



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

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# Conclusions from Consultation CRU/21028 on Energy Communities and Active Consumers

## Consultation Response Paper

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## Executive Summary

The Clean Energy for all Europeans Package (CEP) aims to empower consumers by facilitating the development of energy communities and the uptake in energy activities by individual customers. Two Directives from the CEP are in the process of being transposed into Irish law which set out various entitlements, rights and obligations for consumers participating in the energy sector. The Directive for common rules for the internal markets for electricity (EU) 2019/944 ('IMED') and the recast Directive on the promotion of use of energy from renewable sources (EU) 2018/2001 ('REDII') contain clear requirements for consumer participation and facilitation for participation in the energy sector.

The CRU began engaging with interested stakeholders back in Autumn 2020 with the publication of two Calls for Evidence on Energy Communities and Active Consumers which aimed to introduce these new concepts to industry, as well as potential new market actors. Following the review of the response for the Calls for Evidence, a Consultation on the topic was published in March 2021. This Consultation presented key workstreams the CRU identified to create an enabling framework to facilitate the development of energy communities and active consumers.

The CRU received several responses to the Consultation and subsequently decided to host a webinar at the end of June to engage further on these topics with smaller potential actors that did not have a chance to participate through the traditional consultation process. Based on these engagements the CRU was able to reach several conclusions on the proposals raised during the Consultation and determine specific workstreams which need further attention and stakeholder engagement before they can be fully implemented in the regulatory framework.

This paper summarises the responses to the Consultation and the discussions which occurred at the Webinars and outlines the conclusions and next steps the CRU will progress on the topics of energy communities, active consumers, and new market actors. More specifically, the CRU will progress the following four topics:

- **Regulatory Oversight** – The introduction of new energy activities such as aggregation, storage, sharing and demand response will introduce new market actors in the electricity sector. Following the consultation process the CRU's preference was for these new energy activities to be regulated via an accreditation framework where market actors are participating below a specified threshold for the activity, and a licence where they are participating above the threshold. Under this approach, the

regulatory framework applied would be proportional to the size, scale and scope of activity being pursued by the market actor.

However, DECC has provided the CRU with comments on this topic, such that market actors should be categorised as:

- **electricity undertakings**, where the actor is responsible for commercial, technical or maintenance task related to the energy activity and is not a final customer, or
- **market participants**, where the actor may be a final customer pursuing an energy activity (e.g., energy communities and active consumers).

DECC is of the view that all energy undertakings would require a licence to participate, and all market participants would have to be compliant with the accreditation framework.

The CRU does not consider DECC's view as incompatible with the CRU's preference. A threshold to determine whether a licence would be required, or the type of licence required, may still be applicable. The final design of the regulatory framework will be contingent on the ongoing discussions being held with DECC and the legislative basis provided for in the transposition of IMED and REDII.

- ***Geographic Proximity and Physical Energy Sharing*** – Renewable Energy Communities (RECs) under REDII and Citizen Energy Communities (CECs) under IMED have different provisions regarding proximity to renewable assets. The CRU needs to determine how to define the proximity requirements for RECs. Additionally, there may be benefits to considering a proximity limit that enables easy facilitation of energy transfers among community members, encouraging the development of energy sharing. As a result, these two topics are being addressed in conjunction with one another.
- ***Data Access and Virtual Energy Sharing*** – New energy activity service providers may require different data than traditional suppliers to be able to effectively provide their services. Furthermore, online peer-to-peer trading and virtual energy sharing will also require different data to be provided by consumers. The CRU will work with relevant authorities to understand its role in ensuring enough information is available enable effective services provided to final customers from new market actors.

- **Consumer and Community Engagement and Facilitation** – Prospective market actors should be involved as much as possible in the design process of the enabling regulatory framework for communities and active consumers. The CRU needs to identify ways to incorporate views from communities and active customers into the development of requirements and learn from challenges they currently face while pursuing their projects.

The Conclusions and workstreams set out in this paper reflect the CRU's recommendations for the design of the enabling regulatory framework for market actors, such as energy communities and active consumers, involved in new energy activities. These recommendations will require legislative backing from the transposition of IMED and REDII being completed by DECC. The ability of the CRU to implement the requirements of the Directives as foreseen depends greatly on the approach to transposition into Irish law.

A summary has also been published alongside this paper which summarises the Conclusions and Next Steps on the development of energy communities and active consumer participation in the energy sector. Finally, this paper is mainly for information, however, if any interested participant would like to provide comments, they may provide their feedback to [CEPInfo@cru.ie](mailto:CEPInfo@cru.ie).

## Mission Statement

The CRU's mission is to protect the public interest in Water, Energy and Energy Safety.

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

## Public Impact Statement

The Clean Energy Package for all Europeans (commonly called the CEP) envisages consumers actively participating in the energy market. This can include activities such as understanding the source of the energy they use, understanding their patterns of consumption and altering their consumption patterns to use more renewable energy. More involved engagement can include self-generation of renewable electricity, selling or storing of energy, or participating in peer-to-peer energy trading platforms.

In addition to active consumers as described above, the CEP envisages energy communities where consumers act together to use more renewable energy and jointly acting consumer groups who, for example, live in the same apartment building who cooperate jointly to pursue energy activities.

The CRU recently consulted on a series of proposals and raised several questions on topics related to the facilitation and promotion of the development of energy communities and participation of active consumers in the energy sector. Additionally, the CRU hosted a Webinar on these topics at the end of June to obtain feedback by more impacted stakeholders such as potential active consumers and energy communities.

This paper provides a background on these engagements and details the key takeaways from those interactions. Additionally, based on these discussions, the CRU was able to determine several conclusions on the proposals and questions raised during the Consultation, and to also identify an approach to developing the enabling regulatory framework that will help facilitate more participation by individuals. These approaches are also detailed in this paper.

The CRU aims to ensure that the approach taken to implement a regulatory framework for active consumers and energy communities is a transparent one, and one where there are high levels of engagement with both industry and potential new market actors. This aims to ensure that any approach taken to implement the requirements outlined in the Directives strives to meet the expectations of the consumers and market actors who will be the key participants in the emerging markets and new energy activities.

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# 1. Introduction

## 1.1 Background

One of the main goals of the Clean Energy for all Europeans Package (CEP) is the empowerment of individuals and groups of consumers to take an active role in the transition to a low carbon energy system. Various requirements in the CEP outline conditions for Member States to facilitate the participation of consumers and communities in the energy sector. The Directive for common rules for the internal markets for electricity (EU) 2019/944 ('IMED')<sup>1</sup> and the recast Directive on the promotion of use of energy from renewable sources (EU) 2018/2001 ('REDII')<sup>2</sup> contain clear requirements for consumer participation and facilitation for participation in the energy sector. Both Directives outline provisions that require enabling regulatory frameworks to be developed to encourage uptake in energy activities by active consumers and energy communities.

The CRU consolidated the concepts presented in the Directives to address similar topics in single workstreams. This led to the development of the term 'active consumer' which is combines the terms 'active customer'<sup>3</sup> from IMED and 'renewable self-consumer'<sup>4</sup> from REDII. The CRU definition of an active consumer is provided in the box below.

**Active Consumer:** an individual who

- generates renewable energy for their own consumption, or
- sells or stores excess generated electricity, or
- participates in energy efficiency schemes, or
- provides flexibility services,

provided these activities are not their primary profession.

Similarly, the concepts of 'Citizen Energy Community'<sup>5</sup> (CEC) from IMED and 'Renewable Energy Community'<sup>6</sup> (REC) from REDII were combined into a single workstream under the term 'Energy Community' which is defined below.

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<sup>1</sup> [Directive \(EU\) 2019/944](#) on common rules for the internal market for electricity

<sup>2</sup> [Directive \(EU\) 2018/2001](#) on the promotion of the use of energy from renewable sources

<sup>3</sup> [Article 2\(8\)](#) Definitions of Directive (EU) 2019/944

<sup>4</sup> [Article 2\(14\)](#) Definitions of Directive (EU) 2018/2001

<sup>5</sup> [Article 2\(11\)](#) Definitions of Directive (EU) 2019/944

<sup>6</sup> [Article 2\(16\)](#) Definitions of Directive (EU) 2018/2001

**Energy Community:** a group of active consumers, who voluntarily commit to providing environmental, social, or economic welfare by engaging in

- renewable energy generation,
- energy sharing or trading,
- storage, or
- supply,

provided these activities are not for commercial purposes and do not constitute the primary profession of the members of the community.

The CRU began addressing the development of an enabling regulatory framework for active consumers and energy communities in Autumn 2019 with the publications of two Calls for Evidence<sup>7,8</sup> which aimed to introduce the topics to stakeholders and gather an understanding of the topics which needed to be addressed further to promote the uptake in energy activities by smaller consumer groups and individuals.

Following the close of the Calls for Evidence, the CRU reviewed the responses and engaged in bilateral discussions with market actors interested in participating in the new energy activities discussed in the Directives. The review and the discussions helped narrow the topics which needed further attention. To continue the discussion, these topics were published in a Consultation on Active Consumers and Energy Communities (the 'Consultation') in March 2021<sup>9</sup> to gain further insight and consideration from industry and stakeholders.

This Consultation closed in mid-April and the CRU has since reviewed the responses and determined that, although the responses received provided an in-depth consideration to the questions raised, there needed to be further engagement with impacted industry participants and potential active consumers and energy communities before an enabling framework can be finalised.

