



Brussels, 15/12/2022

FROM: European Community Power Coalition

TO: Mr Frans Timmermans

Executive-Vice President for the European Green Deal

Ms Kadri Simson,

Commissioner for Energy

RE: EU Electricity Market Design revision and the role of energy communities

Dear Executive Vice-President,

Dear Commissioner,

I am writing to you on behalf of the European Community Power Coalition¹ with regards to the upcoming Electricity Market Design revision. We would like to express our recommendations on the role that energy democracy and community energy can play for a just and inclusive energy transition for a fossil-free Europe.

The upcoming Electricity Market Design reform represents an opportunity to further empower communities to take ownership and benefit from renewable energy production, energy sobriety, and the adoption of other clean energy technologies. While the Commission should prioritise implementation of

¹ European Community Power Coalition website: <https://communitypowercoalition.eu/>



the Clean Energy Package provisions on renewables self-consumption, Renewable Energy Communities and Citizen Energy Communities, the Market Design reform can reinforce the framework that was created. To support the role of citizen and community energy during the ongoing energy crisis, the Commission should include in its Electricity Market Design legislative proposal the following:

- 1. Democratic local ownership of renewable energy production and supply should be enshrined as an operative principle of the electricity market.** The Internal Energy Market should be oriented towards an objective to promote local production of renewable energy that can be matched as much as possible to local consumption. Local communities, including citizens, public authorities and SMEs, should be supported to invest and take ownership in such resources. This will help shield households from volatile and unreasonably high wholesale market prices and could be used as a way to decarbonize the fight against energy poverty, while also promoting investment and public acceptance in further renewable energy development. This directly contributes to developing a new solidarity between territories and uptake of storage, flexibility, power supply and other technologies that are capable of providing distributed energy resources (DER) to the grid.
- 2. Clarifying the distinction between energy communities and their possible technical activities, such as renewables self-production and electricity sharing.** Energy communities are an organisational concept and these activities are not specific to them. Other market players can engage in those activities, such as active consumers or energy companies. There has been confusion surrounding those concepts during the transposition process. The Electricity Market Directive must make this distinction more clear, including through creating a stand-alone article for electricity sharing, separate from core provisions on energy communities. The legal clarity around this issue should also be a matter that will be checked by the Commission when examining the progress of national transposition of the provisions for energy communities.
- 3. Further articulation of rules to guarantee that energy communities are able to develop renewable electricity sharing activities.** Currently, Member States only have minimal requirements on how they should set up national legal and regulatory frameworks to facilitate electricity sharing. It is not even concretely defined as a concept. The Electricity Market Directive should further specify duties and obligations of DSOs to facilitate energy sharing, prevent suppliers from unfairly charging consumers that participate in energy sharing, ensure administrative and regulatory support, and include more concrete rules to ensure that sharing is promoted in a way that incentivizes citizens to invest in shared local renewable energy production and a more flexible and efficient distribution system.



4. **Recognition of a right for energy communities and local authorities to engage in local renewable electricity supply without becoming a fully-regulated retail supplier.** Energy communities should be entitled to supply their members, in particular households, with their own local renewable energy without having to assume all the responsibilities of a retail supplier that operates across entire national markets. It should be possible for energy communities to also enter into power purchase agreements (i.e. long-term contracts) to supply members with 'at cost' renewable electricity.

5. **Creating more equal access for energy communities and other active customers to the grid.** Grid connection capacity, both existing and planned, should ensure that non-professional market actors including energy communities are able to obtain a timely grid connection. Grid planning rules should be enhanced to ensure DSOs Grid connection costs should also incentivise energy communities to connect to the distribution grid, particularly those that are aimed for local consumption. This will ensure that less-resourced and professionalized market participants are not left out of being able to access hard-to-find grid capacity.

We would be grateful for the opportunity to discuss our Market Design revision proposals in more detail with you. Thank you for taking our views into consideration.

Yours in cooperation,

Josh Roberts, Senior Policy Advisor in REScoop.eu in the name of the European Community Power Coalition