



# Fit for Communities: Ensuring the next EU budget can support citizen energy projects effectively

*Position Paper*

# Executive Summary

Despite their increasing recognition in public financing programmes (e.g., Recovery and Resilience Facility, European Regional Development Fund), energy communities are scarcely engaging with EU funds. This is the case because: 1) energy communities lack the knowledge and technical capacity to navigate the bureaucracy, and 2) Managing Authorities are unaware of their legal form, failing to create dedicated calls for funding.

This is a missed opportunity as energy communities strongly align with the EU's strategic objectives. They efficiently mobilise local capital, generating 2-8 euros for local economies for every euro invested, compared to projects by private developers. Supporting energy communities is also an efficient use of public money. In countries with a mature community energy movement, national federations of energy communities have managed to create Community Energy Financing Schemes (CEFS)<sup>1</sup>, i.e., revolving funds created by community energy organisations that fund community energy projects. Managing Authorities should invest in such schemes, directly managed by community energy organisations, which can be an efficient way to utilise EU funds as financial instruments.

To make the most effective use of public funding, different financial instruments should be used for different stages of a community energy project's development.<sup>2</sup> Grants and technical assistance will be required during the start-up phase ('Emergence and Development'), while loans and guarantees will help to get the projects over the finish line ('Construction and Operation').

REScoop.eu's vision for how the next MFF can work for energy communities is based on two main pillars: 1) the principles of simplification and centralisation, and 2) crowding in additional private capital through financial instruments and co-development:

## 1) Simplifying Access to Funds through Centralisation & Technical Assistance

REScoop.eu calls for the creation of **One Stop Shops (OSS) in all Member States to provide technical and financial support to energy communities**. In countries where such OSS already exist, such as in Portugal and Austria, they should be expanded and further supported. The OSS can then provide grants to energy communities for the emergence and development stages of their projects (legal constitution, feasibility studies), as well as technical assistance and capacity building for the communities to choose the right business model, reach financial closure, access contractors, and more broadly ensure their project gets off the ground. Considering the growing political appetite for financial

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<sup>1</sup> ACCE. [Community Energy Financing Schemes](#).

<sup>2</sup> ACCE. Enabling Frameworks Report. Available at: <https://acce.rescoop.eu/resources/enabling-framework-report>

instruments in the EU budget, the OSS could also provide different types of support to energy communities, answering to their unique needs (e.g., loans, or loans-to-grants). **National community expert organisations, such as federations of energy communities, can co-manage the OSS and provide valuable expertise, while ensuring that funds actually reach on-the-ground initiatives, including in a faster and simplified manner.**

## 2) Crowding in additional private capital for energy communities

As the community energy movement matures and takes on larger projects (e.g., offshore wind or district heating and cooling), there is a growing need for access to capital. Public funding should be used to make sure energy communities establish viable business models. This approach builds on the existing European Energy Communities Facility project<sup>3</sup>, which provides lump sum grants for energy communities to develop their business models to then crowd in private investment. Community Energy Financing Schemes are already proving traction in several member states, with revolving funds leveraging up to 60 euros in private investment for every euro of public funding invested in their early stages.

Guarantee mechanisms, such as InvestEU, are not currently accessible to energy communities, due to perceived risk by national promotional banks. We call for the creation of an "InvestEU for energy communities". Such a Guarantee Mechanism by the European Investment Bank (EIB), modelled on the small and medium-sized enterprise (SME)-window of InvestEU, could help lower risk for national financial intermediaries and unlock favourable long-term lending that is tailor-made to the unique needs of energy communities. The Guarantee Mechanism can also be used to de-risk and leverage more private capital into Community Energy Financing Schemes. It should be noted that InvestEU is not currently accessible to energy communities, due to perceived risk by national promotional banks.

Lastly, co-development of large scale projects, such as onshore and offshore wind, between private developers and energy communities should be further encouraged, through targeted public funding (e.g., Innovation Fund, Competitiveness Fund). In the context of such collaborations, the autonomy of communities should be maintained to avoid corporate capture. Citizens can mobilise funds towards the energy transition, helping achieve the EU's reindustrialisation objectives.

There are virtuous cycles built into this mechanism, meaning that the longer the mechanism functions, the smoother the operation will be. For example, the more communities are created in a country, larger portfolios of projects will be created, reducing lending risks for banks and CEFS, while also increasing returns. As the movement matures, communities can take up more complex projects and activities, including storage and demand response, housing renovations, and EV sharing, which

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<sup>3</sup> European Energy Communities Facility. Available at: <https://energycommunitiesfacility.eu/>

will contribute to the EU's strategic objectives. This has already been observed in several countries including Belgium, France, the Netherlands, Spain and Denmark.<sup>4</sup>

## Background

Negotiations around the next EU Multiannual Financial Framework (or 'MFF') are in full swing. From new own-resources to new joint debt issuance, there are growing calls to increase the EU budget (even doubling it)<sup>5</sup> to address the significant social and green<sup>6</sup> investment gaps. Especially in the context of constrained fiscal space for Member States,<sup>7</sup> a larger EU budget with climate and social mainstreaming will be essential to meet Europe's strategic objectives. At the same time, the EU budget must be simplified, allowing for easier and faster access to funds for social economy actors like energy communities.

Energy communities can significantly contribute to the achievement of many of the European Union's key priorities. From offshore wind, to large-scale district heating and cooling projects, energy communities, which bring together citizens, oftentimes with SMEs and local authorities, are already taking up an active role in driving the EU's decarbonisation and green industrialisation objectives.<sup>8</sup> From local energy sharing to awareness raising campaigns, energy communities can help tackle energy poverty.<sup>9</sup> Coupled with appropriate network tariff incentives, a localised approach to sharing and supply can also help with grid flexibility and bolstering energy security. Energy communities also ensure that local renewables production, and the resulting economic benefits, stay within the community. Research in France<sup>10</sup> and Germany<sup>11</sup> shows that locally controlled and financed renewable projects deliver 2 to 8 times more return to the local economy than projects built by external developers.