The CRU is cognisant that these topics can be quite technical in nature and notes that the Consultation presented a very in-depth look into the complexities of developing energy communities and enabling active consumers under the current regulatory framework. As a

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<sup>7</sup> [CRU/20098](#) Call for Evidence on Active Consumers & Jointly Acting Active Consumers Under the Clean Energy Package

<sup>8</sup> [CRU/20099](#) Call for Evidence on Energy Communities under the Clean Energy Package

<sup>9</sup> [CRU/21028](#) Consultation on Energy Communities and Active Consumers

result, the responses received were from primarily engaged industry participants who have a working knowledge of the electricity sector, with full-time regulatory teams.

To address the need to engage with potential market actors, the CRU hosted two webinars on energy communities and active consumers in late June. This format of engagement was successful in introducing and progressing discussions on these topics with interested individuals whose expertise may not be solely in the energy sector. The purpose of the webinar and all other forms of outreach to industry and potential market actors is to ensure that the voice of the consumer is fully reflected in CRU decision making in relation to energy community and active consumer development.

The CRU will strive to ensure that topics related to energy communities and active consumers are progressed in a way that ensures engagement from all impacted market participants, both existing and new, while maintaining the appropriate balance between the CRU's new role as an advocate for increased market participation by new actors, and its role as market regulator.

## **1.2 Purpose of this Paper**

This paper summarises the responses received to the Consultation on Active Consumers and Energy Communities and reply to the comments and queries raised on the topics. Each of the subsections in Section Two of this paper will provide a brief background on the topic discussed in the Consultation. This will be followed by the proposals and questions from the Consultation. Each of the respondent's views will then be outlined, after which, the CRU will respond to any comments or queries raised by participants.

It was noted in the Consultation published in March that there will be further consultations and decisions on some of the more complex topics. After reviewing the responses, the CRU has determined that there will need to be follow-on workstreams to progress the implementation of the various aspects of the enabling framework for active consumers and energy communities. This paper outlines these workstreams and possible approaches the CRU considers may be needed to ensure an effective adaptation of the requirements in the Directives. A summary has also been published alongside this paper which summarises the Conclusions and Next Steps on the development of energy communities and active consumer participation in the energy sector.

The Conclusions and workstreams set out in this paper reflect the CRU's recommendations for the design of the enabling regulatory framework for market actors, such as energy communities and active consumers, involved in new energy activities. These recommendations will require legislative backing from the transposition of IMED and REDII being completed by DECC. The ability of the CRU to implement the requirements of the Directives as foreseen depends greatly on the approach to transposition into Irish law. This paper will be structured as follows:

- *Section Two*: Discusses the results from the Consultation (CRU/21028) and provides the CRU response to queries raised and comments received.
- *Section Three*: Summarises the conversations which occurred at the CRU's Webinars on Energy Communities and Active Consumers at the end of June.
- *Section Four*: Outlines the CRU's approaches which aim to meet the requirements of the Directives and develop an enabling framework participation in new energy activities.
- *Section Five*: Summarises the paper and highlights the immediate next steps to be taken on these topics.

## 2. Consultation Responses

The CRU received 8 responses to the Consultation from the following participants.

- ESB Networks
- Bord Gáis Energy
- Electric Ireland
- Energia
- MPower
- MEGA
- Limerick Community Council
- Waterford Institute of Technology

### 2.1 Identification of Energy Activities

The Consultation highlighted the importance of first identifying all the potential energy activities which could be pursued by market actors following the transposition of the Directives. The aim was to first distinguish the activities so that the appropriate mechanism could be determined to apply regulatory oversight to market actors who pursue them.

The CRU proposed a list of energy activities and noted that this list would be used to identify and group market actors by their potential activity uptake. Specifically, the proposal was as follows:

**Proposal One:** The following list of electricity activities has been identified in attempts to clearly outline all the undertakings which new and existing market actors may engage in following the transposition of the Directives.

- Consumption\*
- Generation\* (including microgeneration)
- Storage\*
- Supply\*
- Demand-side response\*
- Aggregation\*
- Energy Sharing/Trading
- Third-party services (development, installation, management, etc, of renewable energy products to active consumers or energy communities)
- Distribution Network Management (contingent on IMED transposition)

\*Denotes existing market activities

There were two questions associated with this proposal.

**Question One:** Do you have any comments on the approach the CRU is proposing to take to use these energy activities listed above to form the basis for which a regulatory framework is applied to market actors engaged in these activities?

### ***Consultation Responses***

All the responses agreed with the approach, with several commenting that an activity-focused approach was welcome as the alternative of attempting to put a strict definition on the market actors, such as energy communities or active consumers could be more restrictive. Several of the respondents, such as Energia and ESNB suggested reviewing the list of activities from time to time, with ESNB specifically questioning how the list would be maintained going forward.

Mpower and MEGA highlighted three considerations for the CRU with regards to this topic. The first being that several services may implicitly or explicitly comprise a combination of the activities listed. The second was that an intermediary such as a potential community system operator (CSO) which would facilitate community development by helping navigate the regulatory requirements and technical aspects of a project, could become a formally recognised and regulated entity to act on behalf of final customers with less knowledge of the electricity sector. Their final point was that there should be an operational ruleset between communities interacting with the distribution system and the Distribution System Operator (DSO).

### ***CRU Response***

The broad support of the proposal indicates that this method of designating activities to regulate rather than market actors would be a suitable approach to progressing the development of the enabling regulatory framework.

This approach aims to ensure that market actors are not limited to a single activity and are not restricted by entity definitions, such as Supplier, Aggregator, or third-party platform operator; in other words, the same entity can be engaged in a range of activities, and the appropriate regulatory framework will apply to the activities.

Additionally, if the CRU chooses to explore the intermediary approach as suggested by Mpower and MEGA, this will enable the intermediaries to fulfil several roles to service the energy communities and active consumer groups. With regards to their final point raised from Mpower and MEGA, these are addressed in the CRU response to question two.

Furthermore, the CRU anticipates that this list will encapsulate all the energy activities envisaged by the Clean Energy Package as it contains all the activities mentioned in the definition of electricity undertaking in IMED<sup>10</sup>. Several additional activities have also been included in the CRU's proposal which are not explicitly defined in the definition of energy undertaking, such as energy sharing and trading. Participation in these types of activities is envisaged to be pursued by energy communities as per Article 16 of IMED and Article 22 of REDII. Market actors engaged in these additional activities may be captured by the definition of market participant from the Electricity Regulation<sup>11</sup> rather than electricity undertaking.

Based on recent discussions with DECC, this distinguishing characteristic between electricity undertaking and market participant may influence how the CRU can apply regulatory oversight to market actors pursuing these activities. DECC has provided some insight on the categorisation of these market actors and considers two types of market actors:

- **electricity undertakings**, where the actor is responsible for commercial, technical or maintenance task related to the energy activity and is not a final customer, or
- **market participants**, where the actor may be a final customer pursuing an energy activity (e.g., energy communities and active consumers).

The final design of the regulatory framework for all market actors will be contingent on the ongoing discussions being held with DECC and the legislative basis provided for in the transposition of IMED and REDII.

The purpose of this list, however, is to enable the CRU to identify the potential activities which may be required to be subject to regulatory oversight and not to list out all permissible energy activities. There is no formal basis or requirement from the Directives that calls for this list to be developed. With regards to the questions around maintenance of the list, the CRU will of course continue to consider new developments in the energy markets which relate to these identified activities, however, the list will be used more as guidance and reviews of the activities may be kept more high-level and less formal.

**Question Two:** Are there any additional energy activities which should be included in the list above?

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<sup>10</sup> [Article 2\(57\)](#) Definitions of Directive (EU) 2019/944

<sup>11</sup> [Article 2\(25\)](#) Definitions of Regulation (EU) 2019/943

## ***Consultation Responses***

Most of the respondents commented saying the list of activities appeared complete, however Bord Gáis and ESB Networks suggested including ‘system services’ provider as energy communities may be able to provide ancillary services or flexibility services which are part of the DS3 programme.

In addition to ‘system service’ provider, ESB Networks provided a few other suggestions, including the addition of Distributed Energy Resource Management (DERM) which may encompass the control and supervision of apparatus behind the meter as well as in front of the meter activities.

ESB Networks also suggested that the activity of ‘distribution network management’ should be changed to ‘distribution system management’ to better reflect the scope of activities by communities if the technology does allow for portions of the grid to be owned and managed by communities in the future.

With regards to third parties, ESB Networks recommended splitting these services into the supply chain of the associated technology and energy management services. MPower and MEGA suggested adding governance and grid compliance management to the services offered by third parties as well.

MPower and MEGA also reiterated their views that a CSO should be a regulated entity and should be added to the list of activities. They also recommended that a ‘local trading market’ could be considered an activity which active consumers may be engaged in.

## ***CRU Response***

The CRU will review each of the suggested activities to determine whether they should be included as separate unique activities or may be encapsulated by the other activities. Aspects of a ‘system service’ provider may be covered under demand-side response, or alternatively the inclusion of ‘flexibility service provider’ may be explored further to distinguish DS3 services being provided by small scale or microgeneration as opposed to larger capacity generation. The CRU will discuss this topic with ESNB to determine what specific services active consumers and energy communities may be able to provide to the distribution system and how to best capture the activity in this list.

With regards to the other suggestions by ESB Networks, the CRU considers that the DSO may fulfil what is envisaged to be provided by the DERM activity. As such, the CRU considers

that this specific activity may be left off the list of activities for the moment until such a time where communities may be able to manage or own parts of the distribution system themselves. Additionally, the CRU notes the difference between the use of the word ‘network’ and ‘system’ and will amend the list to identify ‘distribution system management’ as a potential activity (contingent on the transposition).

Based on the responses received, the concept of the third-party services will be reviewed further to determine if there is a better term or terms to be used to describe the services being offered by these entities.

