The Energy Professionals Group

RENEWABLE COLLECTIVE-SELF-CONSUMPTION AND RENEWABLE ENERGY COMMUNITIES

Analysis of the first transposition of Directive (EU) 2018/2001 in Italy

Short paper
March 2020

Gruppo Professione Energia - The Energy Professionals (GPE) is the integrated consulting firm founded and managed by Marco Pezzaglia, a graduate in electrical engineering from the Polytechnic of Milan in 1993, began his career in the field of modeling and studies of electrical systems in a liberalized environment at the Italian Experimental Electrotechnical Centre (CESI www.cesi.it). In 2001 he joined the Authority for Electricity and Gas (now Regulatory Authority for Energy, Networks and the Environment – ARERA www.arera.it) where, in 2003, he was appointed Head of the Electricity Networks unit, dealing in particular with the terms and conditions for accessing to the electricity networks of production and consumption plants (connection and rules for dispatching) and the use of the interconnection network with foreign countries. On 1st January 2007, he took up the position of Head of the Renewable Sources, Energy Production and Environmental Impact Unit within the Markets Department, where he was actively involved in issues relating to assessments of the development of renewable sources, production and consumption systems and access to the system and the electricity market for electricity production and self-production/self-consumption systems. Since the beginning of 2010, he has been providing strategic consultancy and services in the energy sector both to private customers and to numerous sector associations, with particular reference to technical-regulatory and market issues. Expert in Energy Management certified EN 11339.

www.gpenergia.biz
pezzaglia@gpenergia.biz
Ph. +39.347.5456165

https://www.linkedin.com/in/marco-pezzaglia-006b5065/?originalSubdomain=it

@MPezzaglia

The Short paper product is part of a series of specific studies on particular topics of interest to the energy sector and regulation. The articles are made available by the author on request, either from www.enusyst.eu (Energy User Systems) or on his own Linkedin page. For further requests or further information, please contact GPE.

The information contained in this document is purely reconnaissance: to this end, some technical details for the benefit of the narrative have been omitted. The author does not assume responsibility for any choices and actions that market operators may make on the basis of the information contained in the document. It should be noted that the application of the regulations on user systems must be duly analysed in relation to each specific case.

RENEWABLE COLLECTIVE-SELF-CONSUMPTION AND RENEWABLE ENERGY COMMUNITIES

Analysis of the first transposition of Directive (EU) 2018/2001 in Italy

1. Introduction

By Law no. 8 of 28 February 2020, published in the Official Gazette of the Italian Republic, General Series no. 51. of 29 February 2020, converting into law, with amendments, decree-law no. 162 of 30 December 2019, containing urgent provisions concerning the extension of legislative deadlines, the organization of public administrations, and technological innovation (hereinafter: Law no. 8/2020) and coming into force on 1 March 2020, the provisions concerning the first implementation of the provisions of Article 21 (collective self-consumption) and Article 22 (renewable energy community) of Directive (EU) 2018/2001 were adopted.
This document is an analysis of the provisions adopted in the light of the provisions of the Directive, attempting to grasp the salient points, as well as any points of attention that need to be developed in order to effectively transpose the provisions introduced.

2. Analysis of the new law

In this paragraph, an analysis of the new law introduced is carried out, focusing on the aspects considered most important for its application. The complete law is set out in Annex 1 to this document.

General provisons

1. **Pending the full transposition of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, in implementation of the provisions of Articles 21 and 22 of that Directive, it is permitted to activate collective self-consumption from renewable sources or to establish renewable energy communities under the terms and conditions set out in this Article.**
   The monitoring of such achievements shall be instrumental in acquiring elements useful for the implementation of the provisions on self-consumption laid down in Directive (EU) 2018/2001 and Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 concerning common rules for the internal market in electricity and amending Directive 2012/27/EU.

