# **Comparative Assessment of Enabling** Frameworks for RECs in Europe -What is Still Missing?

Michael Krug (Freie Universität Berlin)

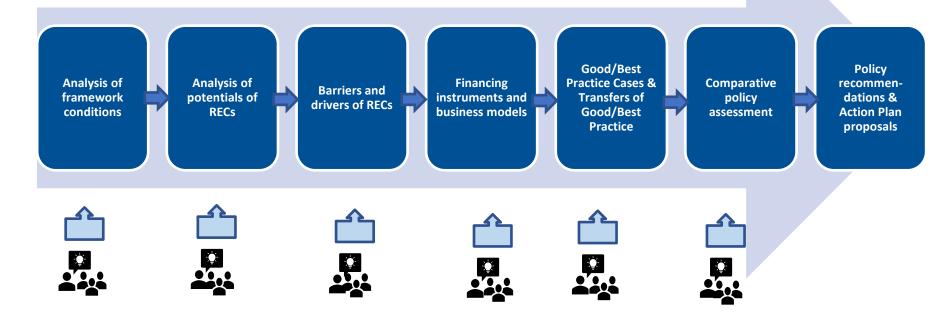
**Dutch/Flemish Country Desk Meeting** 18 October 2022



Advancing Renewable



### **COME RES: key project activities**



Stakeholder-Dialogues: Country Desks, Thematic Workshops & Round Tables with policy makers

# COME

### **Comparative assessment**

- Assessment of key provisions and enabling frameworks for RECs
  - (1) Definition, rights and market activities of RECs
  - (2) Core elements of enabling frameworks RED II (Art. 22(4))
  - (3) Consideration of REC specificities in support scheme designs
- Editorial deadline: 15 July 2022
- Qualitative and quantitative assessment of transposition performance
- 5 points rating system
- Inform policy makers at regional, national and EU level
  - COME RES country desks & policy round tables
  - European Policy Workshop/Round Table (30 September 2022)







### Elements of an enabling framework (Art. 22,4 RED II)

Member states to ensure that

- unjustified regulatory and administrative barriers to RECs are removed;
- the relevant DSO cooperates with RECs to facilitate energy transfers within RECs;
- RECs are subject to fair, proportionate and transparent procedures, cost-reflective network charges etc. (...);
- RECs are **not subject to discriminatory treatment** with regard to their activities, rights and obligations as final customers, producers, suppliers, DSOs, or as other market participants;
- participation in the RECs is accessible to all consumers, including low-income or vulnerable households;
- tools to facilitate access to finance and information are available;
- **regulatory and capacity-building support** is provided **to public authorities** in enabling and setting up RECs, and in helping authorities to participate directly;
- rules to secure the equal and non-discriminatory treatment of consumers that participate in the REC are in place.
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### **Rating system/Calibration table (Excerpt)**

#### ⊕Section 1: Definition and rights of RECs (RED II, Art. 2(16) and Art.22(2))

	0	1	2	3	4	5
Open participation (Participation in renewable energy projects should be open to all potential local members based on objective, transparent and non-discriminatory criteria)	Legislation ensuring open participation is neither in place nor planned.	Legislation ensuring open participation is in an early stage of development.	Legislation ensuring open participation is in an advanced stage of development/will soon be adopted; legislation addressing open participation is in place, but regulations are not in line with RED II provisions; some barriers still exist.	Legislation ensuring open participation is in place. Regulations are mostly in line with RED II provisions. However, a few barriers may exist.	Legislation ensuring open participation is in place. Regulations are fully in line with the RED II. Participation is open, based on objective, transparent and non-discriminatory criteria.	Legislation ensuring open participation is in place. Regulations are fully in line with RED II provisions. Participation is fully open and based on objective, transparent and non-discriminatory criteria. Complementary guidance/secondary legislation is in place.
Voluntary participation (right of members or shareholders to leave the REC or CEC)	Legislation ensuring voluntary participation is neither in place nor planned.	Legislation ensuring voluntary participation is in an early stage of development.	Legislation ensuring voluntary participation is in an advanced stage of development/will soon be adopted; legislation addressing voluntary participation is in place, but regulations are not or only partly in line with RED II provisions; some barriers still exist.	Legislation ensuring voluntary participation is in place. Regulations are mostly in line with RED II provisions. However, few barriers may exist.	Legislation ensuring voluntary participation is in place. Regulations are fully in line with RED II.	Legislation ensuring voluntary participation is in place. Regulations are fully in line with RED II provisions. Participation is fully voluntary. Complementary guidance/ secondary legislation on this issue is in place.
Effective control (RECs to be effectively controlled by shareholders or members that are located in the proximity of the RE projects that are owned and developed by that legal entity; not further specified in RED II)	Effective control has not been considered at all in legislation. No legislation is planned.	Legislation ensuring effective control is in an early stage of development.	Legislation ensuring effective control is in an advanced stage of development/will soon be adopted; legislation addressing effective control is in place, but effective control has not been further not specified; regulations are not in line with RED II provisions.	Legislation ensuring effective control is in place. Effective control has been fairly considered and at least partly specified. Regulations are mostly in line with RED II provisions; regulations may create minor barriers.	Legislation ensuring effective control is in place. Effective control has been considered well and has been further specified. Regulations are fully in line with RED Il provisions.	Legislation ensuring effective control is in place. Effective control has been considered very well and has been further specified. Regulations are fully in line with RED II provisions. Complementary guidance /secondary

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### Definitions, rights, market activities (I)