Finally, the potential for community ownership of renewables in the EU is considerable. By 2050, it is projected that around 45 percent of renewables production could be owned by EU citizens, around a quarter of which could come through energy communities such as cooperatives.<sup>12</sup> Another study has estimated that by 2030 alone, there is the social potential of 176 billion euros that could be harnessed from EU citizens

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<sup>4</sup> In Belgium energy communities are now taking up activities such as [offshore wind](#) and district heating. Similarly, in the Netherlands, Energie Samen has created a new [dedicated Development Fund](#) for community-led district heating.

<sup>5</sup> CAN Europe. Public Statement: [A Social and Green Investment Plan for a prosperous and just transition](#).

<sup>6</sup> Up to 477 billion euros annually. European Commission. (2023). [Investment needs assessment and funding availabilities to strengthen EU's Net-Zero technology manufacturing capacity](#).

<sup>7</sup> New Economics Foundation. [New Fiscal Rules Holding Back European Economies](#).

<sup>8</sup> Euronews - "[Not \(just\) for hippies: Energy communities should be the drivers of the EU's re-industrialisation](#)".

<sup>9</sup> [The CEES Energy Solidarity Toolkit](#) outlines concrete examples of energy communities tackling energy poverty from across Europe.

<sup>10</sup> Energie Partagée (2019). Local Economic Benefits of Citizen Renewable Energy (in French). Available at: <https://energie-partagee.org/ressource/etude-retombees-eco-2/>

<sup>11</sup> Wilkens, I, and Wetzel, H (2023). Regionale Wertschöpfung in der Windindustrie am Beispiel Nordhessen II – Kurzstudie zur Aktualisierung der Daten (In German). Available at:

[https://www.rescoop.eu/uploads/rescoop/downloads/RWS\\_Wind\\_CDW.pdf](https://www.rescoop.eu/uploads/rescoop/downloads/RWS_Wind_CDW.pdf)

<sup>12</sup> CE Delft (2016). The Potential of energy citizens in the European Union.

wanting to invest in energy cooperatives, leading to an aggregated production potential of 195,805 GWh every year.<sup>13</sup> It's worth highlighting that the European Citizens' Panel on the next EU Budget called for dedicated financial support for individuals and communities to produce their own renewable energy.<sup>14</sup>

## The Current State of Energy Communities & EU Funds

With almost half of all Member States acknowledging energy communities in their funding programmes in the 2021-2027 period,<sup>15</sup> EU funds have gained increased prominence as a tool for the development of the movement. Financing calls stemming from the European Regional Development Fund (ERDF), the Modernisation Fund and the Recovery Facility have already been implemented in various Member States, including Spain, Italy, France, Lithuania, Greece, Portugal and Hungary.

While this acknowledgement is a step in the right direction, key challenges persist:<sup>16</sup>

- **Lack of engagement:** many energy communities still do not engage with EU funds, as they deem them too complex and bureaucratic.<sup>17</sup> The lack of dedicated technical assistance / OSS services disempowers (smaller) communities from applying;
- **Too big, or too small:** mature energy communities might not need grants from the ERDF (~5k euros), as they can cover development costs (e.g., feasibility studies) without the need for external support. However, many energy communities are also excluded from programmes such as ELENA, InvestEU or the Innovation Fund, due to prohibitively large investment thresholds (e.g., ELENA will only consider projects with an investment of >30 million euros);
- **Lack of capacity by Managing Authorities:** budget lines for energy communities are currently scattered across many different Funds (ERDF, Just Transition Fund, Modernisation Fund, Recovery Facility). Many authorities responsible for drafting calls for proposals are not aware of energy communities as organisational concepts / legal entities, due to the lack of proper transposition of energy community definitions at national level. Oftentimes, Managing Authorities also find it hard to navigate complex parameters of designing calls, and navigating State Aid rules;

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<sup>13</sup> Pons-Seres de Brauwer, C and Cohen, J (2020). "Analysing the potential of citizen-financed community renewable energy to drive Europe's low-carbon energy transition." *Renewable and Sustainable Energy Reviews* 133 (2020) 110300.

<sup>14</sup> Citizens' Panel on the New EU Budget - Final Recommendations, p23. Available at:

[https://citizens.ec.europa.eu/european-citizens-panel-new-european-budget\\_en](https://citizens.ec.europa.eu/european-citizens-panel-new-european-budget_en)

<sup>15</sup> REScoop.eu Financing Tracker. Available at: <https://www.rescoop.eu/financing-tracker>

<sup>16</sup> REScoop.eu Leveraging European Public Funds to Support Energy Communities. Available at:

<https://www.rescoop.eu/toolbox/leveraging-european-public-funds-to-support-energy-communities>

<sup>17</sup> This has been corroborated by various internal surveys within the REScoop.eu network.

- **Corporate capture & information asymmetry:** large commercial actors are taking advantage of information asymmetries or legal loopholes, to ultimately cannibalise funds meant for citizen energy groups, again partly due to poorly transposed definitions at national level and lack of regulatory oversight;<sup>18</sup> and
- **Gaps in the project development chain:** Lastly, while in some Member States EU funds cover certain stages of a renewable energy project's development (e.g., grants for the creation of business plans), there remain key gaps in covering construction or operation costs, through financial instruments such as loans or guarantees.

## A community-proof vision for the next EU budget

REScoop.eu's vision for a thriving, resilient community energy movement would entail that all community energy projects can access finance in a simplified and fast manner, including through dedicated OSS and technical assistance programmes. Bespoke financial instruments would accompany a community energy project across all stages of project development, ensuring seamless and sustainable scaling.