Finally, with regards to the inclusion of a CSO, the CRU may explore this concept further to determine the basis for which the CSO or intermediary could be included in the regulatory context. The potential inclusion of this market actor will be informed from further analysis and reviews on similar approaches taken in other jurisdictions and from continued discussions with the stakeholders who proposed these options.

## **2.2 Consumer Protection and Regulatory Oversight**

### **2.2.1 Regulatory Framework**

The CRU is working alongside DECC to determine a suitable approach for the transposition of the Directives that enables an appropriate amount of regulatory oversight to be applied to market actors, both energy undertakings and market participants pursuing new energy activities. As noted in the Consultation, neither IMED nor REDII outline clear requirements on the structure of the regulatory framework. This leaves the determination of how to apply regulatory oversight to market actors engaged in new energy activities up to the Member State. This has led to concern of how the CRU can design the regulatory framework to ensure that market actors participate in the market as envisaged by the Directives and do not put final consumers who they provide, or may not provide services to, at risk.

The current regulatory regime of supply and generation licences has been adapted to try and accommodate different types of market actors, such as demand side units and battery storage units. However, as the list of energy activities increases, the need to adapt the framework to a more appropriate regime that encourages participation and uptake in the energy sector also increases.

The regulatory framework for large energy undertakings is unlikely to be applicable for small scale market participants whose aim is to provide environmental, social, or local economic welfare. As such, options are being explored to determine how to account for the size, scale

and scope of the energy activity being pursued and the economic factors driving the participation of the market actor.

Several options were presented in the Consultation, which suggested different approaches to the design of the regulatory framework. The aim of the proposal is to find a regulatory framework which creates a balance between maintaining a level-playing field for market actors engaged in the same activity and reducing the barriers to market for smaller market actors whose primary profession is not in the energy sector. The options which were presented in the Consultation are provided below.

**Proposal Two:** The CRU is proposing the following options for a regulatory tool to monitor market actors who engage in new energy activities outlined in the Directives. The aim of this regulatory tool would be to ensure that the CRU can fulfil its responsibilities as a dispute settlement body and ensure consumer protections are being upheld.

Several options are being provided as part of this Consultation; however, they represent the opposite ends the spectrum of regulatory mechanisms which could be applied. The final tool could be one or a combination of any of the options discussed or potentially an option which is presented to the CRU by a respondent to this Consultation.

**Option A:** A new licence is developed which encapsulates all the new electricity activities discussed in the CEP. This licence will be required to be obtained by any market actor offering electricity services which are not currently licenced activities.

**Option B:** Any market actor offering new energy services mentioned in the CEP either,

- Apply for a supply licence, generation licence or both (where applicable), or
- Establish a partnership with an existing licenced entity, ensuring there is a designated market participant subject to some form of regulatory oversight.

**Option C:** The CRU will develop guidelines for consumer interactions with market actors engaged in new energy activities. It would set out specific criteria to ensure appropriate consumer protections are being upheld. Third-party service providers can choose to apply these criteria and as a result, will become trusted entities who comply with the CRU's standard terms and conditions for non-licensed bodies.

There were two questions associated with this proposal.

**Question Three:** Which option do you consider to be the best approach to apply regulatory oversight to market actors who offer services related to new energy activities outlined in the CEP?

### ***Consultation Responses***

There were mixed responses to the proposed options on Regulatory Oversight possibilities. The participants who considered Option A, the application of a licencing regime, noted the need to maintain a level playing field with existing participants. For example, Bord Gáis was in favour of requiring a full licencing regime for all market actors engaged in relevant energy activities. The three justifications for their position were the maintenance of high levels of consumer protection, competition is upheld and a level playing field is maintained, and there is reliability and functioning of the energy system.

Energia and Electric Ireland were both inclined towards Option A or B, or a more formalised version of Option C. Electric Ireland noted several considerations in the event the CRU progressed a trusted entities route for participation, such that, there would need to be clarity around what powers the CRU would maintain over unlicensed entities, and around the risks, obligations, and potential compliance issues. They suggested that where potential participants are trying to enter the market, that there could be a phased approach based on scale and risk to determine which option is best suited for the participant.

Energia recommended the introduction of a sub-licencing regime, which seems to align with Option B, the establishment of a partnership with a licenced entity for participation. In their response, they highlighted that it would not be reasonable to require individual customers or energy communities to meet the same standards of licenced entities, and as such they should form a relationship with an entity that is licenced. They also suggested that a principles-based sub-licence regime with three sublicences (generation, supply, and storage) be developed for the participating consumer or energy community that outlines how they would gain access to the market.

Some of the other responses were of the view that the development of a licencing regime for new market actors could be seen as too burdensome for smaller entities and could present more barriers to participation. ESB Networks also mentioned that the development of a licence for these market actors will be a complex and lengthy process and will require additional resources from the CRU to uphold the monitoring of the new market actors.

ESB Networks noted that Option C might be the simplest to implement and would pose the least number of regulatory barriers for participation. They suggested that a size, scale, and risk threshold should be applied if the size of the community grows large enough to necessitate the need for a licence.

MPower and MEGA expressed a preference towards Option C as well. They noted that it aligned with their proposal for the designation of a CSO entity as a 'trusted' entity by the CRU. They outlined the process that the CSO would apply to the CRU and demonstrate its competence to provide management and safe operation of Energy Communities while delivering disturbance neutrality or other flexibility services. After which, the CRU would approve the CSO to be on the trusted entity list.

WIT also favoured Option C, noting that this option appeared to provide the most flexible approach and that the regulatory oversight should reflect the scale of the activity and the actors engaged. They also highlighted that no matter the option chosen, small actors should always be able to engage with an existing licenced supplier if they wish.

### ***CRU Response***

The mixed responses received to this question proves the complexity of determining the best approach to apply regulatory oversight for market actors engaged in new energy activities. Following internal discussions and ongoing conversations with DECC on the transposition of IMED and REDII, the CRU has noted the need for a legislative basis which enables the effective application of the framework.

The enforceability of the CRU's decisions in the dispute settlement mechanism, and for actions proposed by the Compliance and Enforcement Team, ensure that the appropriate consumer protections are upheld against market actors engaged with final consumers in the energy sector. Based on the responses received to this question, the CRU maintains that there needs to be a clear and rigorous mechanism to be adopted to enable participation in new energy activities.

The CRU notes, however, there needs to be flexibility in the final framework that accounts for smaller market actors and energy communities who may be engaging in new activities who may not have a large consumer base and additionally, the resources to comply with a complex regulatory framework, such as a supplier licence.

This has led to the consideration that a new hybrid option that comprises two or all three options, as suggested by some of the respondents, may need to be progressed. This hybrid

could then account for the size and scope of the energy activity being pursued and may use thresholds to activate more onerous conditions of the framework (e.g., number of customers, maximum installed capacity, geographic range, etc.)

The CRU will continue discussing these options with DECC to determine the most suitable approach to apply regulatory oversight to market actors engaged in new energy activities which then may be captured in the transposition. Following this process, the CRU can then begin the development of an enabling regulatory framework, which is anticipated to be an open and transparent process which will provide interested stakeholders opportunity to provide input on the development.

**Question Four:** Can you identify an alternative approach to applying effective regulatory oversight to market actors engaged in new energy activities which is not outlined in this Consultation?

### ***Consultation Responses***

As many of the recommendations from the participants favours one option or a hybrid of the options proposed by the CRU, there were not many detailed responses to this question. Instead, the respondents took the opportunity to further clarify their position from the previous question. Bord Gáis reiterated their views that any approach should involve a licencing regime, and Energia continued this line of thought, stating that the licencing regime should include sub-licences for smaller participants.

ESB Networks highlighted that the current market arrangements were not designed with a view on enabling participation by small, distributed communities and active participants. There needs to be clear rules and regulations such that the roles, responsibilities, and prioritisation of each of these activities is identified.

### ***CRU Response***

As the responses to this question did not present any new approaches for consideration beyond a hybrid option, which was already discussed in the response to the previous question, the CRU does not have any additional comments on the response to this question other than there will be continued engagement with DECC on these options as part of the transposition.

## 2.2.2 Customer Care Framework

As part of developing the enabling regulatory framework, the CRU should have the ability to issue binding decisions on market actors who are behaving in ways which are not compliant with the regulatory framework.

Currently, the CRU's Customer Care Team (CCT) provides a dispute settlement mechanism to final customers in disagreement with their supplier or network operator. IMED envisages this service to extend to all new energy activities, such as aggregation, demand side response and any third-party offering services relating to the installation, management, or maintenance of the renewable unit.

The Consultation outlined the need for the CCT to have a clear basis for which to base their decisions that ensures a transparent and structured approach which enables consistency in their decisions on market actors engaged in the same or similar activities. A high-level proposal was made on this topic in the Consultation and is provided again below.

**Proposal Three:** The CRU proposes to establish a framework which the CRU can use to make consistent decisions for dispute settlements between final customers and market actors pursuing new energy activities.

There were two questions associated with this proposal.

**Question Five:** Do you agree with this approach?

### **Consultation Responses**

Most of the participants responded favourably to the proposal, stating that a consistent and proportionate ruleset would be useful for the dispute settlement mechanism process. Electric Ireland also highlighted that the framework should account for relative levels of expertise and knowledge of the potential market actors.

Bord Gáis was the only respondent that did not fully agree with the proposal. Instead, they noted that the current regulatory framework should be expanded to include provisions for new activities. They noted that this could include additions to the supplier handbook and new codes of practice to govern the new activities. They considered that there was no reason why the

general framework and governance structure needed to be altered for a new subset of market actors.

