EU budget for the 2022 financial year and on the activities funded by the 9th, 10th and 11th European Development Funds (EDFs) for the 2022 financial year, *European Court of Auditors*, 20 July 2023.

[15] Secretariat-General of the European Commission, RRF: Update of the maximum financial contribution – Commission note to the Council and European Parliament, *European Commission*, 30 June 2022.

[16] European Commission Spokesperson's Service, Press corner: Press material from the Commission Spokesperson's Service, *European Commission*, accessed 9 October 2023.

[17] European Commission, Recovery and Resilience Scoreboard, *European Commission*, accessed 9 October 2023.

Member States that have received the largest increases in funding:

Czech Republic	from EUR 7 billion to EUR 14.4 billion (eventually reduced to EUR 9.4 billion following a decision to reduce the loan allocation)
Poland	from EUR 35.4 billion (EUR 23.9 billion in grants and EUR 11.5 billion in loans) to EUR 59.3 billion (with EUR 23 billion in new loans) requested
Hungary	from EUR 5.8 billion to EUR 10.4 billion (including EUR 3.9 billion in new loans)
Croatia	from EUR 6.3 billion to EUR 10.2 billion (including EUR 4.4 billion in new loans)
Spain	from EUR 69.5 billion to EUR 164 billion (including EUR 84 billion in new loans)

Member States that have received minor increases or decreases in funding:

Estonia	from EUR 969.3 million to EUR 953 million
Romania	from EUR 29.1 billion (EUR 14.2 billion in grants, EUR 14.9 billion in loans) to EUR 28.5 billion
Slovakia	from EUR 6 billion to EUR 6.4 billion
Belgium	from EUR 5.4 billion to EUR 5.3 billion

Public participation and transparency

Some of the revised plans have been subject to stricter rules on public participation compared to the initial documents. These regulations provide clearer guidelines for consultations with stakeholders, including local authorities, social partners and civil society organisations. Yet, in many countries, the public participation process remains flawed.

Opportunities for public participation have been limited, with some consultations hastily conducted over the summer holidays. In certain instances, these consultations were carried out behind closed doors for the benefit of industry and without inviting key segments of civil society to take part. In Greece, for example, public consultations were held without detailing the types of investments that would be funded under the REPowerEU chapter. Instead, discussions were limited to broad strategic directions for revising the RRF plan.

Apart from the formal consultation process, non-governmental organisations were active in providing responses in the form of concrete recommendations, many of which were incorporated into the chapters. **However, there are notable gaps in participation and transparency within the RRF. For instance, important documents are often either completely missing, such as strategic environmental assessments, or else hard to obtain, such as lists of full beneficiaries and 'do no significant harm' assessments.**

Additionally, in many Member States, dedicated monitoring committees involving a wide range of stakeholders have yet to be established. The new rule to disclose only the names of the 100 largest beneficiaries of each recovery and resilience plan has yet to be clearly implemented across the board. **This systematic lack of transparency, evidenced in almost all of the country analyses included in this briefing, mirrors a broadly similar pattern observed in the revision of the national energy and climate plans (NECPs).**

Unsustainable investments

Due to an ad hoc exemption in the REPowerEU Regulation to supposedly 'meet immediate security of supply needs',[18] several Member States, particularly in central and eastern Europe (CEE), have sought to use REPowerEU funds for fossil fuel infrastructure. Persistent pressure and oversight by civil society has compelled some of these countries to ultimately exclude such projects from their final chapters. Instead, they are now seeking other funding sources that offer them more flexibility, such as the Modernisation Fund. This clearly underscores the importance of public oversight in the accountable, and more sustainable, use of public funds.