Secondary structures of energy communities (hereby "secondary structures")<sup>19</sup> would be set up in every Member State, and coordinated at the EU level. These secondary structures are essential for building capacity by providing technical assistance and fostering networking opportunities to help energy communities overcome institutional gaps and build viable projects. These networks also reflect a diverse range of activities undertaken by such structures in different countries. Such national coalitions or federations would ensure that energy communities have access to three key elements:

1. **Acknowledgement as market stakeholder and position:** secondary structures would provide policy support to create a strong legal, institutional, and governance framework that secures the role of energy communities in energy markets, and helps crowd in private capital;
2. **Access to knowledge:** secondary structures would help (starting) energy communities with information, technical expertise, and financial literacy, building

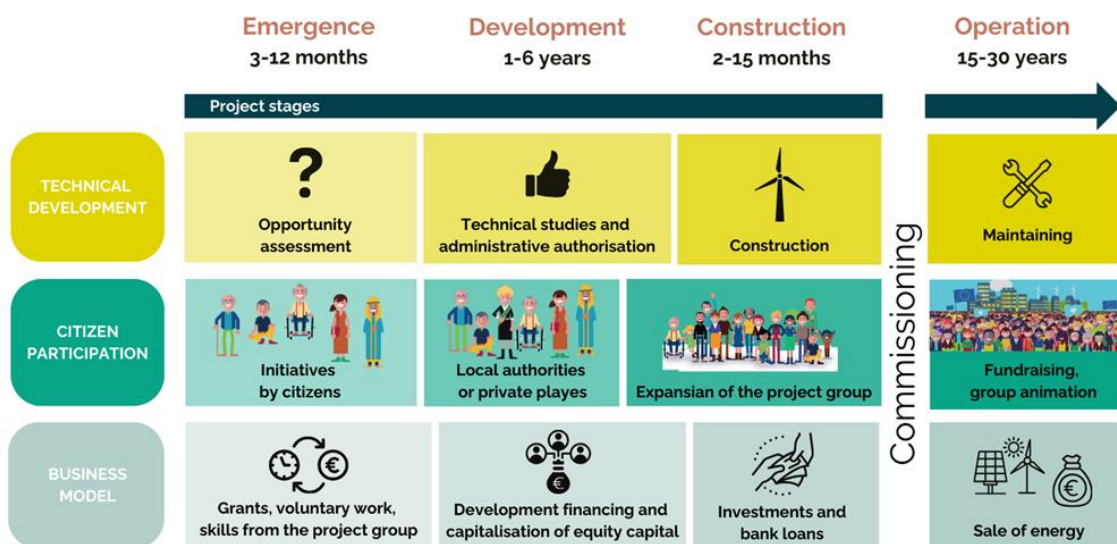
<sup>18</sup> Following the frontrunners: a public financing guide for Managing Authorities. Available at: <https://www.rescoop.eu/toolbox/following-the-frontrunners-a-public-financing-guide-for-managing-authorities>. Friends of the Earth Europe. Report on the corporate capture of energy communities. Available at: <https://friendsoftheearth.eu/publication/report-on-the-corporate-capture-of-energy-communities/>

<sup>19</sup> In the context of this report for consistency purposes we refer to secondary structures of energy communities as a general term that encompasses all the different ways of networking and collaboration, such as national Federations and Coalitions that support energy communities. This work is implemented in tandem with the LIFE COMET project. <https://lifecomet.rescoop.eu/>

strong foundations for pools and bundling of new projects; and

3. **Access to finance:** secondary structures would provide revolving funds (CEFS) to their members, developing different financing instruments (e.g., grants, loans, guarantees). Beyond national financing schemes, federations would coordinate at EU level to impulse large-scale cross-border investments in community energy projects, as is already illustrated by the MECISE project.<sup>20</sup>

Secondary structures would provide a **simplified, accessible single contact point for funding** for energy communities. They would offer bespoke funding tools targeting all different stages of a community energy project's development. Providing subsidised technical assistance might be more relevant during the "Emergence" phase of a community energy project, while grants might be relevant during the "Development" phase to help an energy community to set up a robust business plan. Guarantees and loans are generally more relevant for the "Construction" phase, while operational support schemes, such as feed-in-tariffs or contracts for difference, are more relevant for the "Operation" phase.



Secondary structures and their CEFS would be valued as trusted partners by European institutions (e.g., the EIB), institutional investors (e.g., pension funds), and national banks, to bundle projects and create valuable portfolios that deliver economic returns, and most importantly strong environmental and social value for local communities.

<sup>20</sup> REScoop.eu November success story: To reclaim energy, cooperatives are reclaiming finance. Available at: <https://www.rescoop.eu/news-and-events/stories/november-success-story-to-reclaim-energy-cooperatives-are-reclaiming-finance>

## 1. Simplifying Access to Funds through Centralisation & Technical Assistance

Centralising EU funds destined for energy communities under a single OSS would significantly simplify and accelerate access. This approach aligns with the position of the European Parliament's Budget Committee on the next EU budget,<sup>21</sup> which calls for single contact points for EU funding. It also aligns with the broader strategic direction of the Commission in simplifying access to EU funds, and would help reduce administrative burdens for Managing Authorities.

No new structures have to be created, which would add costs and require extra administrative capacity. There are already national offices functioning as OSS, such as for example the LIFE national contact points, which exist in all Member States. In fact, LIFE (CET) has proven an invaluable resource for the growth of the community energy movement, and should be maintained as a separate programme in the next MFF, and further expanded.