### ***CRU Response***

Following the determination of the approach to apply regulatory oversight on market actors engaged in new energy activities through the transposition of IMED into Irish law, the CRU will determine how to ensure the appropriate consumer protections that need to be upheld as consumers engage with these market actors. As many of the responses were favourable for the development of a framework to be utilised by the CCT and Compliance and Enforcement Team the CRU will seek to adopt this approach to develop a clear basis and set of rules for which decisions and enforcement actions can be made against.

This ruleset could be seen as an extension of the existing regulatory framework. It is anticipated that many of the consumer protections remain the same, that many of the same requirements that suppliers must adhere to will also be required of market actors engaging in new activities, where appropriate.

**Question Six:** What do you consider to be the best format for this type of framework? (e.g., Codes of Practice, Guidelines of Best Practice, Minimum Standards for Consumer Interactions, etc.)

### ***Consultation Responses***

A variety of responses were received suggesting a range of frameworks to be implemented for new activities. Many of the responses corresponded to the regulatory oversight application answers to questions three and four of the Consultation. In general, it was clear that whatever framework eventually settled on needed to be robust and suitable for the scope and scale of the activity.

Limerick County Council, Bord Gáis and Energia all considered that some form of Codes of Practice could be required for new energy activities. Energia though attached the Codes of Practice to the sub-licence they suggested for the application of regulatory oversight.

ESB Networks did not have a specific suggestion on the structure of the framework, however they noted that whatever form it took, the framework needs to clearly state the roles and obligations of new market actors and there needs to be clear and rigorous rules as well as a supervisory structure to ensure the regulations are applied correctly.

Electric Ireland noted that Guidelines of Best Practice may be a suitable interim approach for new market actors as Codes of Practice may be seen as a barrier to small groups of consumers. They also highlighted that whatever framework is chosen should be aligned with the Standards of Performance<sup>12</sup>.

MPower and MEGA described the potential penalties which could be applied for instances of non-compliance with the framework. Focusing again on the use of the CSO, they suggested that in cases where the entity does not comply that they could be subject to penalties such as 'name and shame', financial dis-incentives, or potential revocation of status as an accredited entity.

### ***CRU Response***

The variety of responses on this question highlight that there may not be a single, best approach for the framework design as several options have their merits, however, it is understood that that rules that are determined need to be clear, understandable, and robust. Additionally, the CRU notes that a strict ruleset may not be implementable for a smaller market actor who may only service one or two customers or a small community, meaning that the ruleset to be applied needs to be proportionate to the size and scope of the market actor pursuing the energy activity, while maintaining that the appropriate consumer protections are upheld.

The CRU considers that depending on whether a licencing regime or accreditation framework is pursued that there will be corresponding guidelines or Codes of Practice for market actors pursuing new energy activities to adopt for participation. Additionally, subject to the eventual vires granted to the CRU via the transposition process, the CRU will explore the development of a clear penalty structure to be used in instances of non-compliance which is aligned with the other compliance frameworks used in the CRU. These frameworks will then be used by the CCT and the Compliance and Enforcement Team to make findings and propose enforcement action and uphold complaints where necessary.

### **2.2.3 Registration**

The CRU aims to ensure that there is an active, up-to-date list of energy communities and jointly acting consumer groups to ensure there is appropriate monitoring of their activities. The reasoning for this is to ensure the individual members of the groups of active consumers are maintaining their rights as final customers and the communities and jointly acting groups have

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<sup>12</sup> [CRU Document Group](#) on Administrative Sanctions and Standards of Performance

a clear understanding of what is required of them to safely develop their energy projects. As a result, the following proposal was suggested during the Consultation.

**Proposal Four:** As a means to develop a comprehensive list for the monitoring of active consumer groups participating in the electricity sector, the CRU is proposing that Energy Communities and Jointly Acting Active Consumer Groups participating as part of a cooperative register their project with the CRU to enable appropriate monitoring of how many communities and jointly acting active consumer groups are in operation.

There were two questions associated with this proposal.

**Question Seven:** Do you agree with this approach?

### **Consultation Responses**

Most of the participants agreed with the proposal to require registration for energy communities. ESB Networks and Limerick County Council highlighted, however, that registration with the CRU only makes sense if this would be the only way the CRU could obtain this information. This comment appears to suggest that if a community had to register with another entity for participation, such as the DSO or the Sustainable Energy Authority of Ireland (SEAI) then the CRU could obtain information on communities and jointly acting consumer groups through communicating with the relevant entity.

ESB Networks noted that from a systems operation point of view, the DSO will require energy communities and jointly acting consumers groups to register with the DSO, and there could be scope to implement a single point of registration so all authorities that need to have access to this information could obtain it from that single contact. ESB Networks suggested that the role of the market registration systems operator (MRSO) could be expanded if it were considered that this could be a good single point for registration as an energy community.

Bord Gáis was the only respondent who did not consider that energy communities or jointly acting consumer groups should register with the CRU. They mentioned that their preferred method would be that all actors engaging in energy activities be licenced and as such the CRU should have visibility of those engaging in the electricity sector.

### **CRU Response**

The CRU maintains that energy communities should be required to register in some format so it is understood what energy activities they will be pursuing and how it may impact of the functioning of the grid. It is clear however, that energy communities may be requested to register with multiple entities as each entity would have different information criteria which they wish to fulfil to acknowledge the participation of the energy community. This may be considered a barrier to development as communities may not have the resources to navigate multiple registration processes.

Due to this, ESB Networks' suggestion of a single point of registration for energy communities which can request all relevant data to satisfy the technical requirements needed for an operational perspective is a good consideration. The CRU aims to explore this concept further to determine if there may be a simpler registration process that meets the needs of consumers, communities, and the network operator.

**Question Eight:** What type of information do you think should be required to register?

### **Consultation Responses**

From the respondents who agreed with the proposal, there were several suggestions for registration requirements. For simplicity as many of the responses had overlapping comments, the suggested criteria for registration have been grouped together and are listed below.

- Companies Registration Office (CRO) as a legal entity,
- List of members,
- Specific activities that the energy community/jointly acting consumer group intends to pursue,
- Type and size (in kW) of technologies that are connecting to the system, and MPRN (meter point registration number) associated with each,
- Arrangements to keep information supplied up to date,
- Relationships with other market entities
- Any wholesale activities for which the community/jointly acting group is qualified, and relevant parameters, and
- Location.

### **CRU Response**

The recommendations for the registration criteria call for a wide array of information to be requested of energy communities. The CRU will consider each of the suggestions and

determine the necessity of requiring such information by assessing whether it may be needed for a regulatory compliance perspective or an operational perspective.

As noted in the response to question seven, there may be a need to develop a simplified registration process as to not create a barrier for participation by energy communities. It is anticipated that there could be a large amount of information the CRU or ESB Networks may find useful, but not necessary. The information requested upon registration should be just enough to ensure that regulatory operational requirements are met to reduce any unnecessary stress on small market actors.

## 2.3 Aggregators

The SEM Committee conducted an analysis of aggregator participation in the wholesale market in 2020 that mainly dealt with compliance of the Electricity Regulation<sup>13</sup> of the CEP. There are, however, additional conditions for aggregator participation at a retail, demand response and distributed generation level which are provided for in IMED<sup>14</sup>.

These additional conditions outlining rights to retail level participation for aggregators may need to be explored further to ensure that independent aggregators can provide services to active consumers and energy communities independent of a customer's supplier.

The Consultation raised a high-level question to begin the discussion on aggregation at a retail level. This question is provided below.

**Question Nine:** What initial consideration should the CRU assess to enable effective participation by aggregators in the electricity sector?

### **Consultation Responses**

Many of the responses pointed to a strong regulatory framework to enable effective participation by aggregators in the market. In addition to this point, several suggestions were provided by participants for consideration by the CRU.

Bord Gáis noted that the same consumer protections that are in place for the supplier-customer relationship need to be maintained for the aggregator-consumer relationship, including advertising and billing requirements. They also highlighted that any aggregators

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<sup>13</sup> [Regulation \(EU\) 2019/943](#) on the internal market for electricity

<sup>14</sup> [Article 17](#) Demand response through aggregation of Directive (EU) 2019/944

participating in the wholesale market will have to be balance responsible and will have to comply with the relevant existing codes, such as the Trading and Settlement Code.

ESB Networks referenced the fact that as aggregators already do exist in the SEM, the CRU needs to consider whether the existing rules and arrangements are suitable for an aggregator operating at a smaller scale. Also, ESNB noted that any decisions made to accommodate aggregators who provide services to individuals and smaller groups of consumers will need to be reflected in the wider market ruleset.

Electric Ireland recommended assessing the capabilities of Smart Meters as a verification for aggregation service, suggesting that a methodology could be developed to enable all customers to participate and get rewarded for participating in demand side and aggregation services.

### ***CRU Response***

Based on the responses received to this question from the Consultation, the CRU notes that the inclusion of aggregators in the electricity sector will need to be based on a clear framework that seeks to ensure a level-playing field with existing market actors.

Aggregators will be responsible for any imbalances they cause in the market, and as such will be required to comply with existing market rules for participation in the balancing market. Further considerations to review the aggregator role and interactions with small scale market actors are discussed in Section 4.1 of this paper.

## **2.4 Geographic Boundaries**

Citizen Energy Communities (CECs) from IMED have no limitation on the geographic boundary to be applied, meaning that technically the community could be a nationwide organisation. On the other hand, a Renewable Energy Community (REC) within the meaning of REDII, is to be within geographic proximity to the renewable project owned or managed by the community. The differentiation between these is one of the more technical challenges presented by the Directives.

