

The EED Trilogues: How to support the role of energy communities in energy savings

When it proposed a recast of the Energy Efficiency Directive (EED), the European Commission (Commission) recognized that to achieve increased ambition on energy savings to meet 2030 and 2050 climate objectives, mobilisation of citizens is essential. While the role of energy communities in achieving energy savings was acknowledged in the Clean Energy Package (CEP),¹ there were no references to energy communities in the EED.

Over the last decade, energy communities have increasingly undertaken activities aimed to help members and local citizens pursue measures to save energy. Indeed, in the context of the energy crisis, demand for such services has been increasing. The underlying goals of these community initiatives vary, ranging from the pursuit of an energy efficiency first approach, using revenues from renewables production to fund energy savings measures, education and awareness raising, to supporting sustainable building renovation, energy solidary and addressing energy poverty. Amidst the ongoing energy crisis, outreach to all citizens, particularly those that are vulnerable, on how to save energy has never been more pressing.

In order to maximize their role in addressing energy savings at household level, as well as ensuring an inclusive and fair energy transition where no one is left behind, the EU legal framework must ensure that energy communities are able to receive sufficient policy and financial support.² Specifically, the upcoming Trilogues between the European Parliament and the Council on the EED must result in the following:

1. A 2030 Energy Efficiency Target of at least 14.5%;

¹ Energy Communities, European Commission, accessed on 11-10-2022, https://energy.ec.europa.eu/topics/markets-and-consumers/energy-communities_en

² COM/2021/558, Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on energy efficiency, European Commission, published on 14-07-2021

2. Robust rules that ensure implementation of the Efficiency First Principle;
3. Clearer rules around public procurement so that energy communities and local authorities can collaborate more easily;
4. Clearer language around the requirement for Member States to develop policies and measures to support energy communities that help deliver energy savings, and to include energy communities as targeted actors to support in energy efficiency obligations schemes (EEOs);
5. Provision of support to energy communities so they can contribute to information, technical advice and support, and awareness-raising for households;
6. Policy support for the role of energy communities in tackling energy poverty; and
7. Inclusion of the role of consumer-owned district heating in local heating plans for municipalities.

Higher ambition on energy savings

To structurally solve the crisis around energy security and high prices, an acceleration of energy savings is required. A recent Fraunhofer study shows that the cost-effective energy saving potential stands at least at 19% for Europe.³ Hence, the EU institutions are supporting levels of ambitions that are below what is technically and economically feasible. For this reason, we recommend a 2030 energy efficiency target of at least 14.5%, which is supported by a PRIMES 2020 reference scenario that provides an up-to-date projection of energy use in 2030.⁴ This was the level proposed by the Parliament, and it should be supported by the Commission and the Council.

The Efficiency First Principle

To be effectively implemented, the Energy Efficiency First Principle needs to be embedded in legislation. Article 3 of the Commission's proposal embedded a practical approach to implementing the energy efficiency first principle at the national level and would require consideration in planning, policy, and investment decisions relating to energy systems as well as non-energy sectors that have an impact on energy consumption and energy efficiency. In the Commission's Recommendation on Energy

³ https://www.isi.fraunhofer.de/de/competence-center/energiepolitik-energiemaerkte/projekte/impact_of_high_energy_prices.html

⁴ https://energycoalition.eu/wp-content/uploads/2021/03/Coalition-for-Energy-Savings_-Briefing-EED-trilogues.pdf

Efficiency First, energy communities and local authorities have been acknowledged as a way to apply the energy efficiency first principle at the local level.⁵

Aspects to be defended:

The Parliament position increases the reliability of the application of the principle by clarifying that energy efficiency solutions also encompass demand-side resources and system flexibilities and that the principle must be assessed (and not anymore “taken into account” as per Commission’s proposal), not only in the planning but also in the design of policy and major investment decisions. We recommend defending the Parliament’s position.

Unfortunately, the Council’s position significantly weakens the Commission’s proposal. First, the Council proposes to increase one of the thresholds that would trigger the Principle’s application. Specifically, for investment decisions, the Council proposed to increase the amount of investment for projects that would be covered by the Principle, from 50 to 150 million euros, and from 75 to 250 million euros for transport infrastructure projects. Second, The Council also adds that Member States ‘may’ take into account the Commission’s recommendations on the Energy Efficiency First principle, instead of ‘shall’.

Public Procurement

Article 7 (ex-Article 5) amends procurement rules that Member States may apply to promote energy efficiency.

Aspects to be defended:

The European Parliament’s position would create an obligation for the European Commission to support Member States in the implementation of Green Public Procurement (GPP) criteria in their public procurement decisions. Article 7 would also enhance the capability of managing authorities to embed political objectives into their procurement procedures. This would help provide municipalities a stronger policy basis to develop and implement socially-responsible public procurement decisions, and to create procedures allowing the participation of energy communities in the local energy transition.⁶ We recommend supporting this position.