These OSS would be tasked with:

- Organising general capacity building and information sessions on energy communities and other forms of citizen energy (e.g. municipal installation of rooftop PV);
- Issuing regular calls for grant funding, used to cover the development expenses for a community energy project (feasibility studies, business plan, acquiring permits). Alternative to grants, a revolving fund structure could also be considered. In that case the agency would provide interest free loans with a success fee. At the end of the development process if the project is successful, the benefiting energy community repays the loan including the success fee. If the community is unable to realise the project, the loan is turned into a grant. This grant-to-loan scheme has already been successfully implemented through the Scottish Government's Community and Renewable Energy Scheme,<sup>22</sup> at the Federal level in Germany,<sup>23</sup> and through the Development Fund in the Netherlands; and
- Providing dedicated technical assistance to community groups on how to realise their business plans, including on how to apply for national subsidies (e.g., Feed

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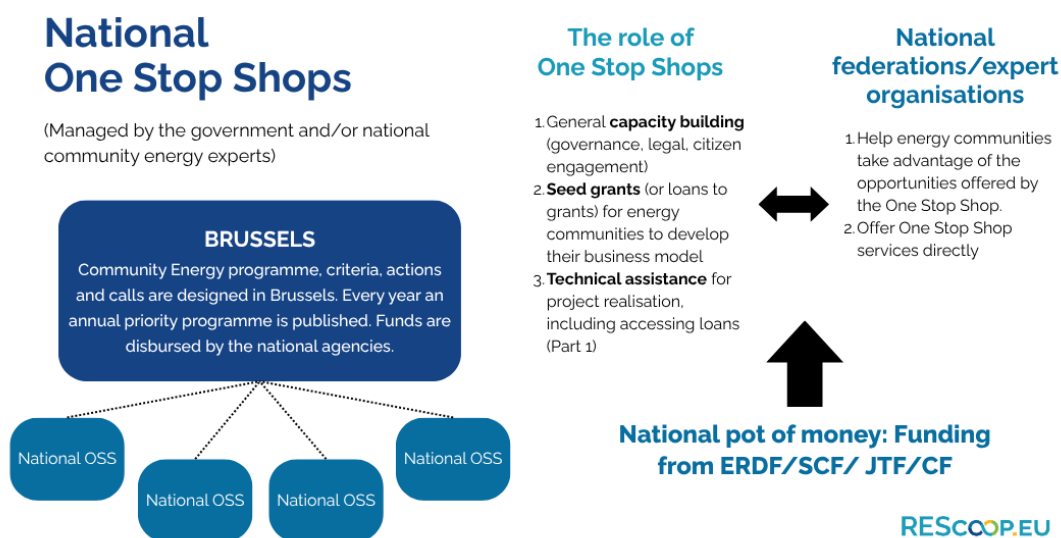
<sup>21</sup> European Parliament resolution of 7 May 2025 on a revamped long-term budget for the Union in a changing world (2024/2051(INI)). Available at: [https://www.europarl.europa.eu/doceo/document/TA-10-2025-0090\\_EN.html](https://www.europarl.europa.eu/doceo/document/TA-10-2025-0090_EN.html)

<sup>22</sup> Local Energy Scotland, the Scottish Government's Community and Renewable Energy Scheme. Available at: <https://localenergy.scot>

<sup>23</sup> Federal Office for Economic Affairs and Export Control (BAFA). Energy and Climate Protection. Available at: [https://www.bafa.de/EN/Energy/energy\\_node.html](https://www.bafa.de/EN/Energy/energy_node.html)

in Tariffs, or Contracts For Difference), as well as loans (linked with Part 2 of this Vision).

Certain guidelines on the modus operandi of the OSS could be defined at the EU level. This model would allow for a certain degree of control (e.g., setting horizontal requirements for citizen participation in all funded projects), while allowing for flexibility by the OSS to also tweak their programmes in a way that reflects local realities.



Graph 1: The function and role of national One Stop Shops

Depending on the maturity of the movement in each Member State, the management of the OSS could be taken up by:

- Only national authorities: it's important to highlight the cases of Portugal and Spain, where a national agency has been created to centralise the management of various EU and environmental funds, including EEA grants and the Recovery Facility.<sup>24</sup> This has been viewed as a very positive step by civil society actors and other applicants;
- National authorities in co-management with secondary structures of energy communities (such as national Federations); or

<sup>24</sup> For Portugal: Super-agência para combater alterações climáticas tem mais de cinco mil milhões até 2026. Available at: <https://jornaleconomico.sapo.pt/noticias/super-agencia-para-combater-alteracoes-climaticas-vai-ter-dois-mil-milhoes-de-poder-de-fogo/>. For Spain: IDAE Comunidades Energeticas. Available at: <https://www.idae.es/ayudas-y-financiacion/comunidades-energeticas>

- Only by a secondary structure of energy communities

Across Europe secondary structures of energy communities have set up partnerships with specific Regions to run dedicated OSS, providing expertise and technical assistance on energy communities.

The most prominent example originates from France. Specifically, four French regions are using the ERDF to provide structural funding to regional support networks of Energie Partagée (the French federation of energy communities).<sup>25</sup> These regional networks provide on-the-ground technical assistance and capacity building to (starting) energy communities.

Individual community energy expert organisations such as La Palma Renewable in Spain and Ecovision in Ireland have also set up dedicated OSS to help energy communities access capacity building & funding opportunities.

In conclusion, depending on the maturity of the community energy movement in every Member State, secondary structures of energy communities could have an institutional role in the set-up and management of the OSS. They could:

- Collaborate with the national OSS to co-develop and co-manage the services provided; and
- Provide the OSS services themselves, including by providing capacity building and revolving funding opportunities.

The support of secondary structures of energy communities in managing the OSS can also alleviate capacity pressures that Managing Authorities are currently facing, which have led to the under-absorption of funds in the current programming period.

Tapping into community energy secondary structures to deliver technical assistance, build solid business models, and/or raise awareness for available financing opportunities is already practised through successful programmes such:

- The EIB's JASPERS technical assistance programme; and
- DG REGIO's Communities for Climate and the Western Balkans Support Initiative.