However, some final chapters may still provide support for fossil gas infrastructure pending approval by the EU. For instance, it is understood that Croatia and Poland will

[18] European Commission, Council of the European Union, Regulation (EU) 2023/435 of the European Parliament and of the Council of 27 February 2023 amending Regulation (EU) 2021/241 as regards REPowerEU chapters in recovery and resilience plans and amending Regulations (EU) No 1303/2013, (EU) 2021/1060 and (EU) 2021/1755, and Directive 2003/87/EC, *EUR-Lex*, 14, 28 February 2023.

officially request REPowerEU funding in their upcoming chapter revisions for the expansion of the liquefied natural gas (LNG) terminal on Krk Island and the construction of the floating storage regasification unit (FSRU) in the Gulf of Gdansk,[19] respectively. Other governments that had initially earmarked controversial funding for fossil gas boilers in their recovery plans had the chance to withdraw such support but failed to do so, as in the case of Slovakia.[20] **All this is likely to increase the demand for fossil gas and further lock the EU into fossil fuel dependence**.

Potential for accelerating the energy transition

Overall, Member States have decided to use REPowerEU funding to increase their support for energy efficiency and renewable schemes. This involves providing financial assistance for the renovation of both residential and non-residential public and private buildings, direct support for households, and improving power distribution networks. And while these actions are undoubtedly positive and necessary, some decisions are less welcome. For instance, the Czech Republic[21] and Slovakia[22] neglected to include measures to support low-income households and vulnerable groups, despite the urgency of the situation and the relevant recommendations by the Commission.

Challenges with implementing some of the more significant new measures have also arisen. For example, to support its national energy system, Poland is investing EUR 16 billion in a dedicated instrument called the Energy Support Fund, which covers a very wide spectrum of eligible measures, including energy efficiency, renewables and the development of green skills. However, there is no timeline for the projects to be completed, despite the RRF Regulation stating that funding must be disbursed by the end of 2026. Certain countries, notably Bulgaria,[23] have taken a step backwards by incorporating less environmentally sustainable solutions or downsizing investments compared to their initial plans.

Safeguards must be put in place to ensure that REPowerEU measures do not lead to the degradation of nature and ecosystems. For instance, in Estonia, a proposed reform to deploy renewables will place additional pressure on forest land and biodiversity. In Romania, the State Land Agency (ADS), which manages degraded and non-productive agricultural land, has proposed a reform that may open the door for problematic projects that endanger biodiversity protection. One example is a new wind plant with a total capacity of 380 megawatts (MW) planned for the Danube Delta Biosphere Reserve, situated along one of the largest bird migration corridors in Europe.

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[19] CEE Bankwatch Network, Cutting off the pipeline from REPowerEU to the fossil gas industry, *CEE Bankwatch Network*, 27 July 2023.
[20] Juraj Melichar, Slovakia's REPowerEU chapter is delivering, but focus needs to shift from big business to social organisations, *CEE Bankwatch Network*, 27 June 2023.
[21] Eva Mariničová, Czech recovery plan greener with REPowerEU, but risks remain, *CEE Bankwatch Network*, 18 July 2023.
[22] Juraj Melichar, Slovakia's REPowerEU chapter is delivering, but focus needs to shift from big business to social organisations, *CEE Bankwatch Network*, 27 June 2023.
[23] European Commission, Daily News 02/10/2023, *European Commission*, 2 October 2023.

Reforms targeting energy communities and collective self-consumption schemes

A number of Member States, including Hungary and Latvia, have proposed important reforms to facilitate the creation of renewable and citizen energy communities. Poland almost doubled its initial allocation in its recovery and resilience plan with an additional EUR 91.5 million, while Lithuania and Spain have announced ambitious measures to support energy communities and tackle energy poverty.