This presents two challenges to the CRU. The first being whether there was a need to distinguish a clear difference as to what was to be considered a CEC and a REC and secondly, how to determine what should be the geographic barrier to the REC.

Based on some analysis and reviews of how these challenges were being addressed in other jurisdictions, the CRU has considered a REC could be a sub-category of a CEC. This implies that multiple REC could be contained within a CEC. This idea was proposed in the Consultation and was presented as follows.

**Proposal Five:** The CRU proposes that the geographic scope of an REC should be limited by a physical asset on the distribution system, such as a 38kV substation. Also, the CRU proposes that CECs can be broader in scope and are not limited by geographic or technical limits and may be comprised of one or more RECs. This proposal would mean that Active Consumers could be part of a REC and a CEC, but other members of the CEC may not be able to be a member of the same REC if they are physically located outside the scope of the physical network asset.

There was one questions associated with this proposal.

**Question Ten:** Do you agree with this approach to distinguish proximity requirements between CECs and RECs?

### **Consultation Responses**

All the responses were in favour of providing a distinguishing proximity requirement to differentiate RECs from CECs. The response from WIT, for example, indicated that they agreed with the approach and that RECs should relate to electrical proximity such that physical energy sharing can occur. Members of a wider CEC which could contain multiple RECs could then participate in virtual energy sharing as there would be no proximity requirement on the CEC.

WIT also introduced a consideration on proximity requirements for jointly acting consumer groups and requested clarification on what the interpretation of the CEP should be with regards to those consumers where the jointly acting group extends beyond a single building. They suggested that a single premises could cover multiple buildings under the same ownership which are contained 'within confined boundaries' as required by REDII.

Not all the respondents were convinced, however, that the most appropriate asset to determine this criterion should be a 38kV substation. ESB Networks suggested in their response that they could help design and deliver a solution which could enable energy communities to operate across a larger geographical area. They also noted some more

technical considerations relating to feasibility of using 38kV substation, which the CRU anticipates exploring further.

Limerick County Council had several reservations around the implementation of a boundary being attached to a 38kV substation. The first was that the sense of community may be limited as electrical boundaries do not correspond to natural boundaries, like a county or parish. The second consideration was that this limitation seemed overly restrictive in the context of a city, where several of the substations exist, which could then limit the amount of people who could invest in a potential REC. Finally, they noted that if a renewable asset was at the edge of a 38kV substation, potential community members who may be physically closer to the asset may not be able to participate as they would not be serviced by the same substation as the asset.

MPower and MEGA suggested that geographic boundaries such as by county or town could be considered to meet the expectation of the CEP. They also proposed the introduction of an additional sub-group of communities, a 'Disturbance Neutral CEC'. This would be even smaller than an REC and will have tighter technical and geographical limits. The aim would be that these disturbance neutral CECs could operate and provide flexibility services to the grid without causing major disturbances. MPower and MEGA noted that these communities could be the ones limited to operating behind a 38kV/MV substation.

### ***CRU Response***

Due to the favourable feedback on the suggested structure that RECs could be contained within larger CECs, the CRU will continue analysis on developing this concept further in the regulatory framework. The responses also helped support the CRU's view that RECs which are within proximity to the renewable asset may be able to facilitate the sharing of energy, an activity which may be more challenging on a wider geographic scope. Additional analysis, however, will be provided to determine the exact limit to be used to determine the geographic boundary of an energy community.

The CRU anticipates engaging with ESB Networks extensively to discuss the technical feasibility of introducing this boundary for RECs prior to publication of a further consultation on questions of geographic scope.

## 2.5 Data Protection and Access

The Consultation highlighted that participation in new energy activities may require additional data access considerations for market actors engaging in these new undertakings. The CRU anticipates that the same data access requirement being applied to suppliers and existing licenced entities will continue to apply for any new market actors seeking to access consumer energy data for the purpose of providing an electricity activity outlined in the CEP.

The main authority for data access and protection considerations is the Data Protection Commission (DPC) and all new and existing market actors will still have to comply with all relevant data legislation, including the General Data Protection Legislation (GDPR)<sup>15</sup>. The CRU may have a role where electricity consumption and generation data will be used. This role will be clarified following the completion of the transposition of IMED, which will then initiate the process of the establishment of the Smart Metering Data Access Code.

To further understand the concerns of industry relating to data access and protection, the Consultation contained three questions with regards to these topics.

**Question Eleven:** If the CRU maintained the existing data protection requirements and applied them to market actors offering new services, either through licencing or contractual arrangements, would that be enough to effectively ensure consumer's data is being protected as they engage in these new activities?

### ***Consultation Responses***

All the responses received noted the importance of maintaining a rigorous standard for compliance with existing data protection laws and requirements. The response by ESB Networks identified the critical point that the regulatory solutions for enabling energy communities and active consumers are supported by the appropriate data protection measures to ensure consumer data is protected while they pursue new activities.

MPower and MEGA recommended that a full GDPR assessment should be undertaken while designing the new framework. Some existing suppliers such as Electric Ireland and Bord Gáis highlighted that the fulfilment of new energy activities may require different types of data for processing. This means that any need for personal data should be assessed on a case basis

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<sup>15</sup> [General Data Protection Regulation](#) (EU) 2016/679

for each activity and it may not be suitable for all market actors to be able to access the same level of data granularity if it is not absolutely required to offer the service.

### ***CRU Response***

As noted in the Consultation, the relevant authority on data protection is the DPC, however the CRU takes note of the comments received in the Consultation and will ensure that whatever form the regulatory framework takes, there will be requirements for market actors to comply with all relevant data protection legislation, including GDPR.

The CRU will work alongside ESB Networks to determine what data will be required of market actors, such as aggregators to fully enable the functioning of the electricity activity. Arrangements for data access by market actors will be further addressed in the development of the Smart Meter Data Access Code following the completion of the transposition of IMED.

**Question Twelve:** Are there any other arrangements in relation to data protection that the CRU should consider to ensure the appropriate consumer protections are upheld?

### ***Consultation Responses***

There were few comments received to this question, however Energia offered a high-level consideration that when a new market actor is being set up there could be a contractual arrangement based on an industry standard that should be agreed upon. This contract was mentioned with regards to their suggestion on creating a sub-licencing regime for market actors engaged in new energy activities.

### ***CRU Response***

The CRU will continue to review and assess whether there are any further mechanisms under the remit of the CRU that can be implemented to ensure consumer's data is protected.

**Question Thirteen:** Do you see any further challenges associated with data access that should be considered for market actors engaged in new energy activities?

### ***Consultation Responses***

Both ESB Networks and Electric Ireland responded to this question noting that consumers need to be aware of their data protection rights in advance of participating in an energy activity and will need to consent to sharing appropriate data. Additionally, ESB Networks

recommended that there may need to be a role for awareness and education campaigns to educate customers to be able to make better decisions around the information they share.

With regards to data access for service providers, MPower and MEGA both commented on the challenges associated with access pricing and technical information. They mentioned in their responses that pricing signals need to highlight the potential revenues for grid services and communities will need examples of capital expenditure costs for implementing a renewable asset and estimated prices for providing flexibility services.

The technical challenges they discussed related to understanding the aspects of the grid specifications needed for developing their systems. Communication with the DSO to better understand network information is necessary for communities or other market actors who may offer CSO or trading services. MPower and MEGA recommended developing a standardised protocol for community interface with the DSO to outline the technical specifications and the sharing of network information which the community would need to be able to fully realise their project.

### ***CRU Response***

Making information available to consumers so they are aware of the risks and benefits around being an active consumer and participating in an energy community is addressed in Section 2.7 of this paper, however, the CRU takes note of ensuring that all participants, large and small, continue to protect consumers' data protection rights.

On the topic of data access, the CRU will be engaging with ESB Networks to determine what changes to the current market arrangements may be needed to incorporate the new energy activities in the current system. As part of this process, the CRU will discuss what information may be required of market actors to facilitate the functioning of the system, but it will also be raised that market actors should also be supplied sufficient technical information to fully realise their projects. The CRU will continue to engage with potential communities and market actors pursuing new activities to determine what information may need to be exchanged among the market actors and the network operators to enable an efficient and competitive market for all participants.

## **2.6 Energy Sharing and Trading**

The Consultation introduced the CRU's initial understanding of how physical and virtual energy sharing may occur in Ireland. The complexity of the topic was highlighted, and it was noted

that there would be follow-on consultations and discussions to explore the concepts further. The Consultation described potential market arrangements which could enable both physical and virtual energy sharing, and it was also noted that the distinction between what could be considered sharing versus trading would be that in trading scenarios, a financial transaction would occur. The Consultation also highlighted the importance of the DSO role in facilitating physical energy transfers between members of a community and jointly acting consumer groups.

As this was an introductory presentation of the CRU's thoughts on these topics, the questions associated with energy sharing and trading were high-level and sought to obtain further understanding from market actors who may be exploring this area more. The questions which were contained in the Consultation are provided below.

**Question Fourteen:** Do you have a view on how physical energy sharing or trading would work? If so, can you provide an example?

### ***Consultation Responses***

The responses to this question revealed a high level of interest in developing sharing solutions for active consumers and energy communities. The response from WIT provided a thorough explanation of a possible technical solution which could enable energy sharing using predictions and building energy profiles for consumers. This, in turn, would enable the design of generation systems which could suit the demand of the group and peer-to-peer platforms could then be used to perform balancing services.

Their response also outlined the use of an Energy Communities Optimisation Management System to monitor the flows of energy through supply and generation meters. It is envisaged that it would also control variable and flexible assets which can be used to for balancing by ramping assets up and down as needed.