First of all, it should be noted that the regime introduced is transitional and experimental in nature and is functional to the full implementation of a definitive regulatory regime for collective self-consumption and energy communities (from renewable sources). There is no doubt that the experimentation will make it possible to carry out activities, both from a regulatory/regulatory point of view and from the point of view of the operators and the various subjects, which will be useful for the launch not only of the regimes relating to renewable sources, but also of the collective regimes of active users and citizens' energy communities referred to in Directive (EU) 2019/944 . On the other hand, the creation of an experimental regime with real effects risks constituting a precedent destined to last over time, constituting a regime which will then have to live with what will be the definitive regime. Already previously, the sector has experienced the coexistence of different regimes (see, for example, the regimes connected to self-consumption in general) which have constituted a significant management difficulty for the system for the different types of systems involved. A rationalization of the systems has always been evoked from many sides: the introduction of a new experimental regime does not go in that direction: this leads to consider the need for the experimental regime to be somehow absorbed by the definitive regime.

Modalities that can be adopted

2. **Electricity consumers can join together to become self-consumers of renewable energy acting collectively, i.e. they can establish renewable energy communities, respectively, under the following conditions:**

- **the subjects participating in both collective self-consumption initiatives and energy communities produce energy for their own consumption with plants powered by renewable sources with a total power not exceeding 200 kW, which came into operation after 1 March 2020 and within sixty days after the date of entry into force of the measure transposing Directive (EU) 2018/2001 ;**
- **in the case of collective self-consumption, the participating entities are located in the same building or condominium and entities other than households are associated only if the above activities do not constitute the main commercial or professional activity;**
- **in the case of energy communities, the consumer withdrawal points and feed-in points of the installations are located on the low-voltage electricity grids underlying, at the date of creation of the community, the same medium voltage/low voltage transformer box and the shareholders or members are natural persons, small and medium-sized enterprises, local authorities or local authorities, including municipalities; participation in the renewable energy community may not constitute the main commercial or industrial activity. The main objective of the association is to provide environmental, economic or social benefits at community level to its shareholders or members or to local areas where the community operates, rather than financial profits.**

The following elements are brought to light with regard to the methods that can be adopted:

- new installations must be built and existing installations may not be used in order to build the new models. For example, by literally applying the standard, it is not possible to use a condominium photovoltaic system to activate a sharing of production among all the consumption units corresponding to the individual condominiums as well as for the needs of the common services, this because the system is existing. The standard evidently wanted to pursue the dual purpose of creating new plants in a regime of experimentation. Considering that, in order to be fully applicable, the regulation requires a resolution of the Authority and a ministerial decree (which, however, should be subject to notification by the European Commission) and that the authorization and construction of the plants will take time, the risk is that the regime will not be able to provide the information expected for final implementation in time. However, the advantage of the rule is that it starts a process that contributes to the development of the application concepts useful for the introduction of new models;
- the ownership of the production installations appears to be in the hands of the participating entities: this regime is undoubtedly compatible with the provisions of the Directive as regards self-consumers acting collectively (in the case of a condominium installation it is the condominium as the management body which should be taken over as the participating entity[1]), while as far as energy communities are concerned it would appear that energy sharing can only take place from facilities held by the community [2];
- in relation to the profiles connected with the ownership of the production plants, it should be remembered that in cases of collective self-consumption it is permitted for the producer to be a third party with respect to the participants on condition that the latter in any case responds to the coordination given by the participant to whom the plant refers and, in any case, in no case is this producer considered to be a self-consumer[3].

Rights and obligations of the parties involved

Associated end customers in one of the above two configurations:

- **retain their rights as end customers, including the right to choose their seller;**
- **may withdraw at any time from the self-consumption configuration, without prejudice to any fees agreed upon in the event of early withdrawal for sharing in the investments incurred, which must in any case be fair and proportionate.**

These two conditions consolidate the free market access regime for participating entities, which remains one of the essential prerogatives for the development of the internal energy market. In association with this is the condition of the use of existing distribution networks (see next point), which in any case poses the problem of assessing what should happen if an association of users forms as new from the infrastructure point of view (it is quite clear that in this case the distribution network cannot be pre-existing). The Renewable Energy Sources Directive does not say anything about the nature of the electricity networks of energy communities, while it is Directive (EU) 2019/944 that makes it clear that, without prejudice to the fact that an energy community may also have its own network, such electricity networks are always distribution networks.[4].

