



An Coimisiún
um Rialáil Fóntais
**Commission for
Regulation of Utilities**

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Commission for Regulation of Utilities

Call for Evidence on Energy Communities under the Clean Energy Package

Call for Evidence

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Public Impact Statement

This Call for Evidence is being provided to industry and interested participants to request feedback on initial considerations the CRU has with regards to the progression of the implementation of regulatory frameworks around energy communities as required by the European Legislation under the Clean Energy Package.

This is one of two Calls for Evidence being published on topics relating to consumer empowerment under the Clean Energy Package. The second Call for Evidence (CRU/20098) deals with the participation of active consumers and jointly acting active consumers in the Irish electricity sector. The primary difference between the customer groups being addressed in this paper is that members participating in energy communities can be located in separate premises, but acting together whereas active consumers and jointly acting active consumers are bound to geographic proximities, meaning that they must be based on a single premises or in the same apartment block or complex. These two types of consumer groups have many overlapping rights and entitlements, but also enough unique aspects that the CRU was of the view that two separate papers were needed to address all the relevant topics.

The purpose of this paper is to highlight the relevant legislation that led the CRU to identify this area as a key deliverable for the implementation of the Clean Energy Package and initiate conversations on energy community engagement with industry participants, service providers and potential energy communities who may be interested in contributing to the discussion on energy communities in this early stage.

The CRU aims to involve as many participants as possible in the discussions on active consumers and energy communities and this Call for Evidence is one way that the CRU hopes to engage stakeholders to obtain their views on the subject. The CRU also plans to obtain consumer feedback through alternative means, such as through the Consumer Stakeholder group¹.

The complex nature of the topics on active consumers and energy communities means that the traditional ways that the CRU engages with stakeholders through Consultations and stakeholder events may not be suitable to reach all consumer groups the CRU would like to receive feedback from. These Calls for Evidence are the initial step to engage with the market

¹ The Consumer Stakeholder Group (CSG) is comprised of groups and entities which engage with the CRU to discuss matters relating to consumer interests. These meetings occur quarterly and serve as a platform for representatives from consumer interest groups to directly raise issues and concerns under the CRU's remit with the CRU.

and consumers, however the CRU is aware that engagement through different means such as workshops, online surveys, questionnaires, and other potential platforms will be needed to ensure that the voice of the consumer is present while work progresses on framework development in this area. All comments and views expressed through these many information gathering exercises will help form the basis for future Decisions being made by the CRU to develop a regulatory framework on this topic.

As part of the process of preparing these papers, the CRU has developed a set of high-level principles to keep in consideration to ensure the organisations mission, values and goals are upheld. These principles are as follows:

- The CRU's approach is to enable community development for those seeking to provide environmental, societal, or economic benefits to their localities through participation in energy efficiency services, generation, sharing, and/or supply of renewable electricity, or through other electricity activities on a not-for-profit basis.
- The CRU aims to ensure that any regulatory framework developed with regards to energy communities is constructed in such a way that it continues to ensure individual rights and high standards of protection for final customers and vulnerable customers.
- The CRU will seek to ensure that the network, system operation and market costs associated with the provision of a reliable, safe and secure supply of electricity continue to be applied in a proportionate and non-discriminatory manner between customers which may or may not participate in energy communities.
- The CRU aims to develop a regulatory framework that will not hinder innovation by energy communities seeking to develop new schemes and projects which can contribute to decarbonisation and increased energy efficiency.

The following sections provide a brief introduction to energy communities.

What is an energy community?

An '*energy community*' is a term used by the CRU to jointly identify an '*Citizen Energy Community*' which is defined under the Electricity Directive² and '*Renewable Energy Community*' as defined in the Renewable Directive³.

² [Directive \(EU\) 2019/944](#) on common rules for the internal market for electricity

³ [Directive \(EU\) 2018/2001](#) on the promotion of use of energy from renewable sources

Citizen Energy Communities in the Electricity Directive can be summarised as a group of consumers who jointly partake in electricity activities such as generation, supply, storage, energy-sharing or aggregation. Participation should be open and voluntary, and their primary purpose should not be for financial profits, but rather for environmental, economic or societal benefits. The Electricity Directive also has an optional provision that allow Member States the discretion to allow for partial ownership of the distribution grid by an energy community.

Renewable Energy Communities as defined in the Renewable Directive can partake in many of the same electricity activities as citizen energy communities, however there are some differences in their operational practices. For example, renewable energy communities do not have the optional provision of partial ownership of the Distribution Grid as is provided to citizen energy communities in the Electricity Directive.

Due to many of the overlapping rights, obligations and entitlements of these community groups, the CRU has considered that as means to progress implementation of the requirements in the Directives that they should be reviewed in tandem and a single regulatory framework could potentially encapsulate the activities of both types of communities.

Are there already opportunities to be an energy community in Ireland?

There is still extensive work to be undertaken to ensure that customers can avail of *all* the rights and entitlements outlined in the Electricity and Renewable Directive, however, there are some schemes currently active in Ireland which allow individual consumers to partake in some entitlements as outlined in the Directives.

For example, the SEAI initiated a programme that allows groups of like-minded individuals to form a community for the purpose of developing better knowledge on energy efficiency. These groups are referred to as Sustainable Energy Communities. Some of these communities have ambitions to pursue electricity activities and have placed bids to partake in community generation. These types of communities have been further labelled as Renewable Energy Communities for the purpose of participating in the RESS auctions. These communities are further defined in Section 3.2 of this paper.

What initial considerations does the CRU have on energy communities?

The CRU is committed to progressing the implementation of the Directives to encourage energy community participation in the electricity sector. Internal discussions have circulated around the benefits and risks which could arise as a result of increased consumer participation in energy communities. The CRU believes that consumers who participate in energy communities will be more inclined to actively manage their energy consumption and can help

to make a difference in Ireland's decarbonisation efforts, however there are additional risks pertaining to individual consumer rights which the CRU wishes to consider in this process.

