

REScoop.eu's response to the EU's Consultation on Permitting Guidance for Renewable energy projects

Introduction

The current geopolitical tensions confronts all European citizens, public authorities, NGOs and businesses with the fact that we are highly dependent on fossil fuel imports. This geopolitical and energy crisis, which could be dubbed 'The Great Fossil Energy Crisis', comes on top of the climate crisis.

The EU rightfully aims to speed up its response to both crises. Ensuring that local communities - in particular through renewable energy communities (RECs)¹ - can develop their own renewable energy production is a crucial factor for success. In the context of the Commission's recently published REPowerEU Communication, we have just published our own REPower EU for Energy Citizens Manifesto. At the core of this Manifesto is the call for the EU to define local renewable energy ownership as a matter of security of energy supply.

To ensure local communities can develop their own renewable energy, it will be essential to simplify and reduce existing hurdles to permitting and other administrative procedures that often delay or prevent the realization of community renewable energy production projects. In the following sections, we lay out how the Commission's forthcoming

¹ As defined in Directive (EU) 2018/2001 (The Renewable Energy Directive), Article 2(16).

Recommendation for Permitting Guidance for Renewables can empower citizens and their local communities to help make the REPower EU Plan a success.

Our response to this consultation has been developed based on input that we received from our national members on challenges related to permitting and to entering into PPAs. For our input identifying specific challenges and barriers, please see our answers to the questionnaire for this consultation, as well as any relevant submissions from our individual REScoop.eu members. For answers to the consultation questionnaire that exceeded the character limit imposed by Europa Portal, we have included them in an Annex at the end of this position paper.

Summary of Key Messages

To support the role of local ownership and participation in renewable energy production, the Commission's forthcoming Recommendations for Permitting for Renewables Projects should include:

- 1) Support for national and subnational objectives on local citizen and community production and ownership of renewable energy sources;
- 2) EU and national support for robust urban, spatial and energy infrastructure planning;
- 3) Dedicated support for citizen and community renewable energy projects in order to navigate permitting and other approval processes, including:
 - a. Maximizing the value of single contact points;
 - b. Providing informational tools to citizens and community projects;
 - c. Reducing barriers to obtaining a grid-connection;
 - d. Broadening out simplification measures for small installations; and
 - e. Providing citizens and community projects with expertise and facilitating access to finance;
- 4) Measures to make it easier for renewable energy communities to enter into PPAs; and
- 5) Concrete proposals to ensure that environmental protection is not sacrificed for speedier development of renewable energy projects

Support national and subnational objectives for local citizen and community production and ownership of renewable energy

Objectives and trajectories play a strong role in orienting policies and measures towards desired outcomes. If we are going to rapidly decouple fossil gas from our energy system, in order to ensure energy security, communities and regions will need to maximize localized renewable energy production. This should be driven by national and subnational objectives for the development of local production by citizens and community initiatives, which can then feed into planning and decision making around permitting.

In particular, Member States should encourage and support local and regional authorities to establish these objectives. In the existing National Climate and Energy Plan (NECP templates under Regulation 2018/1999 (Energy Union Governance Regulation), Member States are invited to communicate their trajectories and objectives for renewable energy produced by cities, RECs and renewables self-consumers in both their NECPs and in their reporting. This provides a policy basis for strengthening efforts at the national level and subnational level to establish high level objectives.

Some Member States have already set objectives for the growth of renewable energy communities (RECs). In its Climate Plan, Ireland aims to achieve 500 GW of renewable energy production from RECs by 2030. In their Climate Pact, the Netherlands included a policy objective to ensure that all new onshore wind and solar PV projects provide local communities up to 50 % of ownership. France also recently set an objective to develop 1,000 new locally governed renewable energy projects involving local authorities and citizens by 2028. More Member States should follow these examples and set specific targets for REC projects.

National and EU support for robust urban, spatial and energy infrastructure planning

Local authorities, system operators and citizens in their communities are on the frontline of ramping up solar production at the local level. This needs to be done in a coordinated and planned manner, so that it is possible to easily identify areas suitable to deploy renewable energy production (e.g. roofs, land available for multiple uses including urban areas, agricultural land, water bodies and brownfields) and storage, as well as address potential issues around grid infrastructure.

Everywhere across Europe, the potential for renewable energy is systematically underestimated, because local resources are not mapped and because of insufficient planning. Therefore, Member States should be required to provide support to local governments to:

- 1) undertake an assessment, mapping out all the options to develop local sustainable renewable energy production, supply and system optimization options which are most conducive to long-term socio-economic development; and
- 2) develop tools that can make it easier for uptake by citizens (transparency, online mapping and other tools, streamlined single contact points for projects, etc).