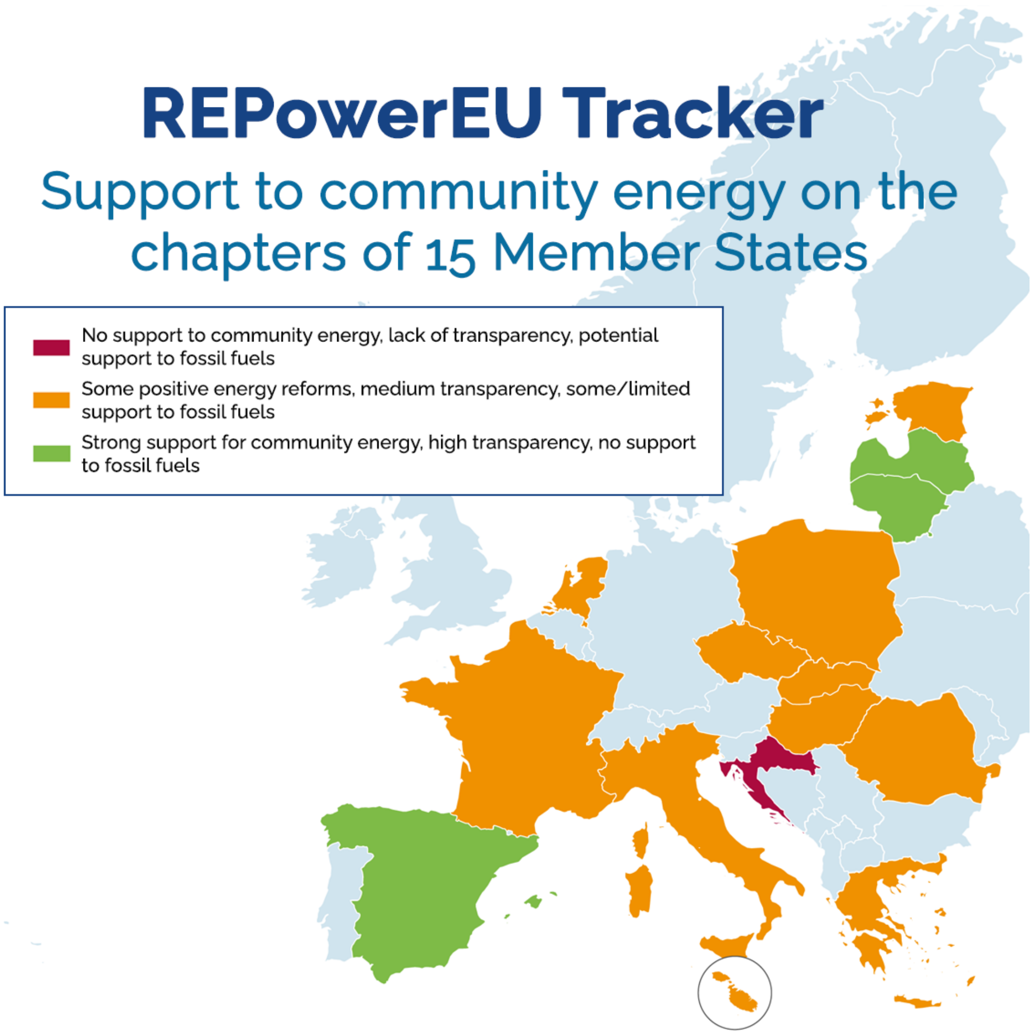
Due to their citizen-led, non-profit and voluntary nature, energy communities tend to struggle to get projects off the ground. **For this reason, public funds are important in mitigating investment risks for community energy projects and attracting further private capital.** The Access to Capital for Community Energy (ACCE) project, funded by the EU's LIFE programme, highlights the important role that public funds can play in catalysing the expansion of community energy projects, and has documented a number of successful community energy financing schemes (CEFS), notably the Realisation Fund in the Netherlands.[24]

In summary, we welcome the reforms and investments in community energy announced by several Member States within their REPowerEU chapters. **Nonetheless, continued vigilance is required. To ensure alignment with EU Directives, the preparation and implementation of these measures must be closely monitored, with a focus on promoting and supporting only authentic, citizen-owned and truly participatory energy communities.**

[24] Access to Capital for Community Energy, Best Practice Report on Community Energy Financing Schemes, *Access to Capital for Community Energy*, 20 June 2023.

Member State Analysis

This joint analysis by Bankwatch and REScoop.eu illustrates both positive and negative examples of reforms and investments announced as part of the revised recovery and resilience plans in 15 Member States. **The analysis focuses on three key elements: the transparency and inclusivity of the drafting process, the inclusion of plans that promote fossil fuels, and the presence of measures conducive to energy democratisation**, including reforms and investments designed to accelerate self-consumption and energy communities.



