

3 Crash course | EU Energy policy



This Crash Course describes the recent changes in EU energy policies that are relevant for energy communities and for cVPPs.

EU Policy regarding Energy Communities

The EU commission acknowledges that new policies for electricity markets are required to:

- Accelerate the energy transition
- Fit better to current developments
 - Prosumers rather than consumers
 - More and more collective organization and participation in electricity markets
 - Adhere more value to flexibility (see **crash course on flexibility**)

To whom does this apply?

A Citizens Energy Community (CEC)

- Engages in generation, distribution, supply, consumption, aggregation, storage, other energy services
- Has the purpose to provide environmental, economic, social benefits to its members, rather than generating financial profits
- Is based on open and voluntary participation (from citizens to large enterprises)
- Is effectively controlled by members/shareholders who are natural persons, local authorities or small enterprises.

A Renewable Energy Community (REC)

Is very similar to a Citizens Energy Community. Most notable differences:

- REC is about renewable energy (in generation, selling, trading, etc.)
- Control of a REC should be 'in proximity' to the location of the project
- Participation of enterprises in REC is limited to small and medium size enterprises

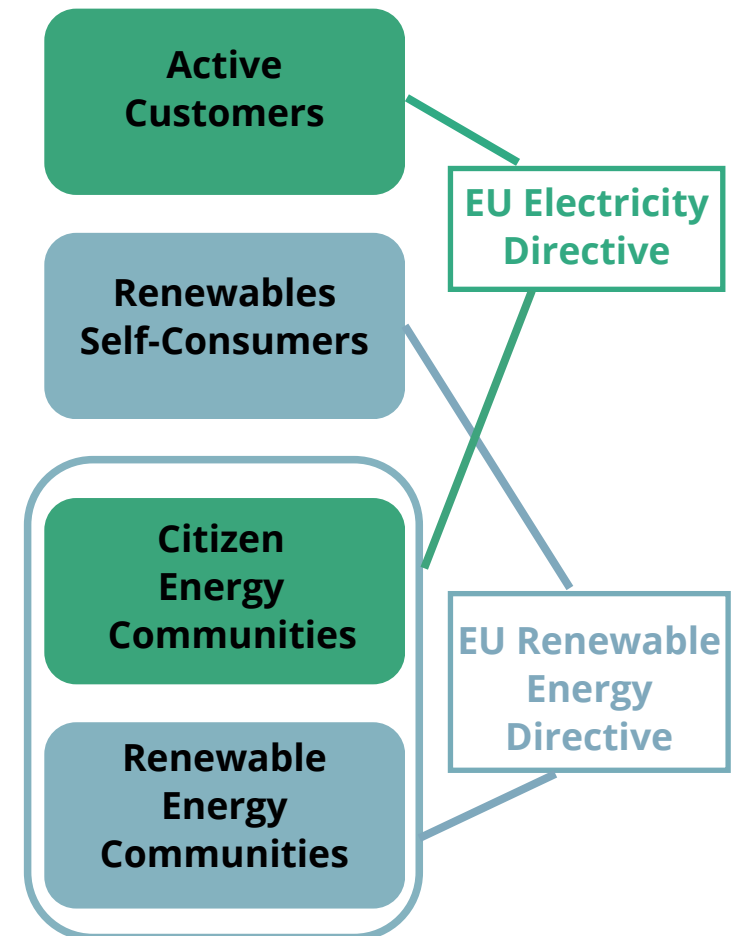
EU Policy regarding Energy Communities

EU recast Electricity Directive

- ❑ Focus on electricity market regulations
- ❑ Mentions new actors: 'Active Customers' and 'Citizen Energy Communities'
- ❑ To be translated into national law by 31-12-2020

EU recast Renewable Energy Directive

- ❑ Focus on renewable energy action plans
- ❑ Mentions new actors: 'Renewables Self-Consumers' and 'Renewable Energy Communities'
- ❑ To be translated into national law by 30-6-2021



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What changes are envisaged by the EU directives?

Topic	Current EU Electricity Market	Future EU Electricity Market
Position of individual customers/ communities in electricity markets	Individual customers are regarded as end-users, not as active market participants. They have the right to a free choice of supplier.	Individuals as well as communities will have <i>access to all electricity markets</i>
Dynamic electricity prices	Availability of dynamic electricity prices is very limited, mostly in the form of a day and a night tariff.	All customers will have the right to <i>dynamic electricity prices</i> , when contracting a supplier that has more than 200,000 customers
Fixed electricity bill components (e.g. grid tariff per kWh , cost for grid connection per year)	Tariffs for electricity network access should be non-discriminatory.	Optional: Fixed components of electricity bills may become dynamic.
Energy sharing within community	Energy sharing within communities is very difficult to organise, since each party that supplies energy is obliged to have a supplier license.	<i>Energy sharing</i> within a community will be allowed (e.g. peer-to-peer)
Aggregator role (collective organisation) to sell electricity/flexibility in electricity markets	In reserve and balancing markets a TSO should facilitate the participation of final customers' aggregators.	New definition of <i>aggregator role</i> (collective organisation) in all electricity markets (see also crash courses on flexibility and energy market roles)
Demand response by individual customers/communities	Demand response is mostly performed by large industrial consumers.	Individuals as well as communities will be allowed to participate in <i>demand response</i> (see also the crash course on flexibility)
Distribution network operation	Only industrial or commercial parties are able to get exemptions with regard to operation of 'closed distribution systems'. Systems to which household consumers are connected, are not allowed to get these exemptions.	Optional: Communities may be allowed <i>to own and operate a distribution network</i>

What does this mean for energy communities?

The EU Electricity Directive and Renewable Energy Directive reflect the vision of the EU on the future energy system. What matters most for energy communities is how these directives will be translated into national legislation.

Both opponents and proponents of energy communities will engage in negotiations to influence national legislation to their advantage. Depending on the outcome of this process, various activities beyond energy generation, efficiency and saving, might become possible, feasible and attractive for energy communities.

Examples of such activities are (see also [tool](#) | **Value - Goal - Activity**):

- ❑ Enable local energy trading through peer-to-peer electricity trading or through a community energy market
- ❑ Actively collecting, aggregating and selling flexibility from RE, controllable appliances and storage (bundling this with flex from other communities, as an aggregator) (at transmission and/or distribution level)
- ❑ Actively collecting flexibility from RE, controllable appliances and storage (to earn money) and sell this through a third-party aggregator (at transmission and/or distribution level)

Further information about CEC and REC can be found on the website of [REScoop.eu](https://rescoop.eu).