Mpower and MEGA also have started exploring solutions to implement energy sharing and have been working with ESB Networks to determine a practical design. The outcome of the project as proposed is a local trading solution that mitigates disturbances by the controlled measured dispatch or absorption of distributed generation and energy storage within a 38V/MV substation.

Limerick Community Council has also been involved in the development of an energy sharing solution. They discussed a 'Community Grid' which would be a local energy community

network of consumers, producers, and prosumers, connected in a way that they could trade energy and flexibility inside the network without disturbing the power balance outside such a created local network.

ESB Networks communicated several challenges associated with developing sharing solutions. They noted that it would be complex to measure physical energy sharing in the current retail market operations and it could create complex interactions between active consumers, energy communities and their suppliers. They also noted that the ESN meter only records volumes imported or exported to the distribution grid, and it does not record units generated by a microgeneration unit, meaning that additional meters would have to be installed on small renewable assets to support energy sharing and trading.

Electric Ireland raised several questions in their response as they were also unclear on how arrangements for energy sharing would be determined. They queried as to who and how the price would be set for energy sharing and, how would any excess energy exported outside the REC to the grid be sold and would there be any wholesale market interactions.

### ***CRU Response***

The high level of engagement in the response to this question reveals how much interest there is in developing the concept of physical energy sharing among community members and jointly acting consumer groups. The technical solutions to enable this type of activity need to be done in a way that does not interfere with the overall functioning of the distribution grid. As a result, the CRU will be engaging further with ESB Networks on this topic to ensure that whatever solutions are progressed to further consultation are done in with a way that ensures the continued security of the system.

The different prototypes and scenarios which were described in the responses also highlight the fact that there may be numerous solutions to enable energy sharing. The final regulatory framework could reflect several potential solutions to facilitate energy sharing recognising a degree of standardisation may be needed to facilitate retail market integration.

With regards to the queries raised by Electric Ireland, these are still concepts which are being explored and the CRU does not have a clear response at this time. The questions will be noted and addressed as the workstreams progress, and future Consultations and Decisions are made regarding this topic.

**Question Fifteen:** In addition to the concepts of VPPs and peer-to-peer trading platforms, are there any other forms of virtual energy sharing or trading which you think customers would benefit from participating in?

### **Consultation Responses**

Many of the responses highlighted the notion that virtual energy sharing is a new and emerging concept, and it may evolve as interest in the area grows from prospective market actors. Energia pointed out the increasing use of blockchain technology in the financial sector and envisages that those technical solutions could be used to deliver access to trading in energy markets by active consumers.

WIT suggested that virtual energy sharing could be used to expand upon physical energy sharing to connect communities who are not in close proximity to one another, agreeing with the earlier proposal that multiple RECs could comprise a larger CEC. This would also potentially enable further overall grid balance as trading could occur on larger geographic scopes.

### **CRU Response**

This area will continue to be explored by the CRU as further developments emerge in the sphere of energy sharing and, more specifically around peer-to-peer trading. There are already some innovative business models which have expressed interest in developing platforms to enable this type of activity and the CRU will remain engaged with these innovators to determine how it might impact the market and then can determine if there needs to be updates do the regulatory framework or the current market arrangements to enable this type of activity in an efficient manner.

## **2.7 Consumer Information**

The CRU understands the complexity of navigating the requirements to participation in the electricity sector and is cognisant that as active consumers and energy communities become more involved, that there needs to be material available to inform consumers of their rights, entitlements, and obligations of participating.

The Consultation explored potential means to ensure that consumers have access to necessary information to develop their renewable energy projects and become active consumers and energy communities. The full proposal is presented below.

**Proposal Six:** The CRU will develop a webpage on its website dedicated to informing active consumers and energy communities about getting involved in the energy sector. It will contain examples of electricity activities they can engage in, details on how to start their project, how to navigate the regulatory process in a simple manner, and what other entities may need to be involved to get their project fully realised (i.e., suppliers, network operators and if applicable, the SEAI).

There were three questions associated with this proposal.

**Question Sixteen:** Do you agree with this proposal?

### **Consultation Responses**

All the responses agreed with the development of a CRU webpage dedicated to informing energy communities and active consumers about getting involved in the energy sector.

### **CRU Response**

The CRU appreciates this level of approval for this proposal. As work on the CEP implementation progresses, the CRU intends to design a dedicated subsection on the CRU website to provide information on all topics related to Active Consumers and Energy Communities.

**Question Seventeen:** What information would need to be included on this webpage to fully inform active consumers of their rights, entitlements, and obligations?

### **Consultation Responses**

The following points were suggestions for information to include on the CRU website for energy communities and active consumers:

- Technical Requirements for participation,
- Direction to entities with whom consumers need to engage,
- Risks around regulatory obligations, data protection, financial risks, and potential costs,
- Worked examples and case studies,
- Information on how to access the relevant applications for licences or other regulatory processes,
- Results of Consultations,
- Outlines of the EU Directives and

- Individual's rights to be maintained while participating as an active consumer or in energy communities.

In addition to suggestions as to what to include on the text, some responses provided high level considerations for the CRU with regards to the usability of the website, such that it should be informative and user-friendly. MPower and MEGA also raised some questions for the CRU on the topic of the website and the role of keeping consumers informed. They queried who the relevant authority would be to provide an advisory role, either the CRU or SEAI and whether there would be an enabling framework as was proposed under RESS.

### ***CRU Response***

The CRU anticipates that the webpage will be a comprehensive compilation of useful and necessary information to inform consumers of the benefits and risks associated with participating as an active consumer and in an energy community. The suggestions received by respondents for what information should be available help narrow the subject matter to be included.

Various authorities have a role in informing consumers on topics related to energy communities and as such, the CRU website will mainly relay information within the CRU's remit on active consumers and energy communities stemming from the CEP, and direction to other entities with other areas of remit on these topics are anticipated to be provided on the webpage as well.

***Question Eighteen:*** What other forms of engagement would be effective routes to inform consumers of their new rights under the CEP?

### ***Consultation Responses***

In addition to the webpage, the respondents felt the following forms of engagement would also be useful to address active consumers and energy communities:

- Webinar,
- Radio interviews,
- Print media editorials,
- Short video blogs,
- Social media.

Furthermore, Electric Ireland provided the important note that access to information for consumers should be as centralised as possible as to not create too much confusion.

## **CRU Response**

The CRU will explore different avenues for consumer engagement and will incorporate the suggestions presented by the respondents for engaging consumers in its future work in this area.

## **2.8 Barriers**

The CRU was requested by DECC to include questions relating to barriers beyond the regulatory scope in the Consultation to assist in their evaluation of all potential barriers inhibiting development of active consumers and energy communities. This assessment relates to the requirement in Article 22(3) of REDII<sup>16</sup> which requires that:

*“Member States shall carry out an assessment of the existing barriers and potential development of renewable energy communities in their territories.”*

The following two questions were asked as part of the Consultation.

**Question Nineteen:** Describe the existing barriers to community energy and any measures you think might be helpful in addressing those barriers?

**Question Twenty:** What are the potential benefits for the development of renewable energy communities and what would you suggest as the priorities to facilitate their development?

The responses to the two questions were requested to be sent to DECC who will incorporate the views of the participants into their assessment. The CRU currently is not progressing further analysis with regards to questions 19 and 20 of the Consultation, however, there will be further assessment carried out to address any regulatory barriers which have been identified.

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<sup>16</sup> [Article 22\(3\)](#) Renewable Energy Communities of Directive (EU) 2018/2001

## **3. Webinar Feedback**

Following the close of the Consultation, the CRU considered that further feedback was needed from non-industry participants who may be interested in pursuing new energy activities. On the 28 June, the CRU hosted two webinars to introduce and discuss the topics of active consumers, jointly acting consumers and energy communities with interested individuals and prospective energy communities

The Webinars were used to engage these potential participants. These market actors are the most impacted by the developing regulatory framework, and the CRU is cognisant these consumers or entities may not have the resources to contribute to participating in the traditional routes of Consultation processes. The Webinars were considered an ideal alternative to communicate the initial understandings on these topics and interact with impacted stakeholders to obtain their thoughts and concerns on these topics.

The CRU would like to note its appreciation of the assistance provided by SEAI to promote the events to the Sustainable Energy Community (SEC) network. It is anticipated that there is overlap between the SECs and the developing RECs and CECs, and as a result, the CRU considered these entities to be critical stakeholders in the development of the enabling framework.

The webinars also drew attention from other market actors and entities. In total there were 30 organisations represented, with approximately 60 individual participants attending the sessions. The successful turnout from participants enabled a constructive conversation on the approaches the CRU will progress in the coming months to facilitate the development of energy communities and participation by active consumers.

There were many questions and comments raised by participants, which the CRU will integrate into the upcoming workstreams in this area, however there were several reoccurring comments from the discussions which the CRU has considered to be key conclusions. These are outlined in the following subsections.

### **3.1 Definitions**

Individuals and communities will be faced with new and unfamiliar terms, such as demand side response, aggregation, and flexibility markets. The CRU needs to ensure that the definitions of these terms is well-understood and communicated to potential market actors in a way that makes involvement in these activities accessible.

Some of this terminology is also new to the CRU and concepts concerning regulation of these activities are still evolving. Potential market actors will need to be kept up to date on emerging and evolving understandings of these concepts so they will be able to make informed decisions about their participation in the energy sector.

### **3.2 Cooperation with SEAI**

Many of the participants attending the webinars represented existing or developing SECs. Several of these representatives mentioned the necessity for open communications on these topics between the CRU and SEAI to enable these projects to be fully realised. One comment specifically highlighted the connection between two authorities' projects, noting there is the potential for a SEC to 'graduate' to become an REC.