Country	Colour	Comments
Czech Republic		The Czech government decided to withdraw support for two controversial fossil fuel projects it had been considering, namely the TAL+ oil pipeline and the Stork II gas interconnector with Poland. The revised recovery and resilience plan, which incorporates the new REPowerEU chapter, provides for new funding and measures to renovate public buildings to high energy standards and help households adopt energy-saving measures. EU funding is also earmarked for improving distribution networks and setting up an electricity data centre, which will facilitate the establishment of energy communities and decentralised energy production. The process of updating the recovery plan has provided limited opportunities for public participation, in particular civil society.
Greece		On 31 July 2023, Greece's Ministry of Finance initiated a public consultation on the broader direction of the revision of the national recovery and resilience plan. Lasting just two weeks, the consultation took place while the majority of the population were on summer holidays. There were no open presentations, stakeholder roundtables or any other means of public communication. Additionally, the document neglected to list eight problematic investments seeking REPowerEU funding. Environmental organisations have heavily criticised the likelihood of funding being used to support LNG infrastructure, including an FSRU south-west of the port of Alexandroupolis. Energy communities receive only a fleeting mention, but no concrete operational, timing or financial details are provided.
Poland		Poland's REPowerEU chapter was submitted to the Commission on 31 August 2023. The allocation for energy communities has increased compared to the original document. Pre-investment support will be made accessible to 200 energy communities, with investment support set to benefit 20 energy communities compared to 10 communities previously. However, given the country's size and the potential of citizen participation in energy communities, this is an unambitious target. And although the chapter outlines new investments aimed at modernising the power grid infrastructure in rural areas, EUR 1 billion is being set aside for fossil fuel infrastructure.

		Consultations involved members of the dedicated monitoring committee, and an expert roundtable was held on 27 March 2023.
Slovakia		Slovakia's REPowerEU chapter, which was submitted in April 2023, consists of reforms and investments aimed at accelerating the deployment of renewables, simplifying grid connection procedures for renewables, and expanding the capacity of the electricity grid. The chapter does not directly refer to any support for energy communities. Non-governmental organisations and municipalities were involved in the consultation process only at a late stage, which limited their ability to influence the chapter.
Hungary		Hungary's revised recovery and resilience plan, including its new REPowerEU chapter, was submitted on 31 August 2023 along with a loan request. The submission followed a two-week consultation held over the summer period. In order to access the EU's cohesion policy funds and the Modernisation Fund, Hungary's revised plan has been updated to include new reforms to support energy communities. The largest share of investments will be directed towards greening the industrial sector. Additional funding will be used to modernise the electricity grid and promote electric mobility as well as alternative fuels such as green hydrogen and geothermal. However, the potential of energy-efficient measures, particularly within the residential sector, remains largely untapped. Concerningly, the Hungarian government, citing security of supply needs, plans to increase the operational lifetime of one of its existing gas storage facilities. Doubts remain over the potential of the plan to decrease gas dependence, given that the REPowerEU chapter contains no reference to such an aim, which was also given limited priority in Hungary's draft NECP. The withdrawal of two fossil fuel investments, as recommended by civil society organisations in its consultation feedback, was likely expedited to meet the expectations of the Commission. Regrettably, most of the recommendations made by civil society organisations do not seem to have been reflected in the chapter submitted to the Commission.
Romania		Romania's REPowerEU chapter consists of a single reform aimed at establishing a legal framework for using unproductive or degraded state-owned land for green energy production. Six investment proposals have been newly added, most of which primarily focus on increasing the efficiency and levels of