Energy treatment

From the point of view of energy treatment, it happens that:

[1] As the author has repeatedly argued in various public debates, the issue of collective self-consumption cannot be fully applied unless, in addition to the transposition of the directives, there is parallel alignment of the rules and practices relating to condominium management.

[2] Ref. Directive (EU) 2001/2018 art. 22, point 2, letter b) e Point D, Annex 2, to the present document. Ref. http://www.enusyst.eu/documents/CE-approfondimenti_e_LR.pdf paragraph 4.

[3] Ref. Directive (EU) 2001/2018 art. 21, point 5.

[4] Cfr. http://www.enusyst.eu/documents/CE-approfondimenti_e_LR.pdf , paragraph 5.

- **participants shall share the energy produced using the existing distribution network. The shared energy is equal to the minimum, in each hourly period, between the electricity produced and fed into the grid by the renewable energy plants and the electricity taken from all the associated final customers;**
- **energy is shared for instantaneous self-consumption, which can also take place through storage systems built around the perimeters of communities or in buildings or condominiums;**
- **general system charges apply to energy withdrawn from the public grid by end customers, including shared energy;**
- **the participating parties regulate relations through a private law contract that uniquely identifies a delegated party, responsible for the distribution of the shared energy. Participating final customers may also entrust this party with the management of payment and collection items to sellers and the GSE Spa[5].**

In the new modalities that can be adopted, the treatment of energy is based on the new concept of sharing. In order to correctly identify what this sharing should refer to, the definitions of:

- renewable energy purchase and sale agreement: a contract whereby a natural or legal person undertakes to purchase electricity from renewable sources directly from an electricity producer;
- renewable energy peer exchanges: the sale of renewable energy between market participants under a contract with pre-determined terms governing the automated execution and settlement of the transaction, either directly between market participants or indirectly through a third-party certified market participant, such as an aggregator. The right to conduct peer exchanges shall be without prejudice to the rights or obligations of the parties involved as final consumers, producers, suppliers or aggregators.

The introduction of the concept of energy sharing represents an absolute novelty from the point of view of market development and as such is a discipline that will have to be defined in all its parts (not least, an important issue related to the guarantees that can be attached to the various agreements will have to be developed).
In addition, the introduction of the concept of energy sharing will change the relationship between final customers and market vendors in the event that users are in a position to integrate internal sharing with energy integration from the network. This could lead to the need for action on measure processing and market settlement systems. A previous contribution has already dealt with the issue of a possible management of energy sharing in the case of condominium sharing, which could also be adopted in the case of energy communities instead of the more basic regulation already in force for historical cooperatives.[6].

Finally, the development of shared energy management involves the application of new modes of exchange based on innovative and modern logics (e.g. peer-to-peer exchanges in blockchain mode) which will become increasingly important. Again, it remains to be seen whether and how regulation will intercept such activities to guarantee the consumer and the maintenance and development of competition in the market. Annex 3 to this document sets out some regulatory assumptions regarding shared electricity.

With regard to the hypotheses of regulation of collective self-consumption in condominium can be developed different ways: the most immediate application is the management of individual users according to a method of aggregation of an administrative nature: a condominium that maintains its normal configuration in which all users continue to have a relationship with the market as in the current situation, but which, with reference to a certain period can be treated as an aggregate (aggregate of all users or only a part of them) of which the virtual self-consumption is calculated and in relation to this a contribution equivalent to the benefit associated with the self-consumption is made[7].