⁵ Commission Recommendation (EU) 2021/1749 of 28 September 2021 on Energy Efficiency First: from principles to practice — Guidelines and examples for its implementation in decision-making in the energy sector and beyond, European Commission, published on 28-09-2021.

⁶ The Municipal Guide, COMPILE project, 2022. Available at : <https://www.rescoop.eu/news-and-events/news/a-brand-new-step-by-step-guide-to-public-procurement-and-municipal-support-for-energy-communities>

What still needs to be improved:

Article 7 still does not explicitly acknowledge the need to support public authorities in collaborating with local citizens and energy community initiatives. As a recent report from the Compile Project shows, municipal authorities face significant challenges adapting public procurement procedures in order to stimulate more local participation from energy communities.⁷ Language supporting collaboration between public authorities and energy communities would provide additional legal clarity that local authorities often lack when developing tendering procedures around social criteria.

Energy Efficiency Obligations

By encouraging and facilitating less energy demand from their members, energy communities already make a significant contribution in helping Member States and other market actors meet their energy efficiency obligations (EEOs) under Article 8. However, with dedicated policy and financial support by governments, energy communities could play an even much larger role.

Article 8 paragraph 3 of the proposed recast EED states that Member States must consider and promote RECs and CECs in designing alternative policy measures. This will allow energy communities to take on a more systemic approach to energy savings and renovation actions.⁸ The proposal of the European Commission was not clear on whether energy communities should be included in alternative policy measures generally, or those designed to achieve energy savings by those affected by energy poverty, vulnerable customers and, where applicable, people living in social housing.

Aspects to be defended:

The Parliament improves the language of the Commission's proposal. The Parliament's position provides clarity and would create an obligation for Member States to provide policy support to support the role of energy communities in energy savings, and alleviate energy poverty as independent objectives. The recitals linked to those articles also clarify the reasons for this prioritization for RECs. This amendment should be supported.

What still needs to be improved:

- Annex V of the EED does not clarify how the impact by energy communities on the energy system can be measured. This will undermine the ability to

⁷ *Ibid.*

⁸ Citizen-led renovation, REScoop.eu, accessed on 11-10-2022, at [https://www.rescoop.eu/citizen-led-renovation#:~:text=What%20does%20citizen%2Dled%20renovation,stop%2Dshop'%20service\).](https://www.rescoop.eu/citizen-led-renovation#:~:text=What%20does%20citizen%2Dled%20renovation,stop%2Dshop'%20service).)

track and verify the positive impact that energy communities contribute towards realising energy savings. Such detail needs to still be elaborated.

- Article 9 does not acknowledge the role that energy communities can play in helping obligated parties under Member States' energy efficiency obligation EEO schemes. This needs to be recognised, as a number of REScoop.eu members already work with obligated parties, helping them reach citizens and consumers to help them achieve their EEO obligations.

Involving consumers and tackling energy poverty

Article 21 and 22 of the European Commission's proposal focus on consumer empowerment and information. In these articles, there is an opportunity to recognise the role that energy communities can play in reaching out to citizens and providing support to undertake energy savings measures. There is also an opportunity to provide a more solid basis for providing policy support in order to scale up energy communities as a way to combat energy poverty.

In its position, in Recital 92 the European Parliament acknowledges that "if properly supported by Member States, energy communities can help fight energy poverty." This improves the initial framing provided by the Commission. In Article 22 of the Commission's proposal, energy communities are implicitly identified as a way to prioritise energy efficiency measures towards those experiencing energy poverty, and vulnerable consumers. The European Parliament expands this recognition to assisting energy poor households, although it does not strengthen the link between energy communities and combatting energy poverty by explicitly acknowledging energy communities in Article 22.

Aspects to be defended:

In Article 21 of its proposed recast of the EED, the Commission proposed a number of obligations on consumer information. Unfortunately, the proposal acknowledges energy communities as recipients of information and awareness, rather than as a tool to outreach to citizens. The Parliament's position improves on this text somewhat, proposing to require Member States to work with their regional and local authorities to encourage cooperation between public bodies, energy agencies and community-led initiatives to establish one-stop shops.

Areas that need improvement:

The role that energy communities can play in disseminating information, providing outreach and educating citizens is still not clearly acknowledged. There is a need for language that properly acknowledges the role of energy communities in information

provision and outreach, as well as language that ensures these activities are supported at national level.

District heating

The Commission's recast EED proposal encourages local authorities to create a local heating plan for municipalities of more than 50,000 inhabitants. However, Member States are only encouraged to ensure that local authorities prepare such plans and to provide financial and administrative support for the development of such plans.

Aspects to be defended:

The Parliament's position improves the Commission's text somewhat by lowering the threshold to 35,000 inhabitants, while municipalities with lower numbers should still be encouraged to develop such plans. Furthermore, such plans must assess the role of energy communities in actively contributing to the implementation of local heating and cooling projects. Given the prominent role of consumer owned-district heating networks (which would qualify as RECs) across many Member States in delivering renewable heating and cooling, this will provide more visibility in the role they can play in providing citizens with affordable renewable heating.