		digitalisation and modernisation of the national electricity network. Unfortunately, support for energy communities and prosumers has been withdrawn, and there is no mention of any direct investments or reforms in community energy projects. Public consultations were limited to the first draft of the chapter only. For the two subsequent drafts, no consultations took place.
Estonia		Estonia's REPowerEU chapter represents a missed opportunity to support community energy, with no investments directly benefitting the development of energy communities. However, it does contain measures that support wind energy deployment, home reconstruction, and grid and biogas investments to reach the government's target of 100 per cent renewable electricity by 2030. During negotiations with the Commission, consultations were restricted to government ministries (finance, environment, economic affairs and communications, rural affairs), industry and renewable energy associations, energy, heating and transport companies, and select universities. No environmental civil society organisations were consulted on the investments proposed during the negotiations.
Latvia		Latvia's REPowerEU chapter includes a new reform to facilitate the development of renewable energy communities. Despite its introduction at the eleventh hour, the energy community regulation is a welcome and much-needed measure, as the existing legislation had hindered the progress of energy community initiatives up until this point. The government also intends to invest in renewables by improving the electricity grid and building port infrastructure to support the development of offshore wind turbines. Controversially, funding has been earmarked for the development of biomethane infrastructure, increasing the risk of biogas production from animal farm waste. Investment in the electrification of heating systems would have been a more sustainable route. Although the consultation process was formal in nature, the government was not willing to enter into discussions with civil society organisations before finalising the initial draft, leaving little time for constructive debate.
Croatia		Information on Croatia's REPowerEU chapter is scant, with only minimal public consultation having taken place. Without any

		concrete details to hand, it is impossible to verify or corroborate any of the proposed reforms and investments that may be outlined in the chapter. This lack of transparency and inclusiveness also pervaded the drafting of Croatia's recovery and resilience plan in 2020 and 2021.
Netherlands		The Dutch REPowerEU chapter refers to a proposed new energy law, currently in development, which has been delayed due to the upcoming snap election. While the revised recovery and resilience plan emphasises the importance of speeding up the energy transition, it provides no specific details other than mentioning the upcoming law. The plan does, however, provide a preliminary outline of the law, highlighting new initiatives for the energy market. One of these initiatives explicitly refers to energy communities. The process of drafting the Dutch REPowerEU chapter has not been transparent. Key stakeholders from civil society and the community energy movement have been excluded. No support for fossil fuels is expected.
Lithuania		Renewable energy communities are mentioned 30 times in Lithuania's REPowerEU chapter, with energy communities seen as a solution to addressing energy poverty. By 2030, it is expected that renewable energy communities will contribute 0.473 per cent of total energy production. The chapter provides guidelines for setting up renewable energy communities and references a future financing call that will dedicate EUR 78.5 million to supporting these communities, specifically in relation to tackling energy poverty. The target for installed capacity is 155 MW. The chapter foresees the allocation of an additional EUR 95.9 million for subsidised loans and EUR 36.6 million for VAT from the budget. Funds will be disbursed in the form of grants (45 per cent) and loans (55 per cent) to municipalities to develop renewable energy communities aimed at reducing energy poverty. At least 40 per cent of the energy produced must be distributed to fight energy poverty, with the remainder recommended for municipality establishments such as schools and libraries. The chapter also provides for the creation of an information hub on energy saving and renewable energy communities.

		The process of drafting the chapter was transparent, with stakeholders from civil society involved in constructive conversations. No investments in fossil fuels are anticipated.
Malta		On 26 April 2023, Malta submitted its revised recovery and resilience plan, including an REPowerEU chapter. Although there is no mention of energy communities, the chapter does include one new reform and one new investment. The reform aims to accelerate permit granting procedures for renewable energy projects and introduce a requirement for the installation of rooftop solar panels on certain new buildings. This is expected to create the conditions necessary for increasing the share of renewables in Malta's energy mix. The investment, which aims to strengthen and widen the electricity distribution network by upgrading the grid, distribution services and battery storage, is expected to address internal electricity transmission distribution bottlenecks and facilitate the integration of renewable energy. Along with other national energy policy measures, such as energy subsidies, the REPowerEU chapter will contribute to addressing energy poverty by reducing Malta's dependence on imported fossil fuels, supporting indigenous energy sources, and strengthening energy infrastructure. A mandated public consultation was held, enabling non-governmental organisations to submit feedback, including requests for support for renewable energy communities. However, there was no official response in relation to how these comments were processed, if at all. Local non-governmental organisations report that this lack of engagement is a common occurrence and that public consultation exercises of this kind are treated as a mere formality, with no real stakeholder consultation or opportunity for involvement in the drafting of policies.
Italy		The revision of Italy's recovery and resilience plan, which includes the new REPowerEU chapter, includes positive initiatives intended to address climate change and support the decarbonisation process. Over half of the total RRF funds, which amount to EUR 19.6 billion, are designated for measures aimed at reducing carbon dioxide emissions. Three key policy reforms will see the gradual reduction and elimination of fossil fuel subsidies, the introduction of a unified