Flanders

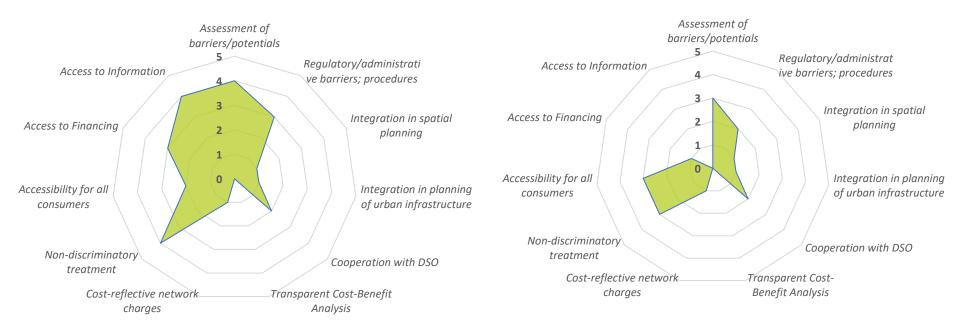
**The Netherlands** 

# Definitions, rights, market activities (II)





# **Enabling framework (I)**



### **The Netherlands**

Flanders

## **Enabling framework (II)**

	Belgium	Germany	Italy	Latvia	Netherlar	nds Poland	Portugal	Spain	Norway
Assessment of barriers/potentials	0		0	0	0		0	0	0
Regulatory/administrative barriers; procedures	0	0	0	0	0	0	0	0	0
Integration in spatial planning	0	0	0		0	0		0	С
Integration in planning of urban infrastructure	0	0	0	0	0	0		Ο	
Cooperation with DSO	0	0	0	0	0	0	0	Ο	0
Transparent Cost-Benefit Analysis			0			0		0	0
Cost-reflective network charges	0	0	0	0	0	0	0	0	0
Non-discriminatory treatment	0	•	0	0	•	0	0	0	С
Accessibility for all consumers	0	0	0	0	0	0	0	0	
Access to Financing	0	0	0	0	0	0	0	0	0
Access to Information		0	0	0	•	0	0	0	0
		from Krug the COME R		$\bigcirc$	$\bigcirc$	0	0	0	
			SCALE:	0	1	2	3	4	5



### **Support schemes & incentives (I)**



### **The Netherlands**

Flanders

### **Support schemes & incentives (II)**





# **Conclusion (I)**

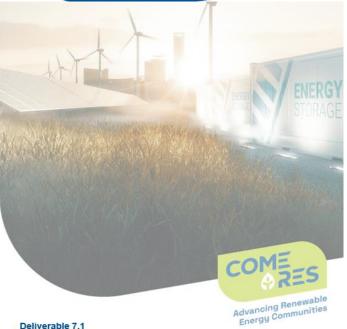
- Progress of transposition varies considerably in the nine analysed countries.
- By 15 July 2022, **BE (Flanders)** and **IT** had made the **most progress** in transposing the definitions, rights, and possible market activities of RECs. Transposition in the **Netherlands** has been delayed, but progress has been recently made.
- Literal transposition ("copy and paste" approach) of the definitions is common, but not sufficient.
- IT, PT and BE (Flanders) are among the frontrunners in terms of energy sharing provisions.
- Most countries have made good progress in transposing the REC definition, but no country has developed an **enabling framework** that would fully or largely comply with the minimum requirements listed in RED II.
- Enabling frameworks are still **fragmentary**, although progress is being made with different commitment and pace (**IT** and **NL** among the more advanced countries).

### **Conclusion (II)**

- **Removal of existing barriers** is crucial (e.g., lengthy permitting procedures)
- Technical and other restrictions for RECs (e.g., IT, ES, PL)
- BE (Flanders) and NL with certain provisions to facilitate cooperation with DSO
- Key role of Recovery and Resilience Fund (e.g., IT, ES, PL, PT)
- Promising measures:
  - Incentives for energy sharing: IT
  - Quantitative targets: NL, Flanders, PL
  - Dedicated support schemes/revolving funds: **DE**, **NL**
  - Consideration in RES support scheme designs: ES, NL, DE

### Creation of enabling frameworks is a ,multi level governance' task





#### Deliverable 7.1

#### COMPARATIVE ASSESSMENT OF ENABLING FRAMEWORKS FOR RECS AND SUPPORT SCHEME DESIGNS

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#### ENABLING RENEWABLE ENERGY COMMUNITIES Close, but not quite there

The deadlines for transposing the Integrated Electricity Market Directive (IEMD) and the recast Renewable Energy Directive (RED II) into Member State legislation have long passed. In the meantime, tracking the relevant developments is, on the one hand, thrilling, as countries carry out fundamental changes to their energy market designs to accommodate a more citizen-led energy transition. On the other hand, it is also frustrating, because the necessary changes and enabling frameworks continue to develop at very different speeds, with no Member State having achieved the degree of transposition, which would satisfy the European requirements.

Could the deadlines for transposition have been too ambitious considering the political, technical and economic complexities of the national energy markets? Despite all this, Renewable Energy Communities (RECs) continue to develop and citizens, SMEs, public authorities and other energy market actors are waiting (and calling) for the creation of urgently needed enabling frameworks.

As the COME RES Report "Comparative Assessment of enabling frameworks for RECs and Support Scheme Designs" puts it, "The guestion of whether a country is on the right track cannot be measured by a literal implementation of the relevant articles of RED II, but rather by a conducive market environment, a successful embedding in the national context and by the establishment of suitable and supporting framework conditions."

This brief, therefore, presents a snapshot of the progress on these elements since February 2021 pertaining to Art. 2 and Art. 22 of the RED II. It provides

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> Based on Deliverable 7.1 "Comparative Assessment of Enabling Frameworks for RECs and Support Scheme Designs" of the COME RES project by Michael Krug and Maria-Rosaria Di Nucci, Freie Universität Berlin



### Thank you very much for your attention!



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