There are many benefits to such consumer participation which could potentially outweigh the risks and the CRU notes that careful consideration will need to be given to introducing these new arrangements for energy communities as we continue to evolve the regulatory framework to meet our 2030 goals and longer term ambitions. These arrangements will be introduced in such a way to maintain the CRU's values and goals. As such the CRU still expects to maintain high standards of consumer protections and to ensure that system stability is maintained following the introduction of these new entitlements for active consumers.

CRU Mission Statement

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator. The CRU's mission is to protect the public interest in Water, Energy and Energy Safety. The work of the CRU impacts every Irish home and business. The sectors we regulate underpin Irish economic competitiveness, investment and growth, while also contributing to our international obligations to address climate change.

The CRU is committed to playing its role to help deliver a secure, low carbon future at the least possible cost, while ensuring energy is supplied safely, empowered and protected customers pay reasonable prices and we deliver a sustainable, reliable and efficient future for energy and water. The CRU is guided by four strategic priorities that sit alongside the core activities we undertake to deliver on the public interest. These are:

- Deliver sustainable low-carbon solutions with well-regulated markets and networks
- Ensure compliance and accountability through best regulatory practice
- Develop effective communications to support customers and the regulatory process
- Foster and maintain a high-performance culture and organisation to achieve our vision

Further information on the CRU's role and relevant legislation can be found on the CRU's website at www.cru.ie.

Executive Summary

This is one of two Calls for Evidence being published on topics relating to consumer empowerment under the Clean Energy Package. The second Call for Evidence (CRU/20098) deals with active consumers and jointly acting active consumers participation in the Irish electricity sector whereas the focus on this paper pertains to energy communities' participation in the Irish electricity sector. These two types of consumer groups have many overlapping right and entitlements, but also enough unique aspects that the CRU was of the view that two separate papers were needed to address all the relevant topics.

Of the eight legislative files of the Clean Energy Package, two of the Directives contain provisions for the empowerment of energy communities. This is to be brought about through requirements on Member States to facilitate a framework that easily enables participation by groups partaking in community schemes in electricity undertakings and in electricity markets.

Directive (EU) 2019/944 on common rules for the internal market for electricity⁴ (the 'Electricity Directive') and Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources⁵ (the 'Renewable Directive') both contain elements on consumer rights and empowerment through the promotion of use of electricity from renewable sources and encouragement for active participation in electricity markets.

The Electricity Directives introduces the concept of '*Citizen Energy Communities*' and similarly, the Renewable Directive defines '*Renewable Energy Communities*.' Both community groups are provided certain entitlements, rights and obligations which are further outlined in each of the Directives. However, there is a considerable amount of overlap with regards to the electricity activities in which they can partake in and on the provisions of fair and non-discriminatory treatment. As a result, the CRU has considered that in order to progress the implementation of the requirements pertaining to citizen energy communities and renewable energy communities that they could be combined into a single workstream. As such, for the purpose of this publication, when jointly referring to citizen energy communities and renewable energy communities, the term '*energy communities*' will be used.

This Call for Evidence is one channel which is being used to obtain feedback by industry participants, service providers and potential energy communities. The CRU may also consider surveys and engagement with consumer groups to obtain further views and insights which will

⁴ [Directive \(EU\) 2019/944](#) on common rules for the internal market of electricity

⁵ [Directive \(EU\) 2018/2001](#) on the promotion of use of energy from renewable sources

provide benefit during this information gathering period to input to the development of the framework.

The purpose of this information gathering exercise is two-fold. Firstly, the information will support the CRU's engagement with DCCA on the transposition exercise. The information gathered through this process will allow the CRU to consider the long-term development of these concepts when advising the Department on the best approach to transposing the requirements of the Directive into Irish law. Secondly, the information gathered through this process, will allow the CRU to begin planning further work in these areas – based on transposition of the Directives into Irish law. However, it is important to stress, that the CRU will not necessarily be in a position to put in place new frameworks to support these new entities or types of participation in the absence of the vires to do so, provided for through the legislation.

This paper is intended to initiate the conversation on energy communities with interested industry participants, service providers and potential energy communities to understand their initial interests and considerations on the topics and to present the CRU initial considerations with regards to active consumers.

It also aims to highlight the need for open communication between the regulator, industry and potential energy communities. This communication and transparency are anticipated to lead to more informed consumers that will be aware of their actions and knowledgeable of new technologies that will eventually help shape the energy transition needed to obtain Ireland's decarbonisation goals.

The CRU is aiming to ensure that all interested consumers can undertake the electricity activities outlined in the Directives while experiencing proportionate and non-discriminatory procedures and practices. The entitlements in the legislation are aimed at everyday consumers who are willing to contribute to decarbonisation efforts in Ireland, and as such they will be engaged in activities which do not serve as their primary income and would be considered outside of the scope of their primary profession. This highlights the necessity of open communication and transparency in order to reduce the knowledge gap between service providers, industry and the willing energy community.

Section 4 of this paper provides a series of considerations that the CRU has developed following its initial review of the legislation and following several internal discussions on the topic. The considerations have led to a series of questions which are provided in the table below.

No.	Question for Feedback
1	What consumer benefits do you see from enhancing participation by energy communities in the electricity sector?
2	What network/system benefits do you see from enhancing participation by energy communities?
3	What electricity activities do you think will be the most progressed by energy communities? (e.g. generation, supply, distribution system management, energy sharing/trading, storage, etc.)
4	What regulatory barriers currently exist that inhibit further development of energy communities in Ireland, and do you have any recommendations on alternative arrangements which could facilitate better development?
5	How should individual consumer rights in energy communities be protected?
6	What are the benefits and risks that could arise from the introduction of virtual energy sharing platforms?
7	What technical or consumer protection concerns may arise from energy community ownership of segments of the distribution grid?
8	What types of activities do you envisage that energy communities would seek third-party assistance for? (e.g. Installation of generation facilities, data monitoring, operation, management, etc.)
9	What regulatory oversight should be applied to third-party service providers to ensure energy communities are protected against such risks as information asymmetry?
10	What types of updates to the current market arrangements are needed to enable aggregators to participate in Ireland's electricity sector independently of suppliers?
11	How does the current regulatory regime need to change to allow for proportionate oversight and monitoring of energy communities?
12	How should the energy community be defined to enable the application of a proportionate ruleset?