## Ensuring the right design for the One Stop Shops

Four important design principles should be considered in the effort of centralising EU funds for energy communities into a single national envelope:

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<sup>25</sup> In Region Centre-Val de Loire, ERDF funding amounts to 253k€ for the 2023-2025 period, co-financing part of staff costs as well as direct charges. In Grand-Est, it amounts to 107k during 3 years as well, co-financing some staff costs. Region Pays-de-la-Loire recently (2024) decided to co-finance the regional network's action plan for 4 years through a 460k ERDF funding. Occitanie is the latest region to dedicate such funding. Source: Internal documents from those regional networks (grant decision).

Centralising EU funds for energy communities under a single implementing agency could significantly accelerate and simplify access, especially for smaller and starting energy communities. It would also help ensure that the people working at this agency are well aware of what energy communities are, and how to best support them. It is important to ensure that this central agency responds to the unique needs of all regions, and that the Partnership Principle is upheld.

- **Strong social criteria should be put in place** to ensure that EU funds support citizen-led initiatives, thereby tackling corporate capture.
- **Just Transition regions, and broader territorial cohesion goals should be taken into account.** Thus, the national agencies should ensure targeted calls for proposals in these regions, earmarking of funds, and dedicated capacity building sessions.
- **The Partnership Principle must be upheld and enhanced.** The OSS should work with all social partners, including municipalities, civil society, academia, and labour unions, ensuring its funding calls and other activities are reflecting the actual needs of different stakeholders in all regions. These stakeholders could participate in an executive/monitoring committee, ensuring effective oversight. Regional and local authorities should still play a key role, by (when possible) functioning as 'local nodes' for these central OSS.
- **Synergies with existing/under development OSS efforts can be explored.** If an OSS is already functioning well in a country, there is no need to create a separate entity. Various countries have already established OSS at the national level, through agencies or another authority, specifically dedicated to energy communities (e.g., Austria, Ireland, and soon Greece). Furthermore, the Revised Energy Performance of Buildings and Energy Efficiency<sup>26</sup> Directives require the creation of national OSS in all Member States, to help citizens navigate housing renovation and other energy efficiency interventions. Finally, as already discussed, the LIFE national contact points could also assume this broader responsibility.

Lastly, **regular meetings of the different national OSS, under the auspices of the Commission, can facilitate best practice and information exchange, and course correction when needed (as is done in the Erasmus+ programme).**

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<sup>26</sup> Article 21 of the Energy Efficiency Directive ((EU) 2023/1791) states that Member States, in cooperation with regional and local authorities, must ensure that the information on available energy efficiency improvement measures is transparent and accessible to all relevant market actors, including energy communities. Article 18 of the Energy Performance of Buildings Directive ((EU) 2024/1275) says that Member States need to ensure the establishment and operation of technical assistance facilities, including through inclusive OSS targeting all actors involved in building renovations.

**Key recommendation:** In the next MFF, the Commission and Member States should consider centralising all budget lines for energy communities into a single national envelope, which will be administered by a national OSS (and/or a secondary structure of energy communities).

**Key recommendation:** In countries with a mature community energy movement, the OSS can be managed directly by a secondary structure of energy communities, such as a Federation.<sup>27</sup> EU funds should provide structural support to community energy Federations (or other secondary structures), so that the latter can keep providing technical assistance to energy communities.

**Key recommendation:** The national OSS should design calls in an open and transparent manner, with full consideration of the Partnership Principle. Calls for funding should take into account the specificities of different regions (e.g., Just Transition areas).<sup>28</sup>

## 2. Crowding in additional private capital for energy communities

As the community energy movement in Europe matures, buoyed by new EU legislation,<sup>29</sup> energy communities are taking on larger and more complex projects, including district heating and cooling, (offshore) wind, neighbourhood housing renovation projects, and EV sharing. These larger projects require dedicated financing instruments, such as capital, loans and guarantees, to be realised and scaled up.

Indeed, leveraging the EU budget beyond grants to financial instruments, is actively being considered as a way to increase efficiency. In fact, instruments such as guarantees can have a leverage factor of up to x4.8.<sup>30</sup>

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<sup>27</sup> There is a precedent for this. Three French regions already support the regional community energy networks through the European Regional Development Fund (ERDF). In Region Centre-Val de Loire, ERDF funding amounts to 253k€ for the 2023-2025 period, co-financing part of staff costs as well as direct charges. In Grand-Est, it amounts to 107k during 3 years as well, co-financing some staff costs. Region Pays-de-la-Loire recently (2024) decided to co-finance the regional network's action plan for 4 years through a 460k ERDF funding

<sup>28</sup> Article 21 of the Energy Efficiency Directive ((EU) 2023/1791) states that Member States, in cooperation with regional and local authorities, must ensure that the information on available energy efficiency improvement measures is transparent and accessible to all relevant market actors, including energy communities. Article 18 of the Energy Performance of Buildings Directive ((EU) 2024/1275) says that Member States need to ensure the establishment and operation of technical assistance facilities, including through inclusive OSS targeting all actors involved in building renovations.

<sup>29</sup> REScoop.eu Second generation EU legislation for energy communities. Available at: <https://www.rescoop.eu/toolbox/second-generation-eu-legislation-for-energy-communities>

<sup>30</sup> Climate Strategy. Filling the EU Climate Investment Gap more Efficiently. Available at: <https://www.climatestrategy.es/press/MFFReport2024.pdf>

In Member States where EU funds are used to support energy communities, such funds are made available almost exclusively through grants, which only target the Emergence and Development phases of project development. This leaves a key gap in the financing of the Construction phase of community projects.

While this phase could in theory be covered by private capital and debt (e.g., banks), there remains a significant market gap. It has been widely documented that access to capital and debt is generally more difficult for energy communities, due to various reasons, mostly relating to the perceived risk and perceived lack of profitability of such projects.<sup>31</sup> In fact, there have even been cases where banks refused to provide (bridge) loans to energy communities that already secured an EU grant to implement their project.<sup>32</sup>

It should be noted that this dynamic varies across Member States, logically linked to the history of each country's cooperative movement. In countries with a mature movement (such as in the Netherlands, Belgium, France and Denmark) bank loans for energy communities are very common, even for more complex projects such as district heating. However, in most Member States, particularly in South-East Europe, funding opportunities for energy communities are scarce. Therefore, different approaches are required for countries with a starting/intermediate community energy movement, and for countries with a mature community energy movement.

