



REScoop.eu is the European federation of groups and cooperatives of citizens for renewable energy and energy efficiency. We are a dense network of 1.200 European renewable energy cooperatives (REScoops) who jointly produce 1.500 million kWh and represent over 300.000 European citizens in the energy transition. As a federation we want the energy transition to lead to energy democracy.

The European Energy Market 2.0

Today the European Union is at the start of an accelerating energy transition that will lead to a completely changed European Energy Market. The ultimate goal of the internal market is to increase welfare for all Europeans, so they can benefit from better services, fair prices and innovative products while respecting the environment.

This future energy market will require new features & characteristics to become sustainable:

- Progressive use of renewable energy sources that are reliable and affordable;
- Reduced energy consumption through energy efficiency and conservation;
- Improved efficiency of distribution grids by converting the conventional grids into smart grids where information flows in both directions: by demand-response and by decentralised production of electricity and biogas from local renewable energy sources;
- Increased grid flexibility that ensures priority access for renewable energy;
- Increased energy security from local sources, creating less dependency on imports from gas and oil producing countries and thereby preventing money to flow out of the hands of citizens, municipalities, regions, member states and the European Union as a whole (in this order of importance);
- Decrease the need for base load electricity generation capacity and replace it by renewable energy sources (primarily wind and solar power) and flexibility;
- Application of “the polluter pays” principle in electricity prices for all energy consumers, not only for energy intensive industries but also for households. This will encourage both industry and individual consumers to make more sustainable choices;
- Increased and more predictable prices for CO2 emissions, paid by the polluter.

The energy transition requires large investments and in the end it is the European people who will pay for these, either as an energy consumer, as a taxpayer or as a lender via their bank deposits.

Therefore the future European energy market needs to better reflect that role of citizens & people by providing a legal framework in favour of community power initiatives and renewable energy sources cooperatives (REScoops).

On 25th February 2015 the European Commission issued the Energy Union package, in which it stated:

'Most importantly, our vision is of an Energy Union with citizens at its core, where citizens take ownership of the energy transition, benefit from new technologies to reduce their bills, participate actively in the market, and where vulnerable consumers are protected.'

Putting the Energy Union vision into practice will require a radical shift in the design of the current European energy market. We need an energy market where:

- European citizens are encouraged and allowed to produce, store and use their own energy from renewable energy sources either individually or together with others in community energy initiatives, like REScoops;
- European citizens can participate in the governance of RES projects. Various studies have shown that joint ownership models such as cooperatives trigger social inclusion, social cohesion, rural development and social acceptance for the energy transition.
- European citizens and their community energy initiatives are encouraged to jointly own and exploit local energy infrastructure such as distribution and transmission grids;
- European citizens are encouraged to think beyond their own energy needs and to care for their local community. That includes social inclusion, social cohesion and rural development, particularly in socially vulnerable neighbours;
- Rules on priority grid access for renewables are properly implemented and enforced;
- A clear and stable legislative framework reduces project complexity, costs and risks;
- A level playing field for new business models such as community energy initiatives or REScoops is created and that protects against power abuse by incumbents;
- European citizens get their energy at a transparent and fair price without hidden (social) costs or risks that are passed on to future generations;
- Solidarity and trust among all stakeholders in the energy market: citizens, companies, local authorities, Member States and EU Institutions. Therefore we need transparency, minimal but essential regulation, effective governance and fair opportunities for participation and control.

In terms of market design for the future EU energy market this will imply the following key market principles & rules

(1) A transition towards a democratic energy market

Energy production, distribution & consumption are at the heart of our economic and social model. The future energy market therefore needs to reflect the principles and rules of our democratic societies. Equitable and transparent economic participation by all Europeans through democratically governed and jointly owned energy organizations will be the key principles of this energy transition, in order to ensure a sustainable energy market in the future.

(2) Renewable energy sources are common goods

Wind, solar, hydro, biomass and geothermal energy are natural resources. In fact these sources belong to no one and they are available to everyone in a fair and sustainable way. We refer to these as 'common goods'. From a social justice perspective Member States should ensure that these renewable energy sources are managed in a decentralised way and in an energy market that puts the citizen at its core.

In a world where energy is scarce, these sources will generate an income for the operators. Citizens and other local users therefore have a clear interest in keeping the local energy production in their own hands. Member states at the same time have an interest in anchoring decentralised renewable energy production with joint ownership of local citizens. This model will not only add value of the production, it will also benefit society as a whole. This is especially true for wind projects. Wind typically extends over a larger area but finally it is exploited on a small piece of land. The benefit of this exploitation should therefore also extend to a large group of people.

The exploitation of wind energy should not simply be privatized via a purely monetary tender, the right to exploit the wind should be given in concession to developers on the basis of socio-economic criteria such as democratic ownership, financial participation of local citizens, return to the local community and economy, et cetera.

(3) Production, storage and usage of renewable energy in the hands of the citizens

The energy transition requires a change in attitude on the part of the entire European population. People will have to accept that energy will need to be produced closer to the end-user. As a result the production installations will be visible as they did 100 years ago at the start of the electrification of Europe. Precisely for this reason it is important that citizens get more involved in the planning and exploitation of renewable energy projects. Direct citizen participation is more advantageous compared to regular financial participation. With direct citizen participation, the shareholder is also the end user of the service and decisions are taken in a democratic way. The focus will then shift back to the user-value. A wind turbine is no longer only perceived as a financial investment that must yield a return for a limited group of shareholders; it rather becomes a jointly owned installation, one that delivers renewable energy to as many citizens as possible.

In the future European Energy Market it is crucial that the Member States:

- Give citizens the right to produce, store and use renewable energy at their houses using e.g. solar panels and solar heat boilers;
- Give citizens the right to actively participate in the market and sell their electricity excesses;
- Give citizens the right to do this together with other citizens in community energy initiatives, like renewable energy cooperatives (REScoops).

(4) Distribution via not-for-profit, democratically controlled DSO's and TSO's

To effectively achieve the objectives of the new European energy market, Member States should curtail the energy and derived markets and provide a framework that puts the European citizen at its heart.

- The role and task of each stakeholder should be clearly defined.
- Authorities at the European, regional and local level and regulators should organise the market rather than being involved in profit-driven activities. Governments and related authorities should not invest - directly nor indirectly - in commercial energy production activities.

Public producers have every reason to sell their electricity on the market at the highest possible price, while environmental objectives and good service to citizens and businesses should be the actual public focus and concern. When authorities, even if different agencies are concerned, become judge and jury, the danger of conflicts of interest is real. This undermines the confidence of citizens in authorities.

- Transmission and distribution of energy are services that should be provided by not-for-profit actors.

The networks are a monopoly activity that should serve users without any form of discrimination and at actual cost. The energy transition requires heavy investments to modernise the electricity grid. Therefore, management of the grid is a task that can only be left to -not for profit- public companies, provided they are democratically controlled by consumers. The network could also be directly managed under ownership of the citizens and other users themselves. The DSO's and TSO's are the neutral marketplace.

- The unbundling principle should not lead to the split up of efficient and prosumer owned initiatives: these community energy initiatives should not be prevented to supply their members with the energy produced, nor to own and exploit the not for profit the local grids.

The design of the future energy market needs to be more than a simple quantitative and technical exercise. It is about the future of the European Union, making sure that the market serves all its citizens and not just the interests of a few. The EU put forward the central role of the citizen in their energy union vision. The market design is a first test, how serious the EU institutions are about this by making the market work for the people and not vice versa!

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