It was discussed in the workshop that the CRU considered the scope of RECs and CECs to be narrower than the scope of an SEC. RECs and CECs will participate in energy activities, such as generation, sharing, storage, selling, demand side response, and aggregation. SECs can participate in other forms of energy efficiency activities which are not categorised in the Directives. As a result, there is overlap between the two concepts, however, the ideas can exist separately.

To develop this link between SECs and RECs/CECs the CRU will engage with the SEAI to determine where the overlaps occur between the concepts and what the roles of the two authorities will be to facilitate the development of SECs, RECs, and CECs.

Additionally, the CRU appreciates the strong communication SEAI dedicates to the SEC network. It was suggested at the webinars that the CRU could benefit from engaging with the SECs with the help of SEAI. This connection was one of the routes the CRU made use of while promoting the webinars and proved to be a successful route for conveying information to a wide audience of potentially impacted stakeholders.

### **3.3 CRU interaction with Communities**

The CRU maintains strong communication with industry and professional stakeholders, however, the traditional methods used to convey information on market arrangements and regulatory decisions may be considered inaccessible for non-industry experts, including potential energy communities and active consumers. The CRU raised this point at the webinars and sought out suggestions from participants on better alternatives for effective communication.

Many of the responses received highlight a one-on-one approach, noting that each project being progressed will be unique and will need an individual perspective. This could require that the CRU have a dedicated team to interact with communities seeking to become an REC or CEC.

There are approximately 600 SECs in the SEAI's network. It is anticipated that some of these communities will want to explore the possibility of becoming a REC and participate in some form of generation, sharing or selling of electricity. If even 40 or 50 of these communities want to make the transition, or if new communities emerge looking to directly become an REC the CRU would need to have the resources in place to facilitate bi-lateral engagements with each project. This may necessitate a different type of engagement style to the existing CRU culture in terms of engagements with market participants, where specific advice on how to develop and pursue projects has traditionally not been given. It is important to stress however, that while the CRU will be an advocate for new market activities being performed by communities, this advocacy will need to be appropriately balanced the CRU's role as the market regulator. This will be an ongoing process of learning but one that the CRU recognises is an important part of the CRU's role in supporting the energy transition and wider Government policy.

The webinars were also noted as a useful tool for conveying information to energy communities and active consumers. However, it was highlighted that this form of engagement is useful to disclose general information and updates to a wide audience, rather than detail how individual communities will be developed.

### **3.4 Mentorship and Intermediaries**

The SEAI has a well-established mentorship programme which communities can use to obtain assistance and guidance on how to develop their own projects. Several of the participants attending the webinars were representatives from this programme and they highlighted the importance of having an intermediary actor between the community and the regulator to help communities navigate the requirements and challenges associated with getting their project realised. The use of a mentor or a trusted entity would provide a community made up of non-technical experts, the ability to partner with someone who has the understanding or knowledge of how to navigate the energy sector.

Previous responses to the Calls for Evidence and the Consultation also highlighted this concept and suggested the development of a Community System Operator (CSO) as a trusted or accredited entity to be used by community members to progress their developments. As

mentioned previously in Section 2 of this paper, respondents to the Consultation suggested that CSO could act as an intermediary between energy communities and the CRU.

The CRU will continue to consider to the concept of intermediaries or mentors as work progresses on these topics. It is important that accurate advice is provided to communities and the CRU needs to ensure that there are effective methods to enable communities to avail of this expertise to allow them enough information to develop their projects.

### **3.5 Guidelines and Templates**

The registration process and information on how to participate in energy activities should be demonstrated in an understandable format so individuals and communities are aware of the obligations, requirements, and entitlements they undertake when they progress a project.

Specific templates and guidance documents will be needed for each energy activity described in IMED and REDII and may need to be tailored to enable participation by market actors at a small scale. This means that registration forms and guideline documents should consider the number of individuals involved in the activity, being serviced by the activity, the total energy capacity involved, the geographic scope, or other potential risks which could occur by participating in the activity.

As an example, if an entity is interested in participating in aggregation, there would need to be guidance to direct them how to register or apply to become an aggregator. The steps they take to register and participate may depend on the size of their customer base. Access to materials to complete these processes needs to be available to all market participants regardless of the size or activity being pursued. These documents should include standardised registration templates for each activity which can be accessed in a simple manner by individuals, communities or industry participants seeking to participate.

## 4. Conclusions

Based on the feedback received from both the Consultation and the Webinars, the CRU is now able to clarify several conclusions on some of the proposals and questions raised in these engagements and has also identified several areas where more detail is needed prior to completion of that aspect of the enabling framework. The following subsections set out the consolidated workstreams identified following the close of the Consultation and represented challenging areas the CRU considered needed further stakeholder engagement to clarify final decisions

### 4.1 Regulatory Oversight

As mentioned previously, the CRU is working alongside DECC to determine a suitable approach for the transposition of IMED and REDII which enables an appropriate amount of regulatory oversight to be applied to market actors pursuing new energy activities. Currently, the CRU utilises licences to ensure market actors engaged in energy activities, such as supply and network operation, comply with decisions made by the CRU and other relevant codes and legislation. The Consultation however proposed new options for a voluntary accreditation framework for market actors engaged in new energy activities.

This workstream combines the topics of 'Identification of Energy Activities' and 'Regulatory Oversight and Consumer Protection' from the Consultation and will provide answers to questions 1 through 9. Based on ongoing conversations with DECC, the feedback received to the Consultation, and comments received at the Webinar, the CRU has reached the following conclusions.

#### ***Identification of Energy Activities***

##### **CRU Conclusion One:**

The CRU will adopt the approach suggested in Proposal 1 of the Consultation, such that the regulatory framework will be developed with an activity focused design. This will mean that guidelines and registration will be developed and required for each activity progressed by an entity. This will enable an entity to undertake either a single activity or multiple activities and develop their projects with a unique design.

## ***Regulatory Oversight and Consumer Protection***

### **CRU Conclusion Two:**

The CRU prefers a hybrid approach of Options A (mandatory licencing regime) and C (voluntary accreditation framework) outlined in Proposal 2 of the Consultation for the application of regulatory oversight to market actors engaged in new energy activities. Under the accreditation framework, whilst accreditation is voluntary it will enable access to market data. The CRU anticipates applying the following approach:

- For each energy activity outlined in IMED and REDII, the CRU will develop a clear, understandable, and accessible process to participate. This will include guidelines on how to participate and access to registration materials and applications.
- Separate licencing frameworks and accreditation frameworks will be developed to account for the size, scale and economic incentives driving a market actor to participate.
- When assessing if a market actor is required to obtain a licence a distinction is likely to be made between electricity undertakings and market participants.
- The CRU will assess the forthcoming legislation and where possible, determine thresholds for new market actors to apply for licences or accreditation under the CRU regulatory framework.
- Both the accreditation framework and licence will outline general requirements for participation, including upholding appropriate consumer protections. Licences, however, will contain further conditions and requirements as licence-holders are anticipated to have a wider customer base. For example, the existing supply licence has conditions relating to market dominance and regulatory accounts. As the scale of energy communities is not likely to result in the exertion of overall market dominance, these conditions may not be applicable for market actors under the accreditation framework. Existing licence conditions will be reviewed for suitability in the accreditation frameworks once the development of the frameworks begin in earnest.
- Receipt of an accreditation or licence will enable participation in the designated energy activity. Market actors holding a licence or accreditation framework will have rights and obligations relating to access of market data to be able to perform effective and efficient services related to their energy activity for final customers.

- The CRU will reserve the right to review compliance with the accreditation/licence and may retain the right to revoke it. This approach would create a link between accreditation and market access.
- Consequences applied for non-compliance will be proportional to the scope of the activity, and all market actors engaged in an energy activity will be required to participate in the CRU's Customer Care Team's dispute settlement mechanism, where complaints cannot be resolved among the parties.

Specific details concerning the framework will be consulted on as part of this workstream addressing Regulatory Oversight, including:

- Thresholds to distinguish between the need for an accreditation or a licence for each energy activity.
- Design of the accreditation framework for each energy activity including,
  - Application/registration requirements,
  - Guidelines for participation,
  - Basis for which revocation of the accreditation may occur.
- Design of the licence for each energy activity including,
  - Application/registration requirements,
  - Conditions and requirements for participation,
  - Consequences for non-compliance,
  - Basis for which revocation of the accreditation may occur.

**As noted, this is the CRU's preferred option for regulatory oversight. The adoption of this approach is still contingent on the remit granted to the CRU to regulate these energy activities as part of the transposition process. The CRU will continue to engage with DECC on this matter.**

### **CRU Conclusion Three:**

The CRU aims to adopt Proposal 3 of the Consultation, such that a framework will be developed which the CRU's Customer Care Team and Compliance and Enforcement Team can use to resolve complaints, make findings, and propose enforcement actions.

It is envisaged that the Accreditation Framework for market actors participating at levels below specified thresholds will outline the requirements for participation for which the CRU can use to make decisions.

Alternatively, for market actors participating above determined thresholds, they will be required to adhere to their licence conditions and will also be required to develop Codes of Practice to be

approved by the CRU prior to participation in energy activities. The CRU will reserve the right to make decisions on what is to be included in Codes of Practice.

Further work through consultations, webinars and decisions will be progressed to develop the details of the frameworks for new energy activities.

**CRU Conclusion Four:**

With regards to Proposal 4 of the Consultation the CRU considers that approval of an application for an accreditation or licence will fulfil the requirements for registration by energy communities with the CRU, where they seek to participate in an energy activity. Energy Communities not participating in an energy activity are outside the scope of an REC or CEC, and as a result would not need to register with the CRU.