Regulating Regimes

3. Within thirty days from 1 March 2020, the Regulatory Authority for Energy, Networks and Environment (ARERA[8]):
- **a) takes steps to ensure that distribution and transmission undertakings cooperate in making shared energy measures available;**
- **b) identifies the value of regulated tariff components, as well as those related to the cost of raw material energy, which are not technically applicable to shared energy, as instantaneously self-consumed energy on the same portion of the low-voltage grid and, for that reason, comparable to physical self-consumption in situ.**
- **c) identifies ways to encourage the direct participation of municipalities and public administrations in renewable energy communities.**

As far as the regulation regime is concerned, the condition that appears most relevant is the assimilation of energy sharing with self-consumption. While the Directive's provisions on collective self-consumption go in the direction of allowing such equalisation, this would not appear to be the case for energy communities.[9].

[5] www.gse.it
[6] http://www.enusyst.eu/documents/Sistemi-di-utenza-V.0.pdf - paragraph 23.
[7] Ref. http://www.enusyst.eu/documents/CE-condominio.pdf
[8] https://www.arera.it/it/inglese/index.htm
[9] Ref. http://www.enusyst.eu/documents/CE-approfondimenti_e_LR.pdf - paragraph 3 and Annex 3 to the present document.

Supporting regimes

4. **For the purpose of encouraging self-consumption configurations, renewable source installations in such configurations shall have access to a new tariff mechanism. The use of tax deductions shall remain unchanged. Within sixty years from March 1, 2020, a decree issued by the Minister of Economic Development shall identify an incentive tariff for the remuneration of renewable source plants included in the experimental configurations in question, based on the following criteria:**
   - **an incentive tariff is defined for a maximum period of use to reward instantaneous self-consumption and the use of accumulation systems in a modulated manner between the different incentive configurations to ensure return on investment,**
   - **the mechanism shall be implemented taking into account the overall balance of the billing burden and the need not to increase the trend costs compared to those of existing mechanisms;**
   - **a single adjustment is provided for, consisting of the return of the components determined by the Authority, including the share of shared energy, and the aforesaid incentive tariff.**

The support regime appears to be attributable to the individual plants and not to the energy community as an autonomous entity. While such a scheme appears to be compatible with the provisions on collective self-consumption, as far as an energy community is concerned, the Directive would appear to promote a reward mechanism for the community as a whole and as a legal entity.[10]. This, however, may not prevent the allocation of an incentive to individual participants in the community even though it seems more challenging to create a community support scheme rather than a system of support dedicated to individual participants in the traditional way.[11].

3. Conclusions

The rule introduced by the law initiates a dynamic of transposition into national law of new models of use of electricity production from renewable sources corresponding to consumers who, as self-consumers, act collectively at the level of the same building / condominium or through the establishment of energy communities. The rule has the merit of stimulating reflections of an applicative nature in the interest of both private operators and system operators. For the purposes of collecting useful information for the final transposition of Directive (EU) 2001/2018, the timely development of the application of the standard will be crucial.

[10] Ref. Directive (EU) 2001/2018, art. 22, point 4.

[11] Ref. http://www.enusyst.eu/documents/CE-approfondimenti_e_LR.pdf - Part III, paragraphs 6 and 7.

Annex 1 – Law n. 8/2020

Art. 42-bis (Self-consumption from renewable sources).

1. Pending the full transposition of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, in implementation of the provisions of Articles 21 and 22 of the same Directive, it is permitted to activate collective self-consumption from renewable sources or to set up renewable energy communities in accordance with the conditions set out in this article. The monitoring of such achievements shall be instrumental in acquiring elements useful for the implementation of the provisions on self-consumption laid down in Directive (EU) 2018/2001 and Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 concerning common rules for the internal market in electricity and amending Directive 2012/27/EU.