The CRU welcomes feedback on these questions as well as any other comments or suggestions on the topic of energy communities from interested respondents. Responses may be submitted until 25 September 2020 and can be emailed to the Clean Energy Package Team at CEPinfopapers@cru.ie.

Table of Contents

Table of Contents	9
1. Introduction	10
1.1 Background	10
1.2 Purpose of this Call for Evidence	10
1.3 Structure of the Paper	12
2. Legislative Background	14
2.1 Electricity Directive	14
2.2 Renewable Directive	15
2.3 Comparison	17
3. Energy Communities in Ireland	19
3.1 Principles for Energy Communities	19
3.2 Existing Arrangements	20
3.2.1 SEAI Sustainable Energy Communities	20
3.2.2 Renewable Energy Communities under RESS	21
3.2.3 Innovative Projects	22
4. Call for Evidence on Energy Communities	23
4.1 Considerations	23
4.1.1 Consumer Benefits	23
4.1.2 Network and Grid Benefits	24
4.1.3 Interests.....	24
4.1.4 Barriers and Restrictions.....	25
4.1.5 Consumer Protections	25
4.1.6 Energy Sharing/Peer-to-Peer trading	26
4.1.7 Industry view on distribution management/cooperation with DSO	26
4.1.8 Third party management.....	27
4.1.9 Aggregation	28
4.1.10 The Community Entity.....	28
4.2 Summary	30
5. Next Steps	31

1. Introduction

1.1 Background

The eight legislative files which comprise the Clean Energy for all Europeans Package (CEP) are currently being implemented in Member States throughout the EU. Of the eight legislative files, two of the Directives contain provisions for the empowerment of individuals and jointly acting groups, through requirements on Member States to facilitate a framework that easily enables participation by these individuals and groups in electricity undertakings and in electricity markets.

Directive (EU) 2019/944 on common rules for the internal market for electricity (the ‘Electricity Directive’) and Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources (the ‘Renewable Directive’) both contain elements on consumer rights and empowerment through the promotion of use of electricity from renewable sources and encouragement for active participation in electricity markets.

The contents of the Directives are to be applied by Member States through transposition of the documents into national law. The Department for Communication, Climate Action and Environment (DCCAE) is responsible for the transposition, subject to input from the relevant regulatory bodies, such as the CRU. The deadline for the transpositions of the Electricity Directive and Renewable Directive are 31 December 2020 and 30 June 2021 respectively. Most of the articles in each of the Directives are to apply directly following the transposition of the documents.

Contained in the articles in each of the Directives are the requirements and obligations to facilitate participation by energy communities. These are defined as ‘citizen energy communities’ (CECs) in the Electricity Directive and ‘renewable energy communities’ (RECs) in the Renewables Directive. For the purpose of this document, the CRU will use the term ‘energy communities’ when referring to both CECs and RECs.

1.2 Purpose of this Call for Evidence

The purpose of this document is to discuss the requirements, the rights, obligations, risks and other considerations for participation by energy communities in an Irish context. The CRU is interested in industry considerations around this topic to determine levels of interest as well as concerns industry may have which might deter development in this area. This information will feed into CRU’s consideration on the framework to be put in place to comply with the Directive and inform the CRU’s engagement with DCCAE on the transposition exercise.

The CRU aims to involve as many participants as possible in the discussions on active consumers and energy communities and this Call for Evidence is one way that the CRU hopes to engage stakeholders to obtain their views on the subject. The CRU also plans to obtain consumer feedback through alternative means, such as through the Consumer Stakeholder Group⁶.

The complex nature of the topics on active consumers and energy communities means that the traditional ways that the CRU engages with stakeholders through Consultations and stakeholder events may not be suitable to reach all consumer groups the CRU would like to receive feedback from. These Calls for Evidence are the initial step to engage with the market and consumers, however the CRU is aware that engagement through different means such as workshops, online surveys, questionnaires, and other potential platforms will be needed to ensure that the voice of the consumer is present while work progresses on framework development in this area.

All comments and views expressed through these many information gathering exercises will help form the basis for future Decisions being made by the CRU to enhance the current regulatory framework to meet the criteria required under the Directives.

This specific information gathering exercise aims to achieve two goals. Firstly, the information will support the CRU's engagement with DCCAE on the transposition exercise. The information gathered through this process will allow the CRU to consider the long-term development of these concepts when advising the Department on the best approach to transposing the requirements of the Directive into Irish law. Secondly, the information gathered through this process, will allow the CRU to begin planning further work in these areas – based on transposition of the Directives into Irish law. However, it is important to stress, that the CRU will not necessarily be in a position to put in place new frameworks to support these new entities or types of participation in the absence of the vires to do so, provided for through the legislation.

This paper is intended to initiate the conversation on energy communities with interested industry participants and service providers to understand their initial interests and considerations on the topics and to present the CRU initial considerations in this area.

⁶ The Consumer Stakeholder Group (CSG) is comprised of groups and entities which engage with the CRU to discuss matters relating to consumer interests. These meetings occur quarterly and serve as a platform for representatives from consumer interest groups to directly raise issues and concerns under the CRU's remit with the CRU.

It also aims to highlight the need for open communication between the regulator, industry and energy communities. This communication and transparency are anticipated to give way to more informed consumers that will be aware of their actions and knowledgeable of new technologies that will eventually help shape the energy transition needed to obtain Ireland's decarbonisation goals.

The CRU is aiming to ensure that all interested consumers can undertake the electricity activities outlined in the Directives while experiencing proportionate and non-discriminatory procedures and practices. The entitlements in the legislation are aimed at everyday consumers who are willing to contribute to decarbonisation efforts in Ireland, and as such they will be engaged in activities which do not serve as their primary income and would be considered outside of the scope of their primary profession. This highlights the necessity of open communication and transparency in order to reduce the knowledge gap between service providers, industry and the willing energy community.

1.3 Structure of the Paper

There are questions presented at the end of this paper which address the CRU's initial considerations on the topic of energy communities for which feedback is requested by interested stakeholders' and industry participants. However, the CRU welcomes any further comments beyond the answers to these questions with regards to these topics as this paper is intended to be an initial communication to open the discussion around development of active customers and renewable self-consumers.