### Mobilising private finance in countries with a starting/intermediate community energy movement

Over the next 4 years, the LIFE Enercom Facility project will help 146 energy communities across the European Union to develop their business plans, through dedicated capacity building actions. These projects will reach a mature Development Stage and will be able to trigger 121 million euros in private investment for 108Gwh of renewable energy production. This bulk of community energy projects creates an attractive opportunity for private funders (in particular, citizens) and lenders (e.g, banks) to step in and help facilitate the Construction phase.

To further address risk aversion to providing loans to energy community projects by financing institutions, guarantee mechanisms should be further developed. Specifically, building on successful examples such as the SME window of InvestEU, the EIB could initiate a dedicated InvestEU for energy communities<sup>33</sup> to reduce risk and crowd-in private capital. This instrument could include Member State compartments (similar to

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<sup>31</sup> Energy Communities Repository (2024). Report: Barriers and action drivers for the development of energy communities & their activities. Available at: [https://wayback.archive-it.org/12090/20240807074309/https://energy-communities-repository.ec.europa.eu/report-barriers-and-action-drivers-development-energy-communities-their-activities\\_en](https://wayback.archive-it.org/12090/20240807074309/https://energy-communities-repository.ec.europa.eu/report-barriers-and-action-drivers-development-energy-communities-their-activities_en)

<sup>32</sup> This phenomenon has particularly affected Spanish energy communities receiving grants under the Recovery Facility.

<sup>33</sup> Such an idea is also currently being explored in the Services and Prosumers Working Group of the Investors Dialogue on Energy.

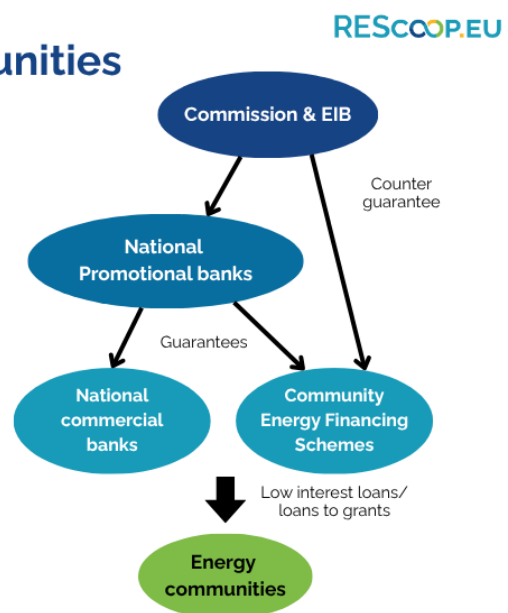
the current InvestEU architecture), whereby a Member State would channel a portion of its EU funds earmarked to energy communities.

It should be noted that InvestEU is currently not accessible to energy communities as national financial intermediaries refuse to lend to them, due their incorrect perception of energy communities as 'risky'.<sup>34</sup> InvestEU's current portfolio and bundling mechanisms rarely support locally-driven, small-scale projects like energy communities. Instead, the mechanism targets large scale projects (tens of millions of euros), which are often beyond the reach of many energy communities. Finally, the added social and environmental benefits of energy communities are not valued.

## An InvestEU for energy communities

Setting up revolving funds in all EU27

- The Commission, through the European Investment Bank, could **provide a counter-guarantee** to national financial intermediaries (e.g. Promotional Banks) or CEFS, in all member states
- InvestEU → funded by EU funds
- The Promotional Banks could then provide **guarantees to commercial banks**, who would then provide **lower-interest rate loans to energy communities**
- **National community energy federations** (depending on maturity on each country) could provide a supportive role through capacity building & project bundling



Graph 2: an EIB-backed counter-guarantee mechanism to unlock private capital for energy communities

The Guarantee Mechanism could function in a two-step process, through National Promotional Banks, so as to ensure uniformity and uptake from all Member States. Should there be a lack of political appetite for this, the Guarantee Mechanism could function directly through the EIB and through alternative retail channels<sup>35</sup> that can deliver finance on the ground to smaller actors, at speed. These alternative channels could be dedicated community energy OSS (see Pillar 1 of this paper), or CEFS (see below).

<sup>34</sup> Énergie Partagée, a large French energy community engaged with Caisse des Dépôts et Consignations (CDC), a French intermediary for InvestEU. However, despite CDC's role in implementing the EIF Sustainability Guarantee for sectors like housing and re-industrialisation, there has been little interest in applying it to energy communities.

<sup>35</sup> Climate Strategy. Filling the EU Climate Investment Gap more efficiently. Available at: <https://www.climatestrategy.es/press/MFFReport2024.pdf>

## Mobilising private finance in countries with a mature community energy movement

In countries with a mature community energy movement, we observe the emergence of CEFS - i.e., revolving funds from and for community energy organisations. CEFS have the following core functions:

- They help fund projects that have full/majority ownership by citizens and ensure funds reach the ground;
- They utilise different financial instruments (e.g., equity or loans-to-grants) to help community energy projects across different stages of project development;
- They offer better conditions than most market actors, as their primary goal is to not squeeze out as much profit as possible; and
- They mitigate risk by bundling community projects, thus overall hedging across successful and failed projects.

One of the most successful financing schemes for energy communities in Europe, the Development Fund in the Netherlands, is run in collaboration between a national community energy Federation (Energie Samen), and the Dutch Government.<sup>36</sup> It provides interest free loans with a success fee to community solar and wind projects to cover the development costs of their projects. These loans are also risk free. By charging a success fee, Energie Samen ensures that successful projects can cover for the losses of failed projects. This creates a portfolio effect, creating a hedging buffer, and thus offering a more attractive product to banks & other private investors.

