



# POWERING COMMUNITIES

## Principles for a fair, sustainable Citizens' Energy Package

December 2024



## INTRODUCTION

**The transition away from fossil fuels is both an urgent challenge and a transformative opportunity. To seize this moment, we must ensure that the shift is swift, fair, and inclusive, enabling people to genuinely benefit from renewable energy – economically, socially, and environmentally. This is essential for making the transition truly just. The European Commission’s commitment to developing a Citizens’ Energy Package provides a pivotal opportunity to anchor people and communities at the heart of the energy transition.**

---

The benefits of renewables extend beyond affordability. A just transition fosters job creation, strengthens local economies, improves public health, maximizes participation of citizens, communities and SMEs, and enhances energy security. However, achieving this equitably requires deliberate action to ensure access to affordable, stable energy prices for all and to prioritize support and inclusion of marginalized and vulnerable populations. Such an approach should be overarching, addressing systemic challenges rather than narrowly focusing on individual behaviors.

In a world increasingly marked by competition, energy communities are proving the transformative power of collaboration through the social economy. By fostering collective ownership, shared decision-making, and tangible benefits, these initiatives empower citizens to shape their energy futures. Energy communities demonstrate that renewable energy is not just a tool for decarbonization but a foundation for stronger, more resilient societies. They directly lower energy costs, stabilize prices, and ensure clean energy is accessible to those most impacted by the crisis, while also driving energy literacy and behavioral change, such as flexibility and demand reduction. As such they are an important first step towards a broader culture where the combined potential of sufficiency, efficiency and renewables is maximized<sup>1</sup>.

The Citizens’ Energy Package (CEP) is a key opportunity to prioritize people and communities in the energy transition. This package must address persistent barriers that hinder the development of community energy projects—from incomplete transposition of existing laws including a lack of supportive frameworks for energy communities at the national level—and set a vision for scaling up and across citizen-led initiatives. Moreover, it must tackle energy poverty and prioritize energy savings as central components, leveraging the unique strengths of energy communities to achieve these goals.

**This document outlines principles to guide the European Commission in shaping this package, reflecting our coalition’s vision for an energy transition that prioritizes people and local communities, and builds a fairer, more sustainable energy system.**

---

<sup>1</sup> Climate neutrality, Energy security and Sustainability: A pathway to bridge the gap through Sufficiency, Efficiency and Renewables. [https://clever-energy-scenario.eu/wp-content/uploads/2023/10/CLEVER\\_final-report.pdf](https://clever-energy-scenario.eu/wp-content/uploads/2023/10/CLEVER_final-report.pdf)

## 1. Implement and enforce EU Rules with concrete targets

---

While the Clean Energy for all Europeans package (2015) already provides a legal framework for Renewable Energy Communities (RECs), it has not been effectively implemented or enforced across Member States. The CEP must strengthen the implementation of existing provisions, ensuring that the legal framework works as intended.

The new package should set clear, measurable EU-targets based on a comprehensive assessment of national-level potentials<sup>2</sup> or policy objectives for the creation of RECs, backed by robust monitoring, reporting, and enforcement mechanisms to track progress with concrete indicators and ensure compliance, for example an annual report on the implementation of the CEP.

It is essential that Member States are held accountable for their commitments under EU law, especially concerning the establishment of supportive frameworks for RECs<sup>3</sup> at the national level under the Clean Energy Package and the Fit for 55 legislative packages, which introduces provisions for energy communities on energy efficiency, district heating and cooling, and building renovations. Monitoring and enforcement systems must be put in place to ensure that these targets are met and that the legal provisions for energy communities are fully implemented. This will help close the gap between the legal frameworks on paper and the realities on the ground, ensuring that energy communities can emerge and thrive across Europe.

## 2. Clarify concepts

---

The success of the Citizens' Energy Package (CEP) hinges on clear definitions and recognition of energy communities as distinct actors with their own unique characteristics and challenges. The CEP should differentiate energy communities from broader market actors by establishing clear definitions that reflect their non-profit social, environmental, and economic goals, and their role as social economic actors.

This includes clarifying the distinction between energy communities and energy sharing (or collective self-consumption) as organizational and activity-based concepts, respectively. While energy sharing may involve broader market mechanisms and commercial actors, energy communities are built around local ownership, collective decision-making, and community benefits. This clarity will also help to reduce confusion and ensure that both citizens and policymakers understand the value and potential of energy communities in the broader energy landscape. Moreover, the CEP should be supported by broader EU frameworks such as the Clean Industrial deal, leveraging synergies to ensure that community-led initiatives can effectively contribute in co-developing industrial scale projects, including district heating and offshore wind.

---

<sup>2</sup> Member States are obliged under Article 22(3) of Directive (EU) 2018/2001 to carry out an assessment of the existing barriers and potential for the development of renewable energy communities within their territories.