The paper will be structured as follows:

- Section 2 will provide definitions from each of the Directives on energy communities and a brief description of the rights and obligations of each of the customer groups.
- Section 3 will highlight some existing arrangements and projects which could be considered to meet the objectives of energy communities in the Directives.
- Section 4 will address some initial concerns the CRU has on the development of a framework around participation by energy communities, with a primary focus on regulatory barriers and customer protection.
- Section 5 outlines next steps to be taken by the CRU to progress with their assistance on the transposition of the Directives into Irish Law, and subsequently the development of a regulatory framework around participation energy communities.

Please note that this paper has been published in parallel with a Call for Evidence/Information Paper on active consumer and jointly acting active consumer development (CRU20098). There is a significant amount of overlap on the two topics, however, the CRU is aware that certain stakeholders may only be interested in responding on one topic rather than both.

Respondents who seek to respond to both papers are kindly requested to submit two separate responses for each topic. Responses may be published to allow for information sharing between respondents on these topics, however any respondents who wish for their submissions to be kept private should mark their responses as confidential. Submissions are requested to be submitted by 25 September 2020 and may be submitted to the Clean Energy Package Team at CEPinfopapers@cru.ie.

2. Legislative Background

2.1 Electricity Directive

The Electricity Directive has the following definition for citizen energy communities (CECs);

‘citizen energy community’ means a legal entity that;

- (a) Is based on voluntary and open participation and is effectively controlled by members or shareholders that are natural persons, local authorities, including municipalities, or small enterprises;*
- (b) Has for its primary purpose to provide environmental, economic or social community benefits to its members or shareholders or to the local areas where it operates rather than to generate financial profits; and*
- (c) May engage in generation, including from renewable sources, distribution, supply, consumption, aggregation, energy storage, energy efficiency services or charging services for electric vehicles or provide other energy services to its members or shareholders⁷.*

Article 16⁸ of the Electricity Directive sets out the requirements for Member States to develop an enabling framework that facilitates the development of citizen energy communities. It sets out the rights, requirements and obligation to be applied to CECs. Specifically, it states that:

- Participation in CECs is open and voluntary, and members are to be provided normal switching procedures should they choose to leave the community,
- Members shall not lose their individual rights and obligations as individual customers,
- CECs shall be enabled to cooperate with the distribution system operator (DSO), who shall be fairly compensated to facilitate electricity transfers within the community, and
- CECs shall be provided non-discriminatory, fair, proportionate and transparent procedures with regards to registration and licencing and shall be subject to fair and proportionate network charges, which will enable them to contribute in a balanced way to the overall cost sharing of the system.

Furthermore, Member states are required to ensure that CECs are provided the following rights and adhere to the following obligations;

⁷ [Article 2\(11\)](#) Definitions of Directive (EU) 2019/944

⁸ [Article 16](#) Citizen Energy Communities of Directive (EU) 2019/944

- CECs should be able to access all electricity markets, either directly or through aggregation,
- While undertaking electricity activities as final customers, producers, suppliers, DSOs or other market participants, CECs should be treated in a non-discriminatory and proportionate manner,
- CECs are to be financially responsible for the imbalances they cause to the electricity system, such that they, or a delegated representative are considered balance responsible parties⁹,
- With regards to consumption and self-generated electricity, CECs shall be subject to cost reflective network charges for electricity consumed from and exported onto the grid,
- CECs are entitled to the sharing of electricity which is produced by production units owned by the community, subject to members being able to retain their rights as individuals.

There are also optional provisions outlined in the Article which the Member State may provide for which pertain to cross-border participation and partial ownership of the distribution system. As of now, the CRU is not anticipating on pursuing the optional provisions with regards to cross-border participation in part due to its geographic location and lack of interconnection with other EU Member States.

Furthermore, the CRU is aware the advancement needed of the distribution system to enable the optional provisions around partial ownership of the distribution network and is considering waiting to apply these requirements until such time the distribution grid is capable of segmented ownership of the distribution system.

2.2 Renewable Directive

The Renewable Directive also contains a definition pertaining to energy communities and outlines considerations for Member States to adhere to when developing frameworks around this topic. In this Directive, energy communities are defined as Renewable Energy Communities and have the following attributes;

'Renewable energy community' means a legal entity;

(a) Which, in accordance with the applicable national law, is based on open and voluntary

⁹ [SEM-20-027](#) Information Paper on Balance Responsibility in the SEM

participation, is autonomous, and is effectively controlled by shareholders or members that are located in the proximity of the renewable energy projects that are owned and developed by that legal entity;

(b) The shareholders or members of which are natural persons, SMEs or local authorities, including municipalities;

(c) The primary purpose of which is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits.

In a similar fashion to the Electricity Directive, the Renewable Directive contains an article which outlines rights, requirements and obligations associated with the development of renewable energy communities (RECs). Specifically, Article 22¹⁰ states that RECs are entitled to:

- Produce, consume, store and sell renewable energy (including through power purchase agreements);
- Share the energy which is generated by the production units owned by the REC, subject to members being able to retain their rights as individuals, and
- Access all electricity markets either directly or through aggregation.

Further to outlining the entitlements for RECs, the Article continues to place an obligation on the Member State to develop an enabling framework for the development of RECs which contains at a minimum the following criteria -

- Removal of unjustified administrative and regulatory barriers;
- RECs which undertake electricity activities such as supply, aggregation, etc. are subject to the provisions relevant for such activities (e.g. licensing and contractual requirements);
- The relevant DSO shall be required to cooperate with the REC for the purpose of facilitating energy transfers within the community;
- RECs shall be provided non-discriminatory, fair, proportionate and transparent procedures with regards to registration and licencing and shall be subject to fair and proportionate network charges, which will enable them to contribute in a balanced way to the overall cost sharing of the system;

¹⁰ [Article 22](#) Renewable Energy Communities of Directive (EU) 2018/2001

- While undertaking electricity activities as final customers, producers, suppliers, DSOs or other market participants, RECs should be treated in a non-discriminatory and proportionate manner;
- Participation in RECs shall be available to all customers, including low-income and vulnerable customers, and tools to facilitate access to information and finances are available;
- Regulatory support and capacity building support is to be provided to public authorities in enabling and setting up RECs; and,
- A set of rules is developed and set in place to ensure non-discriminatory treatment of customers participating in RECs.