2. For the purposes referred to in paragraph 1, electricity consumers may associate to become self-consumers of renewable energy acting collectively within the meaning of Article 21(4) of Directive (EU) 2018/2001, or may establish renewable energy communities within the meaning of Article 22 of that Directive, under the conditions set out in paragraphs 3 and 4 and within the time limits referred to in point (a) of paragraph 4 of this Article.

3. Final customers shall associate in accordance with paragraph 2 under the following conditions:
(a) in the case of self-consumers of renewable energy acting collectively, persons other than private households shall be associated only if the activities referred to in points (a), (b) and (c), (d) and (e) of this Article, are not associated.
(a) and (b) of subparagraph 4 shall not constitute the principal commercial or professional activity;
(b) in the case of energy communities, the shareholders or members shall be natural persons, small and medium-sized enterprises, regional or local authorities, including municipalities, and participation in the renewable energy community shall not constitute the principal commercial or industrial activity;
(c) the main objective of the association is to provide environmental, economic or social benefits at community level to its shareholders or members or to the local areas where the community operates, rather than financial profits;
(d) participation in renewable energy communities shall be open to all consumers located within the perimeter referred to in paragraph 4(d), including those belonging to low-income or vulnerable households.

4. Legal entities established for the establishment of energy communities and possibly self-consumers acting collectively shall operate under the following conditions:
a) the participating entities produce energy for their own consumption with plants fuelled by renewable sources of total power not exceeding 200 kW, which entered into operation after the date of entry into force of the law converting this decree and within sixty days after the date of entry into force of the measure implementing Directive (EU) 2018/2001;
(b) the participating entities shall share the energy produced using the existing distribution network. The shared energy is equal to the minimum, in each hourly period, between the electricity produced and fed into the grid by renewable energy plants and the electricity taken from all the associated final customers;
(c) energy shall be shared for instantaneous self-consumption, which may also take place through storage systems built within the perimeter referred to in point (d) or in the buildings or condominiums referred to in point (e);
(d) in the case of renewable energy communities, the consumer withdrawal points and feed-in points of the installations referred to in point (a) shall be located on low-voltage electricity grids
underlying, at the date of creation of the association, to the same medium voltage/low voltage transformer booth;
(e) in the case of self-consumers of renewable energy acting collectively, they are in the same building or condominium.

5. The final customers associated in one of the configurations referred to in paragraph 2:
(a) retain their rights as final customers, including the right to choose their seller;
b) may withdraw at any time from the self-consumption configuration, without prejudice to any fees agreed in the event of early withdrawal for sharing in the investments incurred, which must in any case be fair and proportionate;
c) regulate relations through a private law contract that takes into account the provisions of points a) and b) and that uniquely identifies a delegated party, responsible for the distribution of the shared energy. Participating final customers may also entrust this entity with the management of payment and collection items to the sellers and the Energy Services Manager (GSE) Spa.

6. General system charges pursuant to Article 6, paragraph 9, second sentence, of Decree-Law no. 244 of 30 December 2016, converted, with amendments, by Law no. 19 of 27 February 2017, shall apply to energy withdrawn from the public network by final customers, including shared energy referred to in paragraph 4, letter b) of this article.

7. For the purpose of incentivizing the self-consumption configurations referred to in Paragraph 2, renewable-source plants included in such configurations shall have access to the incentive tariff mechanism referred to in Paragraph 9. Access to the incentives referred to in the Decree of the Minister of Economic Development of 4 July 2019, published in the Official Gazette no. 186 of 9 August 2019, or to the on-site exchange mechanism is not permitted. The use of the tax deductions provided for in Article 16-bis, paragraph 1, letter h), of the Income Tax Consolidation Act, as per Presidential Decree no. 917 of 22 December 1986, remains unaffected.