		act on the production of renewable energy sources, and the establishment of guarantee mechanisms for power purchase agreements. EUR 4 billion in new funds has been allocated through the Superbonus scheme, which aims to help citizens, especially vulnerable consumers, adopt energy efficiency measures in their homes. However, the plan suffers from the following shortcomings: • The government approved an updated version of the NECP in June 2023, just one month before the release of the updated version of the recovery and resilience plan. However, the two documents do not align on certain key aspects. For example, the recovery and resilience plan anticipates the approval of a unified act on renewable production, but there is no mention of this in the NECP. • The updated recovery and resilience plan includes the financing of two new gas infrastructure projects totalling EUR 420 million. Yet, the projects, which were not included in the initial plan, do not warrant the use of public funds and have been incorrectly justified on the grounds of ensuring security of supply. • Funding for some measures contained in the initial plan was withdrawn to accommodate new or different measures in the updated document. This has had a significant impact on funds previously designated for urban regeneration (EUR 3.3 billion) as well as resilience, territorial development and energy efficiency (EUR 6 billion). The rationale behind the decision is that local administrations lack the capacity to use the funds effectively. However, instead of addressing these issues at the local level, the government has chosen to recentralise the investments. • The consultation process lacked transparency, especially in relation to proposals for the new gas infrastructure projects.
France		France's REPowerEU recovery and resilience plan is weak on its support for energy communities. The central element of France's renewable strategy is the recent law on accelerating renewable energy production. However, its proposals for simplifying the process for developing renewable energy fall short of meeting the challenges of renewable production and of energy

		communities in particular. Other provisions, such as the definitions of acceleration and exclusion zones, are likely to slow down the onboarding of renewable forms of energy due to an overall lack of clarity. For instance, the criteria on what constitutes each zone are confusing. Additionally, existing obstacles concerning local government investment in renewables have yet to be addressed. While the plan does include an intriguing measure that requires large-scale renewable installations to fund projects related to the energy transition, energy poverty and biodiversity, there is a lack of detail on how local ownership or support schemes will be adapted to the needs of community energy and energy communities.
Spain		• Spain is requesting EUR 8 billion through its REPowerEU chapter. Of this total, more than 60 per cent will be allocated in the form of subsidies. The revised plan includes two reforms and six investments, with broad support for self-consumption and energy communities. • The first reform, which concerns permits for renewable installations, aims to improve the administrative process in relation to renewable electricity generation facilities. The improvements consist of making the process more user-friendly and reducing red tape. • The second reform relates to consumer protection and aims to reduce the impact of energy costs on citizens, paying particular attention to vulnerable consumers. • The six investments fall under two programmes that promote competitiveness and industrial sustainability. The first programme prioritises renewable self-consumption, behind-the-metre storage and energy communities, while the second focuses on renewable hydrogen, aid and investment in the value chain of the energy transition and energy infrastructure. • The investment in energy infrastructure is designed to develop the electrical infrastructure of the transportation network and create a resilient and efficient infrastructure network, enabling the diversification and security of supply. Strategic decarbonisation projects will also be deployed.

Moving Ahead

Treating transparency as a horizontal requirement, not a tick-box exercise

At this critical juncture in European energy and climate policy, when long-term targets will be set for the next 7 years at least, the involvement of civil society and the wider public is essential in order to raise ambitions and protect the rights of citizens. The Commission should take proactive measures to resolve the systemic neglect of public participation. For instance, it can intervene through its mid-term reviews of the cohesion policy funds and the RRF, revise the Governance Regulation,[25] and enforce existing legislation such as the Strategic Environmental Assessment (SEA) Directive,[26] which obliges Member States to carry out public consultations on energy plans like REPowerEU. **Additionally, we call on the Commission to actively engage with civil society stakeholders to ensure strong social participation safeguards during the planning of the next Multiannual Financial Framework**. The goal must be to adopt strict horizontal standards on the participation of civil society and citizens across all public funding processes.