There are relevant proposed amendments in the European Parliament discussions on the Commission's legislative proposal for a Revised Renewable Energy Directive. These proposals should be taken forward and supported by the Commission and Member States. In the meantime, the Commission should make mapping and local planning a key element in its Solar Strategy.

There should also be stronger efforts to make sure grid operators, especially at the local level, create grid development plans, so that there is transparency around grid capacity, options for system optimization, and clarity for stakeholders around suitable sites to install production. This should be coupled with carving out grid access for citizen and community projects, so that they don't have to compete with professional project developers (see below).

Dedicated support for citizen and community renewable energy projects

Administrative costs related to obtaining required planning, grid connection and other relevant permits and licenses are a challenge for all market actors, including RECs. However, due to their small, non-commercial nature and lack of experience, these challenges frequently prohibit community projects from moving forward. Geographical proximity requirements also place limitations on where RECs can locate their projects. This has limited projects to applying for a grid connection in an area that is already congested.

It is also often difficult for energy communities to raise finance for permitting activities, particularly from their members. Therefore, in order to ramp up development of renewable energy communities at the national level, it will be important to provide tools that can help RECs navigate administrative procedures to get projects approved and constructed.

We recommend that the Commission work with Member States to set up dedicated offices to support REC projects. This institutional support needs to be coupled with the provision of information, expertise and financial tools that can help provide certainty for communities and help them develop projects more easily. This support is further elaborated below.

1. Maximizing the value of single contact points – both at national and local levels

Article 16 of Directive (EU) 2018/2001 (The Recast Renewable Energy Directive, or REDII) requires Member States to establish one or more contact points that shall, upon request, guide applicants through and facilitate the entire administrative permit application and granting process for renewables projects.

Although the single points required in Article 16 are not specific to RECs, they have the potential to correct the asymmetry of technical information between RECs and commercial developers. As such, we recommend that Member States use single contact points as a dedicated institutional mechanism to help inform and build capacity of citizens that want to develop REC projects. This would include using contact points to:

- Provide citizens with information regarding their rights, and technical and practical aspects of developing renewables self-consumption and RECs, as required by Article 18(6);
- Pointing citizens and communities towards tools to access finance; and
- Assisting and guiding citizens and RECs in the administrative process and in receiving support under renewables support schemes.

The use of single contact points can also be helpful in streamlining permitting and other approval processes, as well as information on different types of activities.

Local authorities also need to be supported in helping develop single contact points. At the moment, they lack the “territorial engineering skills” necessary to structure more projects, for example by establishing more links between various administration levels and stakeholder groups (to address land-use related conflicts for example).

2. Building out informational tools for citizens and community projects

In order to be able to effectively exercise their rights as market participants, citizens and community projects need to have clear and appropriate information from relevant authorities on how to successfully develop different types of projects. This information needs to clearly spell out timelines, expectations, responsibilities, relevant permits and other approvals required, and relevant contact information. Information on relevant spatial, urban and energy planning also needs to be available, so prospective projects have a good idea of available grid capacity and other related information that can help speed up decision making. Ultimately, it makes sense for such information to be available in one place. As such, informational tools should be developed in tandem with single contact points.

Online tools, such as solar and heat maps, are also useful in helping citizens better understand opportunities for realizing local renewable energy projects. Local authorities need adequate financial and human resources, so that they are able to implement these tools for local citizens and businesses.

In addition, most people are still unaware of the potential to become energy prosumers, particularly if they belong to vulnerable groups of consumers. A massive “empowerment and awareness” campaign should thus be launched at European level to make sure all EU citizens are “energy literate” and bridge the energy divide. Local authorities and energy communities need to be supported to help build and roll out such campaigns.

3. Reducing barriers to obtaining a grid connection

In their responses, our members have noted as a priority the barriers around grid connections. This includes length, complexity and lack of clarity around procedures or timelines, as well as lack of transparency and lack of communication from the grid operator. Another barrier noted was insufficient grid capacity. Due to less technical and financial capacity, most community projects are unable to compete on a level playing field with large developers familiar with the grid connection process.

Furthermore, community groups often have limited options for siting projects near the closest connection point with available capacity. This is a particular challenge for RECs, which are limited to where they can construct installations due to geographical proximity requirements. Even with smaller projects, it is often difficult to find available grid capacity. This leaves the cost of reinforcing the grid with the community project, making it economically non-viable. In particular, the high cost of grid reinforcements often make smaller projects economically unviable. Even though the costs of reinforcement can be recouped by a project developer over time, this is not a burden that RECs are able to bear. Our members have cited examples of increased connection costs making the project uneconomical, or even of having grid connection requests rejected.