8. Within thirty days of the date of entry into force of the law converting this decree, the Regulatory Authority for Energy, Networks and the Environment (ARERA) shall adopt the measures necessary to ensure the immediate implementation of the provisions of this article. The same Authority shall also:

a) shall take the necessary measures to ensure that the distribution system operator and Terna Spa cooperate in order to allow, in the simplest possible way, the implementation of the provisions of this article, with particular regard to the way in which shared energy measures are made available;

b) without prejudice to the provisions of paragraph 6, identify, also on a lump-sum basis, the value of the tariff components regulated, as well as those related to the cost of raw material energy, which are not technically applicable to shared energy, as energy instantly self-consumed on the same portion of the low voltage grid and, for this reason, comparable to physical self-consumption in situ;

(c) ensure that, in accordance with the provisions of point b) of paragraph 9, a system for the continuous monitoring of the configurations implemented in implementation of this Article is set up; in this context, it shall provide for the evolution of the energy subject to payment of these charges and the various tariff components, taking into account the possible growth trajectories of the self-consumption configurations, detectable by the monitoring activity, and the evolution of the overall needs of the various components. For these purposes, ARERA may use the companies of the GSE Spa group;

d) identify ways to encourage the direct participation of municipalities and public administrations in renewable energy communities.

9. Within sixty days from the date of entry into force of the law converting this decree, a decree of the Minister of Economic Development shall identify an incentive tariff for the remuneration of renewable source plants included in the experimental configurations referred to in paragraph 2, based on the following criteria:

a) the incentive tariff is paid by GSE Spa and is intended to reward instantaneous self-consumption and the use of storage systems;

b) the mechanism is implemented taking into account the principles of simplification and ease of access and provides for a system of reporting and monitoring of economic and energy flows by GSE Spa, in order to acquire useful elements for the general reform of the exchange mechanism on the spot, to be operated in the context of the transposition of Directive (EU) 2018/2001;

(c) the incentive tariff shall be paid for a maximum period of use and shall be modulated between the different incentive configurations to ensure the profitability of the investments, taking into account the provisions of paragraph 6;

(d) the mechanism shall be implemented taking into account the overall balance of the charges in the bill and the need not to increase the trend costs compared to those of the mechanisms in force;

(e) a single adjustment shall be made, consisting of the return of the components referred to in paragraph 8(b), including the share of shared energy, and the incentive tariff referred to in this paragraph.

10. No new or increased public finance charges shall arise from the implementation of this article.

Annex 2 – Relevant definitions and provisions

For the purposes of this document, reference is made to the definitions and points relevant to the analysis of the provisions adopted.

A. *Renewable energy consumers acting collectively: a group of at least two renewable energy consumers acting collectively within the meaning of point 14) and located in the same building or condominium - point 14 states that it is a "renewable energy consumer": a final customer who, operating on his own sites located within defined boundaries or, if permitted by a Member State, on other sites, produces renewable electricity for his own consumption and may store or sell self-produced renewable electricity provided that, for a self-consumer of renewable energy other than private households, these activities do not constitute the main commercial or professional activity.*

B. *Renewable energy community means a legal entity: (a) which, in accordance with applicable national law, is based on open and voluntary participation, is autonomous and effectively controlled by shareholders or members which are located in the vicinity of renewable energy installations belonging to and developed by the legal entity; (b) whose shareholders or members are natural persons, SMEs or local authorities, including municipalities; (c) whose main objective is to provide environmental, economic or social benefits at community level to its shareholders or members or to the local areas in which it operates, rather than financial gain.*