The article also contains an optional provision for Member States to allow cross-border participation in RECs, however the CRU has the same considerations with regards to this provisions as it does for the same provision in the Electricity Directive, such that this provision may be delayed in implementation or not implemented at all.

2.3 Comparison

There is considerable overlap on the regulatory requirements for the development of CECs and RECs, such that they can be considered within a single workstream. As a means to begin assessing a framework which facilitates the development of energy communities, it is first necessary to clarify what form energy communities might take, and then what roles may they fulfil, what rights and responsibilities are to be applied which may be the same or different than the rights and responsibilities of traditional market participants in those roles, and most importantly, what protections are in place for the participants in that community.

The table below breaks down the roles which an energy community can fulfil and compares the rights and responsibilities on communities across the Electricity Directive and Renewables Directive.

Right/Requirement	CEC	REC
Generation:	Allowed	Allowed
Right to non-discriminatory licencing procedures, registration procedures and cost-reflective network charges	X	X
Balance responsible	X	X
Distribution:	Member State (MS) Discretion	Not Mentioned
Right to own, establish, lease and manage a distribution network	If MS allows	
Right to an agreement with the DSO	If MS allows	

Exemptions from certain DSO requirements for the purpose of managing a local distribution network ¹¹	If MS allows	
Tariffs and calculation methodologies for determining tariffs are approved prior to application	If MS allows	
Responsible to meet unbundling requirements, grant third party access to outsiders and to pay appropriate network charges.	If MS allows	
Supply:	Allowed	Allowed
Right to a fair and transparent licencing procedure, regulation procedure and cost-reflective network charges.	X	X
Provide the ability to switch away from the community.	X	X
Financially responsible for imbalances.	X	
Sharing:	Allowed	Allowed
Right to cooperation from the DSO to facilitate transfers within the community (for a proportional fee assessed by the RA)	X	X
Right to share electricity/renewable energy which is produced by the community's own units, such that the members retain their rights and obligations as consumers.	X	X
Responsible for applicable network charges, tariffs, and levies applied to the framework.	X	X
Consumption:	Allowed	Allowed
Right to non-discriminatory, transparent and cost-reflective network charges.	X	X
Collective Self-Consumption:	Allowed	Allowed
Right to cost reflective network charges, accounting separately for electricity fed into the grid and consumed from the grid.	X	
Cost reflective network charges (generally)	X	X
Other:		
Access to electricity markets directly or through aggregation.	X	X
Availability to sell renewable energy through PPAs.		X
Ability to leave the community and not lose their rights and obligations as household customers.	X	
Responsibility to treat <i>all</i> participants equally (including vulnerable customers and low-income households).		X

Although there are some instances where rights are defined in one Directive and not another, there is still a high level of consistency in terms of the roles and responsibilities of communities in both pieces of legislation.

The CRU's initial view, on this basis, is that a single regulatory framework should be considered for the facilitation of CECs under the Electricity Directive, and RECs under the Renewable Directive.

3. Energy Communities in Ireland

3.1 Principles for Energy Communities

The CRU's regulatory framework does not appear to be designed for entities of the type and nature envisaged in the Directives, which are small, dispersed, not-for-profit, and non-professional organisations. The CRU recognises that the application of the existing regulatory framework may deter the development of such communities. The work to put in place an adjusted regulatory framework suited for energy communities will take some time and is likely to require a reasonably detailed consultative process. It is likely that the process to implement a new approach will be iterative, and a staged approach to the development of a full, new regulatory framework will probably be necessary.

The CRU is aware that there is an increasing interest by market participants and communities to develop innovative projects pertaining to the activities outlined in each of the Directives with respect to energy communities, however the CRU notes that any framework development requires a proportional and non-discriminatory set of rules around the governance and establishment of these ventures to ensure that communities are held to a certain level of standard.

To guide this work, the CRU has determined some high-level principles which it seeks to maintain throughout the development process.

- The CRU's approach is to enable community development for those seeking to provide environmental, societal, or economic benefits to their localities through participation in energy efficiency services, generation, sharing, and/or supply of renewable electricity, or through other electricity activities on a not-for-profit basis.
- The CRU aims to ensure that any regulatory framework developed with regards to energy communities is constructed in such a way that it continues to ensure individual rights and high standards of protection for final customers and vulnerable customers.
- The CRU will seek to ensure that the network, system operation and market costs associated with the provision of a reliable, safe and secure supply of electricity continue to be applied in a proportionate and non-discriminatory manner between customers which may or may not participate in energy communities.
- The CRU aims to develop a regulatory framework that will not hinder innovation by energy communities seeking to develop new schemes and projects which can contribute to decarbonisation and increased energy efficiency.

Working within these principles the CRU will fully work on developing a regulatory framework to facilitate innovation and development in order to enable energy communities to participate in the energy transition envisaged in the Clean Energy Package. The CRU will ensure that the mission and values of the organisation are upheld while this work progresses such that there remains a high level of consumer protection, and no diminution of system security.

3.2 Existing Arrangements

The CRU's current regulatory framework could theoretically allow for energy community development; however, the energy community would have to comply with all licensing requirements which would be necessary to pursue certain electricity activities. For example, if the energy community was interested in generation of renewable electricity and supply to members of the community, they would be required to apply for generation and supply licenses, as well as authorization for construction, connection agreements and other agreements which are necessary to ensure safety and security of supply.

This current approach could be argued to be disproportionate and discriminatory for a community whose intent is for societal and economic benefits and it comprised of members who are not electricity professionals.

That being noted, there are other projects in Ireland which have either encouraged community development or have started working on arrangements to design an energy community which resembles or appears to align more with the criteria provided by the Directives. The following examples represent Ireland's current project designs with regards to energy communities.

