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The ITRE Committee's vote on the New Market Design Legislation: an opportunity to create a space for energy communities

Energy communities (i.e. renewable energy communities, or REScoops) have the potential to place citizens in the driver seat of Europe's energy transition while also providing benefits to the energy system, the environment and society. The new market design, however, must provide a strong legal basis for providing energy communities with an equal playing field to access and participate across the electricity market.

The Compromise Amendments provide some positive building blocks for empowering energy communities. However, there is a need for additional provisions to protect consumers that want to join energy communities, to ensure that an equal playing field is enforced, and to adequately acknowledge the opportunities for energy communities to strengthen local energy systems.

In its upcoming vote on the Electricity Directive and the Electricity Regulation, the ITRE Committee has a unique opportunity to strengthen its support for the positive role that citizens and communities can play across the energy sector. We therefore urge MEPs to follow the below voting recommendations on each of the below points:

1. Ensure all final customers have a right to participate in an energy community, leaving no one behind

All consumers, particularly households and small businesses, should be able to exercise the choice to participate in an energy community. In particular, it is important that consumers that are vulnerable, experiencing energy poverty, or tenants are not left behind; they need to be able to access information and other tools such as finance, to ensure they can also participate in the energy transition.

In the Electricity Directive:

- **SUPPORT AMs 618/619/620.**
- **SUPPORT AM 539.**

2. Transparency for citizens and communities that want to participate in the market

To allow for the effective protection of the rights of citizens that want to become active or participate in energy communities, these citizens need to have proper information that allows them to understand their rights, as well as relevant opportunities and risks. Furthermore, customers that want to purchase green energy need comparative tools to tell them whether suppliers actually invest in renewables or simply purchase 'guarantees of origin' so they can label themselves green.

In the Electricity Directive:

- **SUPPORT AM 523.**
- **SUPPORT AM 556/557.**

- [SUPPORT AM 622/625](#).
- [SUPPORT AM 1172/1184](#).
- [SUPPORT AM 1274](#).

3. Monitoring & oversight to ensure fair market access for energy communities

To ensure enabling frameworks for energy communities are effective, their treatment and ability to have equal market access need to be properly monitored. It is crucial that national energy regulators have a duty to monitor and enforce the rights of energy communities and active customers.

In the Electricity Directive:

- [SUPPORT AM 642](#).
- [SUPPORT AM 715/716](#).

4. Acknowledging the benefits that energy communities & active customers provide to the energy system

Energy communities and active customers need to be integrated into the market in a fair way that does not result in disincentives that drive them off the grid. The key challenge is to identify these different services and to calculate their benefit to the energy system, society and environment, so that active customers are fairly remunerated, and so that DSOs can recover costs to safely operate the grid in the long-term. To be able to adequately reflect this value, National Regulatory Authorities should develop a cost-benefit analysis of how different distributed energy resources, including self-consumption and local energy communities impact the grid, society and environment taking into account both negative and positive costs.

In the Electricity Directive:

- [SUPPORT AM 544](#).
- [SUPPORT AM 159](#). If not adopted, [SUPPORT AM 132/217](#).

In the Electricity Regulation:

- [SUPPORT AM 286/287/288](#).
- [SUPPORT AM 785/786](#).

5. Ensuring duties for energy communities are fair and balanced with opportunities

Energy communities and active customers are very different from traditional commercial energy companies and investors. To ensure an equal playing field, Europe's energy market must acknowledge their different capabilities, particularly their ability to absorb financial risk. New balancing responsibilities should not overburden or discriminate against newly emerging energy communities, particularly where markets for renewables are not well developed (e.g. access to

balancing services providers, access to balance, intra-day and day ahead markets). Furthermore, market access, redispatch and curtailment rules should not work against energy communities that supply locally-owned renewables to their members.

In the Electricity Regulation:

- **SUPPORT CA 45**, then **SUPPORT AM 586**.
- **SUPPORT AM 412**.
- **SUPPORT AM 430/431**.

6. Guaranteeing energy communities the right to share energy, to establish micro-grids, and to operate local energy networks

If empowered, energy communities can serve as a valuable resource for DSOs so they can operate the grid in a more flexible and cost-efficient manner. Energy communities should benefit from a clear definition of ‘community networks’, so that they are able to establish and operate virtual and physical micro-grids that compete on an equal playing field with other distributed energy resources to provide DSOs flexibility services. In addition, energy communities should be entitled to compete on a level playing field to operate the general distribution network. The creation of an EU-level DSO body should not result in corporate capture of the regulatory process by industry. The Agency for the Cooperation of Energy Regulators should be given appropriate authority to oversee the EU DSO body to ensure that its practices are transparent and do not result in anti-competitive practices.

In the Electricity Directive:

- **SUPPORT AM 220**.
- **SUPPORT CA 37**. If CA 37 not adopted, **SUPPORT AM 192** and **AM 580**. If AM 580 not adopted, **SUPPORT 581**.
- **SUPPORT AM 643**.

In the Electricity Regulation:

- **SUPPORT AM 1401**.
- **SUPPORT AM 1503**.