C. *Article 21(4) of Directive (EU) 2018/2001 provides that Member States shall ensure that self-consumers of renewable energy located in the same building, including apartment blocks, are authorised to:*
   - *collectively carry out the following activities individually or through aggregators:*
     - *a) to produce renewable energy, including for their own consumption; to store and sell surplus renewable electricity production, including through renewable electricity purchase and sale agreements, electricity suppliers and peer exchange agreements, without being subject:*
       - *i. in relation to electricity from the grid they consume or feed into, discriminatory or disproportionate procedures and charges, and cost-reflective grid charges;*
       - *ii. in relation to self-produced renewable electricity from renewable energy sources that remains available, discriminatory or disproportionate procedures and charges or tariffs;*
     - *b) (b) to install and operate electricity storage systems combined with renewable electricity generation plants for self-consumption without being subject to any double charge, including network tariffs for stored electricity remaining available;*
     - *c) (c) maintaining their rights and obligations as final consumers;*
     - *d) (d) to receive remuneration, including where appropriate through support schemes, for the self-produced renewable electricity they feed into the grid, which corresponds to the market value of that electricity and can take into account its long-term value to the grid, the environment and society.*
   - *organise among themselves the exchange of renewable energy produced at their site(s), without prejudice to grid charges and other relevant charges, fees, levies and taxes applicable to each self-consumers of renewable energy. Member States may distinguish between individual self-consumers of renewable energy and self-consumers of renewable energy acting collectively. Any different treatment shall be proportionate and duly justified.*

D. Article 22 of Directive (EU) 2018/2001 provides that Member States shall ensure that final customers, in particular household customers, have the right to participate in renewable energy communities, while maintaining their rights or obligations as final customers and without being subject to unjustified or discriminatory conditions or procedures that would prevent their participation in a renewable energy community, provided that, as far as private undertakings are concerned, their participation does not constitute their principal commercial or professional activity.
   2. Member States shall ensure that renewable energy communities have the right to:
   (a) produce, consume, store and sell renewable energy, including through renewable electricity purchase and sale agreements;
   (b) exchange, within the same community, renewable energy produced by the production units owned by that renewable energy producer/consumer community, without prejudice to the other requirements of this Article and the maintenance of the rights and obligations of the members of the renewable energy producer/consumer community as customers;
   (c) access to all appropriate electricity markets, either directly or by aggregation, in a non-discriminatory way.
   3. Member States shall carry out an assessment of existing barriers and the potential for development of renewable energy communities in their territories.

4. Member States shall provide a support framework to promote and facilitate the development of renewable energy communities. This framework shall ensure, inter alia, that:
(a) unjustified regulatory and administrative barriers for renewable energy communities are removed;
(b) renewable energy communities providing energy or aggregation services, or other commercial energy services, are subject to the provisions applicable to those activities;
21.12.2018 EN Official Journal of the European Union L 328/121
(c) the relevant distribution system operator cooperates with renewable energy communities to facilitate energy transfers within renewable energy communities;
(d) renewable energy communities are subject to fair, proportionate and transparent procedures, in particular registration and licensing procedures, and to network charges that take into account costs as well as relevant charges, levies and taxes, ensuring that they contribute in an appropriate, fair and balanced way to the overall cost allocation of the system in line with a transparent cost-benefit analysis of distributed energy resources carried out by the competent national authorities;
(e) renewable energy communities are not discriminated against with respect to their activities, rights and obligations as final consumers, producers, suppliers, distribution system operators or other market participants;
(f) participation in renewable energy communities is open to all consumers, including those belonging to low-income or vulnerable households;
(g) instruments are available to facilitate access to finance and information;
(h) regulatory and capacity-building support is provided to public authorities to facilitate the creation of renewable energy communities and help authorities to participate directly in them;
(i) standards are available to ensure fair and non-discriminatory treatment of consumers participating in a renewable energy community.
5. The main principles of the favourable framework referred to in paragraph 4 and its implementation shall form part of the updates of Member States' national energy and climate plans and progress reports under Regulation (EU) 2018/1999.
6. Member States may provide that renewable energy communities shall be open to cross-border participation.
7. Without prejudice to Articles 107 and 108 TFEU, Member States shall take into account the specificities of renewable energy communities when designing support schemes in order to enable them to compete on an equal footing with other market participants for support.