Breaking the vicious circle of energy insecurity, and expensive fossil fuel lock-ins

The EU's gas import infrastructure is already exceeding the continent's needs.[27] The successful implementation of measures outlined in the REPowerEU plan could lead to a further structural decline in fossil gas use in the EU by 2030. Expert assessments indicate that, if the right steps are taken, fossil gas consumption in the EU could sharply decline and potentially halve by the end of the decade. **Limited EU funding must not be used to support new gas projects, which would divert the funds necessary to bring about a clean, democratic energy transition.**

The provision of financial support for the oil and gas industry poses a significant risk of either lock-in or stranded assets, depending on whether Member States see this financial support for new gas pipelines and LNG terminals as an endorsement to increase their gas consumption. The oil and gas companies that are expected to own and operate most of these projects posted record profits during the energy crisis in

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[25] European Parliament, Council of the European Union, Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, *EUR-Lex*, 16 May 2023.

[26] European Parliament, Council of the European Union, Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment, *EUR-Lex*, 21 July 2001.

[27] Global Energy Monitor, Report: New EU Gas Projects Pose Environmental, Economic Risks, *Global Energy Monitor*, 4 April 2022.

2022. This was partly due to significant allocations by Member States in their attempt to subsidise the energy costs of consumers.

Continued reliance on fossil fuels for heating and cooling, buildings, industry, and transport will certainly contribute to persistent inflation, the high cost of living and geopolitical insecurity. At the same time, delaying the phase-out of fossil fuels risks hurting those who are most vulnerable, especially when the Emissions Trading System[28] eventually extends to housing and transport.

Empower local communities to own the energy transition

Climate policies must tackle the twin crises of the present: our continued reliance on fossil fuels and the associated growing socio-economic inequalities it is creating. Otherwise, they risk becoming regressive and triggering social backlash. Citizens, SMEs and local authorities must be empowered to implement local, renewable energy projects. Only in this way can we tackle energy poverty, promote energy efficiency and strengthen local energy security.

To truly align with the goals of the REPowerEU plan, all support for fossil fuels must be cut and redirected to frontloaded investments community energy financing schemes, as well as in energy saving, power grid upgrades, battery storage, and flexibility. REScoop.eu and Bankwatch have both developed detailed guidance on the development of community-responsive public finance[29] and procurement schemes.[30]

Public funds should only be directed to energy communities provided that these funds (1) comply with the Directives forming the EU's Clean Energy for All Europeans Package, (2) enshrine citizen participation and community ownership as dictated in these Directives along with voting rights and the distribution of shares, and (3) explicitly incorporate the principles of the International Cooperative Alliance,[31] including 'concern for community', by reinvesting a portion of their profits in local social and environmental projects. As outlined in the recent manifesto by the European Community Power Coalition,[32] the ongoing update of the NECPs presents an important opportunity for Member States to set concrete targets for community energy and self-consumption by 2030. But if these targets are not set, the Commission must step in with concrete recommendations and guidance.

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[28] European Parliament, Council of the European Union, Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC, *EUR-Lex*, 5 June 2023.

[29] CEE Bankwatch Network, Selection criteria for energy communities: a practical checklist, *CEE Bankwatch Network*, 31 May 2023.

[30] REScoop.eu, Procurement guide for community energy, *REScoop.eu*, 25 January 2023.

[31] International Cooperative Alliance, Guidance Notes to the Co-operative Principles, *International Cooperative Alliance*, 2015.

[32] European Community Power Coalition, Empower and Accelerate: Energy Communities for a Democratic, Resilient, and Affordable Energy Future in Europe – A Manifesto for the 2024 European Elections, *European Community Power Coalition*, 21 September 2023.

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