3.2.1 SEAI Sustainable Energy Communities

The SEAI has developed a community program which seeks to support communities to develop energy management skills and knowledge. A community participating under this scheme is designated as a Sustainable Energy Community (SEC) The programme was developed in 2015 and has grown to include over 300 communities in their SEC network, all of which have unique focuses and goals¹².

The approach taken to become an SEC is divided into three levels at which communities can participate at. These three levels are outlined below;

- **Learn:** Aim to learn about community energy and start thinking about what can be done in the community;

¹² More information on SEAI's Sustainable Energy Community Scheme can be found by following this [link](#).

- **Plan:** A three-year partnership with the SEAI enables communities to develop an Energy Master Plan;
- **Do:** The SEC can then apply for funding from SEAI to realise and pursue its Energy Master Plan.

Communities can stay at any level, including the ‘Learn’ phase if they are primarily aiming to educate the members of the community on energy saving techniques and strategies.

The communities can also express their interests in topics such as renewable energy generation, sustainable/low carbon community, energy efficiency and financial savings, sustainable transport, behavioural change/energy education, and/or fuel poverty.

Where communities seek to engage in renewable energy generation, or other activities which overlap with energy or electricity undertakings then they must engage with the CRU to obtain the relevant licences and contracts to engage in these activities.

The existence of these communities gives the CRU a good preliminary understanding of the level of interest energy communities may have in participating in the electricity sector. Further engagement with SECs may be needed, however, to see how the CRU may aid existing communities in achieving their goals of pursuing an electricity activity.

3.2.2 Renewable Energy Communities under RESS

The Renewable Electricity Support Scheme (RESS) aims at providing support to renewable electricity projects in Ireland. It functions by conducting RESS auctions in which generation capacity providers submit bids to be able to obtain a RESS Contract which will help fund the construction of the renewable generator and maintenance of the generation following completion of construction.

Community projects are able to participate in the RESS auctions to be able to apply for funding to support the development of their generation projects, however they must meet the criteria for being determined a ‘Renewable Energy Community’ as defined by the RESS Terms and Conditions. This definition is as follows:

“Renewable Energy Community” means a legal entity:

- (a) which, in accordance with applicable law, is based on open and voluntary participation, is autonomous, and is effectively controlled by shareholders or members that are located (in the case of SMEs or local authorities) or resident (in the case of natural persons) in the proximity of the RESS 1 Project that is owned and developed (or proposed to be owned and developed) by that legal entity;

- (b) the shareholders or members of which are natural persons, SMEs, local authorities (including municipalities), not-for-profit organisations or local community organisations;
- (c) for any shareholder or member (apart from “Sustainable Energy Communities” as registered with SEAI), that shareholder or member’s participation does not constitute their primary commercial or professional activity;
- (d) the primary purpose of which is to provide environmental, economic, societal or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits;
- (e) in respect of which, each shareholder or member is entitled to one vote, regardless of shareholding or membership interest; and
- (f) which is, or which has at least one shareholder or member that is, registered as a “Sustainable Energy Community” with SEAI,

and all the above criteria must be evidenced to the satisfaction of the Minister.

Many of the requirements for being a ‘Renewable Energy Community’ for participation in the RESS auctions are the same or very similar to the requirements to be defined as a CEC or REC as set out in the Electricity and Renewable Directives.

For the purpose of participating in the RESS auctions, energy communities must prove that they are a ‘Community-Led Project.’ The provisions on being considered a ‘Community-Led Project’ are further outlined in the RESS Terms and Conditions¹³.

For the purpose of developing an energy community framework, the CRU will consider these already existing provisions which enable community generation development and will work to incorporate the current frameworks into the new rules, guidelines and procedures on energy community development where necessary or applicable.

3.2.3 Innovative Projects

There are several independent projects which have taken it upon themselves to procure funding through various means to work on developing an energy community as outlined in the Directives.

The CRU has been contacted by several of these communities as they have progressed their projects and have begun to identify some of the obstacles resulting from the current regulatory regime around the such as the authorisation needed to construct generation facilities and requirements relating to supply of electricity.

¹³ [Section 7](#) Community Aspects of RESS 1 of RESS Terms and Conditions

4. Call for Evidence on Energy Communities

The topics concerning energy communities are relatively new and will take time to understand all the challenges and requirements needed in order to properly develop a full framework which meets the criteria for being proportionate and non-discriminatory, but also complies with the requirements contained in the Directives. The CRU, however, is eager to engage with industry participants, service providers and potential energy communities to obtain their views on how to approach any changes that might be necessary. The issues raised by energy communities, and the Directives are cross-cutting across all areas of Retail and Smart Metering, Wholesale Electricity Markets, Electricity Networks, Customer Care and Compliance and Enforcement. The topic of energy communities has been discussed with all these teams to gain understanding of all the benefits and risks that could arise while evolving the CRU regulatory framework to incorporate the elements of the Directives.

As noted, the purpose of this paper is to gather industry feedback on the CRU's considerations on energy communities, as well as any other initial comments or thoughts that stakeholders might have on this topic which they believe might be useful for the CRU's consideration. The following sections highlight the various topics which have been identified through internal discussions and will provide the basis for which feedback is requested by interested participants.

4.1 Considerations

4.1.1 Consumer Benefits

Having considered the opportunities that community development provides; the following bullet points reflect the CRU's initial considerations on the benefits of energy communities. These are non-exhaustive, and may on reflection, not be feasible or attainable.

- Communities can provide opportunities for individuals to be more involved in their energy production;
- Communities will have the ability to manage their demand better;
- Allows individuals and groups to be part of the decarbonisation efforts in Ireland;
- Enables customers to potentially reduce costs on their energy bills; and
- Communities can educate their members on energy efficiency and increase general knowledge on energy saving techniques.

The CRU is interested in stakeholders' thoughts on their initial perceptions on the benefits of increased energy community participation. Particularly with regards to the following questions.

Question 1

What consumer benefits do you see from enhancing participation by energy communities in the electricity sector?

4.1.2 Network and Grid Benefits

The following bullet points highlight potential system benefits which may be gained through increased participation by energy communities.

- Communities can assist with managing network constraints through participation in demand side management;
- Communities could reduce the need for new infrastructure to be built to deal with system congestion; and
- Communities create unforeseen opportunities for innovative projects.