Similarly, Energie Partagée Investissement (EPI) is a fund that focuses on financing the construction phase of citizen energy projects in France. It was created in 2010 by pioneer energy communities, two consulting and engineering firms in sustainable development (Inddigo and Hespul), ethical bank La Nef and renewable energy provider Enercoop. The fund collects savings from citizens and invests them as equity in the capital of citizen renewable energy project companies. CEFS have a leverage factor of over x40, and can be an efficient way to utilise EU funds to trigger private capital. Importantly, CEFS tend to develop funding instruments targeting all stages of a community energy project's development.

In countries with a mature community energy movement, the EU budget (and/or the EIB) could guarantee CEFS, effectively incurring first loss. This would:

- Crowd-in additional private capital from banks and citizen-investors, and leverage better financing conditions; and
- Allow the CEFS to offer even better conditions (e.g., lower interest rates) to the community energy projects that they support.

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<sup>36</sup> ACCE Self-Management Guide. Page 61. Available at: <https://acce.rescoop.eu/resources/acce-self-management-guide>

Guaranteeing CEFs is an efficient use of public funds that ensures money actually reaches projects on the ground in a seamless manner. CEFs in the Netherlands, France, Spain, Germany, Belgium, Romania and Croatia, are expected to support significant pipelines of projects over the next 25 years,<sup>37</sup> triggering 693 million euros in clean energy investments between 2021-2025.

Additionally, since CEFs are operated by secondary structures of energy communities (e.g., Federations) they hold expertise in:

- **Standardisation and project bundling.** Creating a common set of templates for the due diligence and general paperwork needed for energy communities to access the loans. This would reduce loan processing times, while reducing risk for banks as key templates, such as for business plans or cash flow analysis, would be the same. Secondary structures of energy communities can also assist with project bundling, ensuring that through the portfolio effect, risk is spread. This project bundling can also help achieve larger portfolio sizes (>30 million euros), opening the possibility for additional EIB tools, such as the ELENA technical assistance.
- **Helping tackle corporate capture.** Funds earmarked for energy communities should not be captured by commercial actors.<sup>38</sup> Setting social criteria and oversight mechanisms may help prevent that. For example, the CEFs in France only funds community energy projects that adhere to strict social-environmental criteria, including local territorial development and democratic governance.<sup>39</sup>

Lastly, the EIB could further support energy communities by:

- Providing structural funding to help kick-start CEFs in new Member States (or new funding instruments offered by existing CEFs); and
- In line with the Action Plan for Affordable Energy, extend the foreseen guarantee scheme for corporate PPAs to energy communities.

**Key recommendation:** Maintain and expand the LIFE ENERCOM Facility programme, which has the potential to create large pools of market-ready community energy

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<sup>37</sup> 8 projects in Spain, 10 projects in Germany, 19 projects in Romania, 1217 (individual installations through collective procurement) in Croatia, 25 projects in the Netherlands, 20 projects in Belgium, and

<sup>38</sup> This has been an important issue in Portugal, where loans destined to energy communities are absorbed by mere energy sharing projects initiated by commercial suppliers.

<sup>39</sup> The criteria can be summarised as: 1. Territorial interest: presence of public and private actors in the shareholding (citizen shareholding of 40% including individuals, Energie Partagée representing its citizen shareholders, and local authorities). 2. Responsible finance: non-speculative investment, mobilising citizen and local authorities' investment. 3. Local dynamic: involving local players in the project, mobilising the local population. 4. Ecology: limited environmental impact. 5. Shared governance: citizens involved in the governance, all decisions are made transparently.

projects across the EU. Equally, maintain the LIFE programme as a whole, which has been crucial in supporting the growth of the community energy movement in Europe.

**Key recommendation:** in the next MFF, InvestEU could be expanded to create a dedicated guarantee mechanism for energy communities. The scheme could be capitalised through EU funds earmarked for energy communities.

## Co-development and co-ownership

The co-development of renewable energy projects between energy communities, local authorities, and/or private developers holds significant potential for mobilising capital and boosting the success rates and volumes of projects. This is particularly true in the context of larger scale projects, such as offshore wind, as was successfully demonstrated in the case of Seacoop<sup>40</sup> and MECISE. In fact, citizen finance just for wind projects could contribute 176 billion euros to the European energy transition by 2030.<sup>41</sup>

Community ownership provides significant added social and environmental value,<sup>42</sup> as well as public acceptance. There are many instances of communities co-developing projects with commercial renewable energy project developers and local authorities through co-ownership. Increasingly, regional and even national governments require developers to offer opportunities to the local community to take ownership in the project. In the Netherlands, its National Climate Pact (Klimaatakkoord) contains a non-binding policy objective of including 50 percent ownership in all new onshore wind and PV projects. In Belgium, local governments have developed policy objectives and requirements for concessions to include opportunities for community and municipal ownership. Wallonia's Wind Agreement (Pax Olienica) requires new wind projects to be open at least 24.999 percent to citizens and municipalities, respectively. The Revised Renewable Energy Directive also now requires Member States to ensure that local communities can directly and indirectly participate in renewable energy projects developed in Renewables Acceleration Areas.<sup>43</sup>

All tools of the Clean Industrial Deal that are meant to spur an industrial renaissance through targeted support of (renewable) energy companies (e.g., the Competitiveness Fund and the Innovation Fund), should contain strong social and environmental

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<sup>40</sup> REScoop.eu December success story: (Offshore wind) Power to the people. Available at:

<https://www.rescoop.eu/news-and-events/stories/december-success-story-offshore-wind-power-to-the-people>

<sup>41</sup> Analysing the potential of citizen-financed community renewable energy to drive Europe's low-carbon energy transition. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S1364032120305888>