E. Self-consumption benefits: Member States may apply non-discriminatory and proportionate charges and tariffs to self-consumers of renewable energy, in relation to their self-produced renewable electricity that remains available to them, in one or more of the following cases:
(a) if the self-produced renewable electricity is effectively benefiting from support schemes, only to the extent that the economic viability of the project and the incentive effect of such support are not jeopardised;
(b) from 1 December 2026, where the total share of installations in self-consumption exceeds 8 % of the total installed electrical power of a Member State, and where it is demonstrated, through a cost-benefit analysis carried out by the national regulatory authority of that Member State, conducted through an open, transparent and participatory process, that the provision referred to in paragraph 2, (a)(ii) has resulted in a significant disproportionate burden on the long-term financial sustainability of the electricity system or creates an incentive that exceeds what is objectively necessary to achieve the economically efficient deployment of renewable energy and that it would be impossible to minimise that burden or incentive by taking other reasonable measures; o
(c) if the self-produced renewable electricity is produced in installations with a total installed electrical power of more than 30 kW.

Annex 3 – Regulatory assumptions regarding energy sharing

Option 1

In this option, the energy community is treated as a single, autonomous active user although the use of the public grid is still envisaged.

1. The electricity produced by the production facilities owned by the energy community and consumed by the participating users of the energy community is considered as energy shared within the community.

2. The shared energy referred to in the previous paragraph is equal to the lower value between the production and consumption of the energy community evaluated on an hourly basis. Any deficit or surplus shall be considered respectively purchased or sold by the energy community. The rules for allocating the value of the shared energy, the cost of purchasing the deficit energy and the revenue from any surplus are defined autonomously within the energy community.

3 For the purposes of providing the electricity transport and dispatching service, the energy community is considered to be on a par with a user connected to the higher voltage level of the transformer stations that define the community's infrastructure limits, with committed power equal to the sum of the powers committed by the individual users participating in the community and with electricity drawn equal [alternatively]:

- the difference between the overall electricity consumption of the energy community and shared energy consumption [12];
- the sum of the total electricity drawn from the grid by each participant [13].

The energy community is responsible for allocating these burdens to the individual participants.

4. The general system charges shall continue to be determined by reference to the electricity withdrawn by each user from the distribution system to which they are connected.

5. For the management of feed-in and withdrawal measures of each user participating in the energy community, the existing provisions on electricity metering shall continue to apply. For the purposes of applying the provisions referred to in paragraph 3, the Energy Community shall be assigned an equivalent network connection point. The energy community [alternatively: the distributor] shall be the entity responsible for aggregating feed-in and withdrawal measures of users participating in the energy community.

Option 2

In this option, the energy community is treated as a single and autonomous active entity for the shared energy part while, for the deficit or surplus energy part, the individual participants are considered as single and autonomous users.

[12] According to this method, the benefit attributable to self-consumption is attributed to the community in relation only to network access and use charges corresponding to a hypothetical lower use of the networks.

[13] This mode better approximates the pure community energy sharing regime without prejudice to the use of the networks and dealing with the possible benefit of a hypothetical lower use of the networks at the level of fixed and power shares of the electricity tariff only.

1. The electricity produced by the production facilities owned by the energy community and consumed by the participating users the same energy community is considered as shared energy within the community.

2. The shared energy referred to in the previous paragraph is equal to the lower value between the production and consumption of the energy community evaluated on an hourly basis. The energy community shall define for each participating entity, on an hourly basis, any deficit or surplus that will be freely negotiated with sales companies and wholesalers in the energy market. These quantities shall be communicated on a monthly basis to the distribution companies for the purposes of regulating trading activities in the market.

4. Charges for access to and use of the electricity network including dispatching charges shall continue to be determined by reference to the electricity withdrawn by each user from the distribution network to which they are connected.[14].

5. General system charges shall continue to be determined by reference to the electricity withdrawn by each user from the distribution network to which they are connected.

[14] Any benefits associated with a hypothetical lesser use of the networks can then be treated as a contribution.