The CRU is aware that there could be further systems benefits that could be achieved through increased energy community participation, and as a result asks the following question.

Question 2

What network/system benefits do you see from enhancing participation by energy communities?

4.1.3 Interests

Participation by energy communities in the electricity sector is anticipated to vary across the numerous electricity activities. Some communities may be just interested in participating in energy efficiency schemes where they band together to share knowledge and educate members on energy saving practices to reduce costs, whereas other communities will be more ambitious in their goals and may seek to produce renewable electricity within the community and share that generated electricity among the members of the community.

The CRU is aware that designing a regulatory framework to encapsulate all these community interests will be challenging, however it will help to have an initial view on what types of electricity activities interested participants may want to partake in. Particularly with regards to this consideration, the CRU is providing the following question as a request for feedback.

Question 3

What electricity activities do you think will be the most progressed by energy communities? (e.g. generation, supply, distribution system management, energy sharing/trading, storage, etc.)

4.1.4 Barriers and Restrictions

As noted previously, the current CRU regulatory requirements may not be fit for the purpose of energy communities as described in the Directives. Many of the licencing and procedural requirements require a good deal of technical knowledge and financial resources which may be beyond the capability of an energy community comprised of active consumers.

The Directives call for licencing requirements, processes and procedures to be proportionate and non-discriminatory for energy communities. The CRU is cognisant of the fact that the current requirements to generate, share or supply electricity may be out of the reach of average consumers looking to form energy communities.

Further to licencing and contractual requirements, the CRU is aware that there may be other regulatory barriers which could deter the development of energy communities in Ireland and as a result is asking the following question to participants for feedback.

Question 4

What regulatory barriers currently exist that inhibit further development of energy communities in Ireland, and do you have a view on any alternative arrangements which would facilitate better development?

4.1.5 Consumer Protections

One of the CRU's main priorities when developing new regulatory frameworks such as these is the maintenance of consumer protections. This is highlighted in Section 3.1, as one of the main principles the CRU has concluded relates to ensuring individual rights and high standards of protection for final customers and vulnerable customers are maintained.

The Directives outline a minimum standard for consumer protection and rights for individuals with regards to energy communities, such that an enabling framework on the topic must allow open and voluntary participation by all customers (including low-income and vulnerable customers), the maintenance of individual consumer rights by members participating in energy communities, and the ability to be able to leave the community and be provided with adequate switching rights.

To ensure a high level of consumer protection is maintained by energy communities while they are participating in electricity activities, the CRU is considering that there may need to be a set of Codes of Practice to be maintained by communities to ensure that the individual members of the community are subject to the same level of protection that they would be if they were directly being supplied by a licensed supplier. The following questions are raised for stakeholder feedback on this topic to gather initial thoughts or comments with regards to consumer protection in energy communities.

Question 5

How should individual consumer rights in energy communities be protected?

4.1.6 Energy Sharing/Peer-to-Peer trading

Energy communities are to be entitled to share the electricity which is produced by the generation assets owned by the community. There has been some initial interest by independent market participants on how to enable the physical sharing of electricity between buildings, however, there has been less development in the area of virtual sharing of electricity.

This could be because virtual sharing of electricity is a relatively new concept, and additionally it may require online trading platforms which would need further consideration prior to implementation, particularly with regards to data management, security and data privacy for example.

The CRU is again interested in the consumer protection aspect concerning energy sharing and the development of peer-to-peer energy trading platforms which are not currently subject to regulatory oversight and has provided the following questions to gather stakeholders' initial thoughts on the topic of energy sharing and peer-to-peer trading.

Question 6

What are the benefits and risks that could arise from the introduction of virtual energy sharing platforms?

4.1.7 Industry view on distribution management/cooperation with DSO

ESB Networks is involved in several innovation projects which relate in various ways to energy communities. For example, they are working with the DingleHub on their Dingle Peninsula 2030 project¹⁴ and they have engaged with other groups on trialling demand side response services to encourage consumer participation to help manage the distribution network¹⁵.

Both Directives require that the DSO is incentivised to cooperate with communities for the purpose of facilitating energy transfers between members of the community, however, in addition to this, the Electricity Directive provides an optional provision to allow communities the right to manage a section of the electricity grid.

¹⁴ More information on the Dingle Peninsula 2030 Project can be found [here](#).

¹⁵ More information on ESB Networks Innovation projects can be found in their [Feb 2020 publication](#).

The CRU is interested in the level of interest that participants may have with regards to this right, and as a result provides the following question to stakeholders.

Question 7

What technical or consumer protection concerns may arise from energy community ownership of segments of the distribution grid?

4.1.8 Third party management

The electricity activities which are undertaken by energy communities are not anticipated constitute their member's professional occupations. Due to this it is anticipated that communities will seek to hire third parties for the purpose of installation, management of installation, data management, and maintenance of their electricity activities. Furthermore, for the purpose of maintaining balance responsibility in the wholesale electricity market, it is envisaged that communities may seek the advice or services of a demand side aggregator or trading firm to manage their market position.

There is currently limited regulatory oversight over third parties , as the existing regulatory framework did not originally account for market participants engaging in these types of third party services, and where there is existing regulatory oversight, it is not necessarily thoroughly defined to apply in the context of energy communities.

The market for third party service providers is anticipated to grow alongside the development of energy communities as it is expected that energy communities would seek out third parties to manage the installation of technologies needed to undertake the electricity activity and potentially monitor the data and information that stems from the activities.

This increased market participation by third parties increases the risk of asymmetric information as energy communities may be less equipped with the knowledge and understanding of the electricity sector as the third-party service providers.

The CRU aims at ensuring that these types of market participants are subject to proper regulatory oversight to mitigate the chance that they could take advantage of energy communities which lack full industry knowledge. There needs to be enough protections in place to increase the transparency of data flows and communications between service providers and energy communities to encourage well informed decisions to be taken by energy communities.

With regards to third party management, the CRU raises the following questions.

Question 8

What types of activities do you envisage that energy communities would seek third-party assistance for? (e.g. Installation of generation facilities, data monitoring, operation, management, etc.)