There is a strong need to address the issue of grid connection for community projects. Some Member States are addressing this issue. The leader in this area is Ireland, who has developed a special scheme to assist community projects obtain a grid connection. This process is in parallel to the normal grid connection process. There is a need for more knowledge and experience in this area, and for more examples across the EU. Some Member States also socialize the cost of reinforcement, where it exceeds a certain threshold. This creates a more level playing field for all projects that want a grid connection.

The Commission should provide recommendations to Member States on how they can tailor grid connection processes to RECs, while still respecting the principle of equality.

It should be possible to allow RECs to apply for a grid connection outside the normal procedure used by commercial developers. Furthermore, Member States should consider ringfencing a certain amount of grid capacity for different types of REC projects. Grid connection costs for RECs and other small projects should also be modified, so that the financial burden of grid reinforcements do not fall squarely on their shoulders.

4. Broadening out simplification measures for small installations

Our members have noted that in particular instances where installations (e.g. solar PV) are under a certain size, they may benefit from simplified notification, or another special designation allowing for less administrative hassle. Such designations should be expanded to include larger installations. The Renewable Energy Directive currently allows such designations for installations with an installed capacity up to 50 kW. The Commission should encourage Member States to maximize their use of this designation, in order to ensure that local space is fully utilized to capture renewable energy production potential.

While respecting appropriate environmental regulations, there should also be a simplified process for constructing wind projects, particularly smaller ones. In Belgium, it currently takes around eight years to install a wind turbine. This will not do. There should be reasonable and clearly communicated deadlines put in place for wind projects, particularly smaller projects that are led and developed by the local community (i.e. municipalities and renewable energy communities). Furthermore, public authorities should undertake assessments of permitting rules to see which ones can be simplified, relaxed, or done away with, for smaller citizen-led projects.

5. Providing citizens and community projects with expertise and facilitating access to finance

In most of our members' responses, they noted a lack of ability to obtain financing to fund early stages of project development. Furthermore, as newer RECs often rely on unpaid volunteers or part-time help, it is difficult to access professional expertise needed for development of solar PV and wind projects. There is a need to de-risk such stages of project development. Otherwise, individual citizens will be less likely to start new initiatives. This is particularly the case in Member States where energy communities are not well known and/or where lending risk is higher.

Article 22 of the REDII requires Member States, in their national enabling frameworks, to provide tools so that RECs can access expertise and finance. Several examples of these tools exist, but there is a need for more widespread adoption.

In Scotland, UK, the Government set up the Community and Renewable Energy Scheme (CARES) with the aim to support and grow community and local energy community projects, and to increase shared ownership of renewable energy installations. It is administered by a non-profit network organization, Local Energy Scotland. In addition to providing finance and related expertise, CARES provides different types of informational assistance and expertise to community groups. All relevant information is also provided on a website, which includes a toolkit for different technology options, a planning toolkit, good practice, guides, project summaries, and other useful reports and case studies. The scheme is open to certain types of socially-oriented legal entities, non-profits, local authorities, community groups and rural SMEs.

A number of Member States have or are in the process of developing dedicated revolving funds similar to the CARES scheme, including Ireland, Germany and the Netherlands. Furthermore, some Member States, in response to calls from civil society at the national level, plan to use Modernisation or Recovery, transformation and resilience funds to provide finance for renewable energy communities. The Commission should identify best practices and work with Member States to make sure they provide measures to facilitate access to finance, in accordance with their legal requirements under Article 22 of the REDII.

Making it easier for RECs to enter into PPAs

Several of our members have expressed interest in entering into PPAs, or have mentioned that they already use PPAs. Our members that do use PPAs stated that they can help establish a stable business case, particularly where there is a lack of other incentives or public support mechanism for renewable energy production.

However, our members also identified a number of barriers preventing them from entering into PPAs. First is size. Many RECs have small installations, whereby it might be difficult to provide enough production to make a PPA interesting. Furthermore, because of their small size and non-commercial nature (e.g. registration as a cooperative), it can often be difficult to obtain adequate financing from lending institutions, due to the perceived high risk nature of the project.

There is a need to provide investment support to RECs and other small market actors that want to enter into PPAs. Positive examples that our members have cited are State-backed guarantees and supplemental support mechanisms. Such measures should be promoted and further supported by the EU, for instance through the European Investment Bank (EIB) and InvestEU. The Commission should also promote the development of support for PPAs through Guidance to its new Guidelines on Climate, Energy and Environmental State aid (CEEAG).