<sup>42</sup> Research in France and Germany shows that locally controlled and financed renewable projects deliver 2 to 8 times more return to the local economy than projects built by external developers. French study available at: <https://energie-partagee.org/ressource/etude-retombees-eco-2/>. German study available at: [https://www.rescoop.eu/uploads/rescoop/downloads/RWS\\_Wind\\_CDW.pdf](https://www.rescoop.eu/uploads/rescoop/downloads/RWS_Wind_CDW.pdf)

<sup>43</sup> Directive (EU) 2023/2413 amending Directive (EU) 2018/2021 on the promotion of renewable energy resources, Article 15d, paragraph 2.

conditionalities. This should include EU-harmonised methodologies and KPIs<sup>44</sup> to include local communities in private projects. This may include share offerings in renewable projects, donations to local energy communities, or the set-up of revolving community energy funds. At the political level, citizen participation should be mainstreamed in all renewable projects.<sup>45</sup>

Moreover, co-development and co-ownership of RES projects between citizens and municipalities should further be supported.<sup>46</sup> The EU's ambitious goal of setting up one energy community per municipality of >10.000 residents by 2025 currently remains elusive. Concrete financing instruments should encourage its implementation, including the "InvestEU for energy communities" outlined above. EU funds that are specifically meant to tackle energy poverty and regional disparities, such as the Just Transition Fund and the Social Climate Fund (including through broader use of ETS2 revenues<sup>47</sup>) could be specifically leveraged to support collaborative projects between Municipalities and energy communities.

Technical support programmes by the EIB, including ELENA and Jaspers should further target the scaling up of innovative community-private and community-public collaborations.

**Key recommendation:** strong environmental and social conditionalities must be integrated into all public industrial funds, as well as into public procurement rules, to boost citizen participation in large scale private renewable projects, and avoid corporate capture.

**Key recommendation:** community participation in large scale private renewable energy projects should be mainstreamed, through an EU-harmonised methodology and set of KPIs. EIB-backed technical assistance programmes, such as ELENA and Jaspers, should further support the growth of such collaborative projects.

**Key recommendation:** collaborations between Municipalities and energy communities should be encouraged, including through dedicated funding streams.

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<sup>44</sup> Community Engagement and Fair Benefit Sharing of Renewable Energy Projects. CAN EU. Available at: <https://caneurope.org/community-engagement-and-benefit-sharing/>

<sup>45</sup> Political momentum is already building towards this direction. In the Belgian Region of Wallonia, the Regional Government recently adopted a Wind Agreement that will require new wind projects to be open for at least 24.999%, respectively, to citizens and to municipalities.

<sup>46</sup> Broader collaboration between energy communities and municipalities is often hindered by current public procurement rules, as detailed in our joint response to the public consultation compiled with Energy Cities: <https://www.rescoop.eu/toolbox/joint-response-to-the-commissions-call-for-evidence-on-the-evaluation-of-the-public-procurement-directives>

<sup>47</sup> Green Solidarity: Guiding principles for a truly just Social Climate Fund. Available at: <https://www.rescoop.eu/toolbox/green-solidarity-guiding-principles-for-a-truly-just-social-climate-fund>

## Summary: Bringing the elements together

Energy communities are currently not adequately targeted by EU funds, while risk aversion from banks leaves them with few opportunities at the national level. The next MFF should foresee dedicated financial instruments for all development stages of a community energy project.

- For the **Emergence & Development stages**, grants and revolving grants-to-loans, coupled with technical assistance will be essential. This can be offered in a simplified and accessible manner through government-backed OSS, and co-managed by national Federations of energy communities. Such Federations should receive structural support from the Commission and Member States to keep providing this invaluable, on-the-ground technical assistance (the LIFE Enercom Facility project provides an important blueprint for this). These phases will be funded through grants (or loans to grants), capitalised by EU funds, previously scattered across different programmes (e.g, ERDF, Just Transition Fund, Recovery Facility).
- To allow for community energy projects to scale and move into the **Construction phase**, instruments such as capital, guarantees and loans will be required. This is where financial institutions such as the EIB can play a key role: both in offering a Guarantee Mechanism to help in crowd private capital to community energy projects, but also through direct support to existing CEFS. Co-development of projects between energy communities and private developers can also help mobilise additional private capital and initiate large scale projects, including but not limited to onshore and offshore wind.
- Subsidies and other price stabilising mechanisms can ensure energy communities enter their **Operational phase** with a healthy business model that their members can trust. Energy communities should be able to access instruments such as Feed in Tariffs, Contracts for Different and Power Purchase Agreements. The national OSS & the Federations can guide (starting) energy communities on how to access these instruments.

Overall the above elements create a holistic and targeted set of solutions for the development of community energy projects in all Member States.

## Final Considerations

To achieve this vision, which would theoretically come into effect in 2028, mobilisation begins today through:

- Strengthening of national secondary structures of energy communities<sup>48</sup> through the provision of structural funding, by existing EU and national funds. These organisations provide vital capacity building and advocacy support towards their respective national community energy movements. Structural funding would help them to keep providing this work seamlessly.
- Developing awareness and capacity in order for the EIB, national Promotional Banks, and commercial banks to understand energy communities and their business models, as well as CEFS.<sup>49</sup> Capacity building is also required towards secondary structures of energy communities, so that they can build viable CEFS.
- Maturing the movement, ensuring that there's a critical mass of energy communities across all Member States, that would benefit from this overall vision. In order to build viable financing mechanisms for energy communities, we must first ensure that there's enough demand in all Member States. Dedicated capacity building, including on how to create business models. will be needed.

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<sup>48</sup> This work is already being carried out through the [LIFE COMET project](#), which is helping establish community energy coalitions in various CEE Member States.

<sup>49</sup> This work is being carried out through the [LIFE ACCE project](#), aiming to create viable financing schemes for community energy in different Member States.