Question 9

What regulatory oversight should be applied to third-party service providers to ensure energy communities are protected against such risks as information asymmetry?

4.1.9 Aggregation

There are also further requirements outlined in the Electricity Directive which require the development of a framework on aggregators. The Single Electricity Market (SEM) Committee recently consulted on aggregators' access to the wholesale electricity markets¹⁶ and is in the process of reviewing the responses to that consultation. The SEM Committee will then seek to issue a Decision on the matter and subsequent consultations can be progressed jurisdictionally to address retail market and demand side participation by aggregators in Ireland.

The Electricity Directive explicitly states that aggregator acting in the retail market should be able to act independently from a customer's supplier. With regards to energy communities, this means that if a licenced supplier is actively engaging with an energy community, then an independent aggregator with no affiliation to the supplier should also be able to contract with the energy community for the purpose of pooling their generation load to participate in the wholesale electricity market or in auctions.

It is currently unclear how this process will be progressed, and there will be future consultations with regards to aggregator participation in the retail markets and with regards to demand side response, however, for the purpose of this call for evidence, the CRU would like to raise a high level question with regards to this topic.

Question 10

What types of updates to the current market arrangements are needed to enable aggregators to participate in Ireland's electricity sector independently of suppliers?

4.1.10 The Community Entity

Many provisions in the Directives call for the proportionate application of costs, rules, procedures and licensing requirements for energy communities. As a result, the current requirements for

¹⁶ [SEM-20-042](#) Consultation on Aggregation

electricity activities such as generation or selling which require a license which is subject to oversight by the CRU could be considered disproportionate licensing requirements or administrative barriers.

These licenses have been developed in such a way, however, to ensure that any market participant which undertakes these electricity activities maintains high standards of customer protection and security of supply of electricity. As a result, the CRU is concerned that any 'loosening' of such requirements has the potential to result in lower protections and system stability.

Although energy communities may partake in the same electricity activities as conventional generators and suppliers, they are a unique entity and the CRU is considering that they should be treated as such. However, they should still be held to a high standard as they would be a representative of individual customers.

The CRU is interested on stakeholders' views on how to define an energy community for the purpose of applying regulatory oversight. For example, should the energy community be required to apply for modified versions of each license which apply to the different electricity undertakings they will undertake, or should there be a single overarching regulatory document which energy communities need to adhere to as they participate in the electricity sector?

The CRU is again aware that not all energy communities will be participating in activities such as generation, supply and/or energy-sharing, and is seeking stakeholders' views on how to differentiate treatment for energy communities involved in different activities.

The following questions are provided as a request for feedback.

Question 11

How does the current regulatory regime need to change to allow for proportionate oversight and monitoring of energy communities?

Question 12

How should the energy community be defined to enable the application of a proportionate ruleset?

4.2 Summary

The topics which participants can provide feedback is not limited to the questions provided in this paper, but rather open to any further comments on the topics of CECs as described in the Electricity Directive and RECs as discussed in the Renewable Directive.

The table below, however, consolidates the questions from the previous section for which feedback is requested by interested stakeholders and industry participants.

No.	Question for Feedback
1	What consumer benefits do you see from enhancing participation by energy communities in the electricity sector?
2	What network/system benefits do you see from enhancing participation by energy communities?
3	What electricity activities do you think will be the most progressed by energy communities? (e.g. generation, supply, distribution system management, energy sharing/trading, storage, etc.)
4	What regulatory barriers currently exist that inhibit further development of energy communities in Ireland, and do you have a view on any alternative arrangements which would facilitate better development?
5	How should individual consumer rights in energy communities be protected?
6	What are the benefits and risks that could arise from the introduction of virtual energy sharing platforms?
7	What technical or consumer protection concerns may arise from energy community ownership of segments of the distribution grid?
8	What types of activities do you envisage that energy communities would seek third-party assistance for? (e.g. Installation of generation facilities, data monitoring, operation, management, etc.)
9	What regulatory oversight should be applied to third-party service providers to ensure energy communities are protected against such risks as information asymmetry?
10	What types of updates to the current market arrangements are needed to enable aggregators to participate in Ireland's electricity sector independently of suppliers?
11	How does the current regulatory regime need to change to allow for proportionate oversight and monitoring of energy communities?
12	How should the energy community be defined to enable the application of a proportionate ruleset?

5. Next Steps

The CRU is involved in several workstreams on the implementation of the requirements of the Directives into Irish Law. This includes engaging with the DCCAE on the transposition of each of the pieces of legislation, but also conducting internal reviews on already existing framework and composing Consultations for the creation to new frameworks.

This paper is designed to initiate engagement with stakeholders on the topic of energy communities, and as a result, the feedback provided on the questions will help form the basis for the Commission's engagement with DCCAE on transposition, and its considerations of any changes that might be necessary to the regulatory framework.

As noted, this is only one form of communication which the CRU will be initiating with regards to the topics of energy communities and active consumers. These are complex areas and the CRU understands that the regulatory framework in this area will affect everyone from individual consumers to service providers. As such, the CRU will strive to engage with as many participants, including both individuals and industry participants, as possible to gather enough feedback needed to determine the best approach to applying a regulatory framework on these topics. These engagements are anticipated to take many forms, such as surveys, workshops and other alternative means. The CRU aims to make sure that the consumer voice is present while work progresses on framework development in this area.

In the CRU's Roadmap on the CEP Electricity and Renewable Directives¹⁷ the CRU suggested a Consultation for Q4 2020 on the development of a framework on the topic of energy communities. It is anticipated that feedback on this paper and through other engagements will contribute to the basis of that Consultation.

Again, please note that this paper has been published alongside a Call for Evidence/Information Paper on active consumers and jointly acting active consumers. Respondents who seek to respond to both papers are kindly requested to submit two separate responses for each topic. Responses may be published to allow for information sharing between respondents on these topics, however any respondents who wish for their submissions to be kept private should mark their responses as confidential. Submissions are requested to be submitted by 25 September 2020 and may be submitted to the Clean Energy Package Team at CEPinfopapers@cru.ie.

¹⁷ [CRU/20043](#) Roadmap for the Clean Energy Packages Electricity and Renewables Directives