<sup>3</sup> The Netherlands' National Climate Pact (Klimaatakkoord) sets a non-binding goal of 50% ownership in new onshore wind and PV projects, with municipalities responsible for implementation and integrating citizen participation in planning. In Wallonia, Belgium, a new Wind Agreement requires that new wind projects offer at least 24.999% ownership to citizens and municipalities. These policies aim to ensure local benefits, foster public acceptance, and accelerate the energy transition

### **3. Incentivise local ownership and benefit sharing**

---

A key focus should be placed on fostering local ownership of renewable energy resources to ensure that citizens and communities directly benefit from the energy transition and to avoid reproducing current injustices. Economic benefits of renewables are mainly concentrated in a limited number of corporations, and wholesale market prices are subject to market volatility and speculation. Moreover, citizens have virtually no autonomy over energy planning, leading to adverse social and environmental impacts in many cases. Community energy initiatives, rooted in their local contexts, are crucial in ensuring that renewable energy projects provide lasting social and economic benefits<sup>4</sup> to the communities that host them.

Local ownership promotes participation in decision-making and innovation, leading to better outcomes in terms of quality, and social and environmental justice dimensions of energy services. Therefore, it is crucial that the specific characteristics and challenges of RECs be fully recognized and integrated into policy frameworks, planning processes (e.g. Renewables Acceleration Areas, distribution network plans, heating and cooling plans, building renovation plans) and support mechanisms<sup>5</sup>. The Citizens' Energy Package (CEP) must prioritize equitable benefit-sharing by introducing measures and mechanisms that enable and incentivise local ownership of energy assets, giving communities a direct role in energy production and distribution.

### **4. Ensure a level playing field and fair treatment of community energy initiatives**

---

Community energy initiatives, driven by a mission to deliver environmental, social, and economic benefits, face significant obstacles such as regulatory barriers, inadequate support frameworks, limited resources, and unfair treatment in the energy market. These nonprofit actors often struggle to compete with larger, profit-driven players and bear disproportionate burdens when engaging in energy-sharing activities. Addressing these disparities is essential to creating a level playing field that empowers energy communities to thrive and benefit citizens meaningfully.

Key actions to support these initiatives should include dedicated funding streams (including by leveraging EIB guarantee mechanisms), tax and tariff incentives, capacity-building programs, access to space, priority grid access, regulation of financial penalties imposed by suppliers for actions intended to dissuade participation in an energy community, and tailored support schemes and public procurement procedures. These measures would enable community-driven energy projects to compete fairly and unlock their full potential in the energy transition.

---

<sup>4</sup>[https://energie-partagee.org/ressource/etude-retombees-eco-2/&sa=D&source=docs&ust=1732196794078303&usq=AOvVaw1EUDJnwGXlr7n1Uq1\\_aGz-](https://energie-partagee.org/ressource/etude-retombees-eco-2/&sa=D&source=docs&ust=1732196794078303&usq=AOvVaw1EUDJnwGXlr7n1Uq1_aGz-)

<sup>5</sup>The Belgian government's offshore tender for the Princess Elisabeth Zone incorporates a minimum share of citizen participation as an eligibility criteria  
<https://economie.fgov.be/sites/default/files/Files/Energy/Tender-principles-Princess-Elisabeth-Zone.pdf>

## 5. Tackle energy poverty and promote inclusivity

A just energy transition requires addressing energy poverty by ensuring all citizens can access affordable, clean energy while promoting energy-saving measures. To achieve this, the CEP must adopt strong measures to tackle energy poverty at its root, enabling marginalized and vulnerable households to participate in and benefit from renewable energy and energy efficiency initiatives. The CEP should be linked to the Action Plan for Affordable Energy Prices, another key priority mentioned in the Mission Letter of the Commissioner for Energy and Housing. Financial mechanisms, such as the Social Climate Fund, should be leveraged through National Social Climate Plans to empower low-income households to join energy communities and adopt energy-saving technologies, with a focus on accessibility and inclusivity<sup>6</sup>. They offer long term and green solutions by reducing energy costs, instead of subsidizing the high bills of fossil fuel energy production. All fossil fuel subsidies and other financial incentives for fossil fuels should be redirected to actions to tackle energy poverty, including by topping up the national co-financing of the Social Climate Fund. This will help to reduce the regressive impact of the Emissions Trading System II on vulnerable households.

Inclusivity should be at the heart of the CEP, reflected in funding opportunities, governance structures, and participatory frameworks that empower marginalized groups to lead and benefit from renewable energy and energy-saving initiatives. Energy communities are particularly well-placed to deliver both clean energy and energy-saving solutions at the local level by fostering collective ownership, reducing costs, and driving community-wide energy efficiency measures. Local authorities, including municipalities, when enabled with the necessary knowledge and resources, can play a pivotal role in this effort by acting as facilitators and intermediaries, and providing resources such as land or public roof-tops, financial support, and technical expertise to foster energy communities and ensure equitable access to clean and affordable energy.

Finally, the CEP must enable broad participation in the energy transition by introducing user-friendly financing schemes, technical assistance (ex: one-stop shops), and awareness-raising initiatives focused on both clean energy and energy-saving measures. These efforts will ensure that all citizens, regardless of socio-economic background, can contribute to and benefit from a fair and inclusive energy transition while promoting long-term sustainability and energy efficiency.

---

<sup>6</sup>A full and effective use of the Just Transition Fund, and the Social Climate Fund can ensure that energy communities are used as vehicles to tackle energy poverty. Green Solidarity Guiding Principles for a Truly Just Social Climate Fund. <https://www.rescoop.eu/toolbox/green-solidarity-guiding-principles-for-a-truly-just-social-climate-fund>