Don't sacrifice environmental protection for renewable energy production

At its core, addressing climate change is about protecting the environment. As such, while RECs need and want faster permitting procedures, this should not come at the expense of conducting adequate environmental impact assessments. In particular, Member States should exercise caution when designing and implementing public interest areas of development for renewable energy projects, in particular wind projects. Such designations should not give developers the freedom to get projects approved without proper environmental impact studies.

It will still be necessary to ensure that citizens and local communities are able to have their say with regard to local development of renewable energy production. This is why engagement and participation from citizens in renewable energy projects is so important. Projects that involve local citizens from the beginning and allow for community ownership are usually designed in a way that the local environment is balanced against other considerations in the design phase of the project. Many times, project plans are revised due to concerns expressed by member of the community. Ultimately, alleviating and addressing these concerns helps solidify public support for such projects.

Before public interest areas for renewable energy project development become common place, the Commission should monitor the development of such areas. It should do so with the aim to encourage best practice around balancing environmental protection with speedier permitting. Furthermore, the Commission should collect and communicate best practices for involving citizens constructively in planning, in particular through the lens of ownership and co-ownership. This should lead to the development of a Code of Industry Conduct or Best Practices, so that both commercial and non-commercial (i.e. community) project developers are able to maximize public support for new projects.

Annex to our consultation response:

REScoop.eu undertook this consultation by sharing the Commission's questionnaire with its members. The responses from our members have helped make up our key messages to this consultation, as well as individual answers in our submitted questionnaire response.

In a couple of instances, our members' responses were too long to input into the questionnaire. As such, we are including them below.

Question 5: 6. What are the key barriers that have prevented your project(s) from materialising in the last 5 years, if any?

Coopernico (Portugal)

Coopérnico doesn't have this experience with projects outside of collective self-consumption. This is because in projects outside of auction, the promoters have to pay the connection to the grid. This fact kills small projects (1-5 MW) developed to inject all production into the grid (no self-consumption).

For projects above 30 kWp, there is also a necessary inspection that must take place. In these cases, the process does not have a specific time length. There are no deadlines specified by the national authority (DGEG) in charge to giving the permit. Therefore it can take more than 9 months.

In general, the registration processes for new collective self-consumption projects are long and unclear and there are no specific regulatory supports in place:

- the interest actors need to start the registration process (long and complex) to know if they are eligible to start a new project;
- the registration form provided by the national entity in charge to approve new projects (DGEG) does not provide a full perspective of all the documents required to proceed;
- the time taken to reply to an initiated registration process can be long (more than 2 months).

Enostra (Italy)

Specific challenges identified were:

- Uncertainty in the time required to get an answer from DSO and time requested to realize the connection; and
- Different procedures based on local grid situation and congestion.

Enercoop (France)

No information is given by the network operator until the planning permission is obtained; even when the request comes from the community that owns the network

Question 17: What good practices, if any, have you encountered in the area of early public involvement and public participation (including financial participation) in renewable energy projects?

Enostra (Italy)

In Italy, with the approval of the provisional REDII transposition, many local municipalities have started promoting the setup of RECs, making available roof surfaces of public buildings for PV plants installation or even spending public funds (e.g energy efficiency national funds) to cover the costs for PV plants installation.

Enercoop (France)

The multiplication of "real" citizen projects in the sense of Energie Partagée and Enercoop, i.e. projects involving local actors in the governance and capital.

ZEZ (Croatia)

There are more and more motivated citizens and local campaigns being started to promote energy community projects

Question 26: Have you encountered any good practices in relation to solving the barriers listed in question [21] above? (Power Purchase Agreements)

Enercoop:

Yes, a state-guaranteed fund that replaces the buyer in case of default, open to any type of actor regardless of their size and annual consumption (example: Norwegian fund).

Question 27: What regulatory changes (in current EU legislation or national-level legislation) , if any, would you consider most important to foster the deployment of corporate PPAs in Europe in the next few years?

Enercoop (France):

In addition to a state-guaranteed fund (see above, question 26), a second public support mechanism for the emergence of APPs could be put in place: an optional remuneration supplement mechanism, which would only be activated in the event of buyer default. This state guarantee of last resort would facilitate and secure bank financing and could easily be adjusted in volume and price by the regulator.

Green Planet Energy (Germany):

Enhancing the market for unsubsidised electricity by:

- establishing targets for the use of unsubsidised electricity (e.g. 50 % of the used renewable energy must be from unsubsidised power plants); and
- show within the disclosure of GOs whether the GO is from unsubsidised or subsidised plants.