Specific registration details will be determined as the CRU develops the accreditation framework and licence requirements for each energy activity.

The Consultation also included a topic on aggregation, however, upon further consideration, aggregation can be considered in the scope of ‘new energy activities.’ As a result, the development of the framework to enable effective participation by aggregators will be progressed simultaneously with the development of regulatory frameworks for other new energy activities, such that, aggregators will also be considered when decisions are made on regulatory oversight and on tools and mechanisms to ensure compliance by market actors engaged in new energy activities (i.e., requirements for Codes of Practice requirements for Licences and, Guidelines for Accreditation).

Furthermore, considerations were raised beyond the scope of the webinar and the Consultation on the topic of mentors and the CSO. The CRU may consider these concepts further and may return to stakeholders with additional questions and proposals around the treatment and development of an intermediary framework for active consumers and energy communities.

## **4.2 Proximity and Physical Energy Sharing**

Both the Consultation responses and webinar participants were in favour of the CRU’s proposal that RECs could be considered a sub-community of a wider CEC. There was, however, uncertainty as to what the specific boundary should be for RECs. This uncertainty was not resolved during these engagements and the CRU considers that additional discussions with ESNB and stakeholders will be needed to decide upon the final proximity requirements for energy communities.

In addition to energy communities, jointly acting consumer groups are also to be limited in geographic scope, such that they are to be within 'confined boundaries.' The CRU will progress the concept of jointly acting consumer groups in confined boundaries alongside determining proximity requirements for RECs.

As noted, definitions concerning proximity and confined boundaries are left up to the discretion of the Member States. Following discussions with DECC, the CRU anticipates being delegated the responsibility of determining these boundaries. This would include setting out proximity requirements for RECs and confined boundary requirements for jointly acting renewable self-consumers and renewable self-consumers. These requirements will be set through the traditional engagement methods of consultations and decisions with additional webinars on the topics, however, it is expected that they may be reviewed from time to time and updated if needed.

This workstream also consolidates two previous workstreams, such that the topics of geographic boundaries will be combined with the physical aspect of Energy Sharing and Trading. As a result, this workstream will address questions 10 and 14. The CRU sees a link between physical energy sharing/trading and proximity, as this activity may be easier to facilitate if all members of a community are in close proximity to one another.

General understanding and concepts concerning energy sharing and trading are still emerging, however, currently, the CRU is of the view that RECs would be best suited to participate in physical energy sharing/trading, where the transfers of energy would be facilitated by the DSO. An alternative to this would be the concept of virtual energy sharing/trading, which could be achieved across a wider geographic area, and may be best availed of by CECs, and a central coordinator would be responsible for facilitating and matching generation and consumption shared and traded.

Further discussions and consultations on these topics will address more technical details to be able to determine appropriate boundaries and proximity limits to meet the requirements of the definitions of jointly acting renewable self-consumers and RECs in REDII, but to also enable effective energy sharing.

The CRU, however, has reached the following conclusion, and notes further work will be needed to fully implement a decision regarding the structure of RECs and CECs.

## **Geographic Boundaries**

### **CRU Conclusion Five:**

The CRU currently considers that an REC may be viewed as a subset of a CEC. This means that multiple RECs may work together to form a wider CEC that spans a wider geographic boundary that goes beyond the proximity requirements applied to RECs.

To apply this concept, further work will be required to determine how the structure will be properly executed and how it will tie into the definitions to be applied on RECs with regards to proximity.

## **4.3 Data Access and Virtual Energy Sharing**

The CRU has combined two further workstreams as further reviews highlighted overlapping concepts on the topics. The topic of 'Data Protection and Access' and 'Virtual Energy Sharing and Trading' from the Consultation will be addressed in a single workstream. These areas covered questions 11, 12, 13, and 15 of the Consultation.

These topics have been identified as needed due to the increased focus on digitalisation and the need for interoperability between smart metering systems to enable new energy activities. The recitals in IMED advise that Member States should detail standards that enable the development of data exchange, for future and innovative energy services and the eventual deployment of smart grids<sup>17</sup>. These standards will be facilitated by the European Commissions' implementing acts for interoperability requirements and non-discriminatory and transparent procedures for access to data as required by Article 24 of IMED<sup>18</sup>.

As noted in the Consultation, the Data Protection Commission is the main competent authority concerned with upholding data protections, however, the CRU still has a narrow scope to consider data access for market actors engaged in energy activities. This workstream aims to ensure that market actors pursuing new energy activities have access to the appropriate data to enable them to perform their services efficiently. Additionally, there is a need to ensure the interoperability of new technologies to allow the flow of data to occur between the relevant service providers and network operators.

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<sup>17</sup> [Recital 55](#) of Directive (EU) 2019/944

<sup>18</sup> [Article 24](#) Interoperability requirements and procedures for access to data of Directive (EU) 2019/944

Rules and requirements relating to data access are currently being reviewed under the context of the Smart Metering Programme. The CRU anticipates being designated as the competent authority to develop rules regarding supplier access to data linked to smart meters. This work will be realised in the form of the Smart Meter Data Access Code (SMDAC). Following the development of the accreditation framework and licences for new energy activities, they may also be subject to comply with the SMDAC.

Furthermore, the CRU notes that the aims and ambitions of active consumers and energy communities may be different, meaning, individual's risks and rewards may be different from those of an energy community. Given that there will be a larger number of people involved, communities may have a greater risk appetite than individual active consumers and communities may undertake more complex activities. This may result in the community needing to provide a greater amount of information to, for example, the DSO. As such, the transfer of data may be contingent upon the market actor and the scale of the community or individuals involved in the energy activity.

Furthermore, the idea of virtual energy sharing links with this concept of data access due to the need for the flow of data from the consumer to a central figure to be able to coordinate sharing and trades associated with consumption and generation.

Upon initial reviews, there has not been any regulatory barriers identified to limit a regulated entity from developing a platform to enable energy sharing between customers. The CRU would like to continue this analysis to ensure this is the case, however, it is anticipated that a consultation paper will be published in Q4 of 2021 to outline the CRU's initial view of peer-to-peer trading and sharing on virtual platforms.

With regards to the questions raised in the Consultation, the CRU is providing the following remarks and decisions.

### ***Data Protection and Access***

#### **CRU Conclusion Six:**

The CRU currently is of the view that that any new market actors will be subject to the same data access requirements as currently licences entities. This also includes adhering to the upcoming rules to be outlined in the Smart Meter Data Access Code.

While work progresses on the transposition and the development of the Smart Meter Data Access Code, further engagements, such as consultations and webinars, may occur on this topic to clarify details for new energy activities.

## **4.4 Consumer and Community Outreach**

A main theme throughout the Consultation and Webinars was the need for good communication from the CRU to active consumers and energy communities. It became clear during the consultation process that the traditional forms of communication the CRU uses to interact with stakeholders may not be appropriate when engaging with non-industry experts seeking to get involved in the energy sector.

To effectively provide an enabling regulatory framework, which includes the development of processes and procedures, assessment of applications and registrations, regular monitoring and regulatory oversight of market actors, dispute settlement services, and regular updates and communications to active consumers and energy communities, the CRU will need additional resources to dedicate specifically to this area. New teams may need to be established to ensure market actors are provided useful and comprehensive information, and to serve as a communication point for disputes and queries related to developing energy communities or participating as an active consumer.

This workstream aims to address questions 16 through 18 of the Consultation which related to consumer information. Consumers are anticipated to be key facilitators of the energy transition. However, to maximise the participation by active consumers and encourage the development of energy communities, the CRU is aware that information needs to be accessible in format which is easily understood by consumers and industry alike. To address this topic, the Consultation proposed the development of a dedicated webpage on the CRU website to informing consumers about their rights, entitlements and obligations around becoming an active consumer and participating in an energy community.

There was approval among the responses that this webpage be developed and contain information such as how to navigate regulatory requirements, the technical requirements for participation, risks and costs, direction to other relevant entities, and individual rights to be maintained while participating as an active consumer or in energy communities.

In addition to a dedicated location on the CRU website for specific information on these topics, participants in the Webinars noted the importance of bi-lateral discussions between the CRU and emerging energy communities. Again, noting the link between SECs and potential RECs, the CRU is cognisant that if even 10% of the 600 existing SEC were interested in transitioning into an REC, the CRU would need to have new and well-resourced teams to be able to answer any queries raised by energy communities and to attend one-on-one sessions to facilitate the development of RECs and CECs.

The CRU will continue to have webinars dedicated to progressing an enabling framework for energy communities and active consumers, but will also seek alternative routes for communication, including those suggested by respondents to the Consultation.

With regards to this paper, the CRU notes that this workstream, along with all others mentioned in Section 4 of this paper will have follow on consultations, webinars, and engagements to determine the details needed to effectively provide the enabling framework for energy communities and active consumers.

### ***Consumer Information***

#### **CRU Conclusion Seven:**

The CRU aims to adopt Proposal Six from the Consultation such that a dedicated location on the CRU website will be developed to informing active consumers and energy communities about getting involved in the energy sector. It will contain examples of electricity activities they can engage in, details on how to start their project, how to navigate the regulatory process in a simple manner, and what other entities may need to be involved to get their project fully realised (i.e., suppliers, network operators and if applicable, the SEAI).

## 5. Next Steps

With these initial conclusions, the CRU will begin the next phase of progressing each of the four workstreams outlined in Section 4 of this paper. Each topic presents its own challenges which the CRU will continue to review and discuss with external stakeholders. The subsections below summarise the key challenges and next steps for each workstream.

The Conclusions and workstreams set out in this paper reflect the CRU's recommendations for the design of the enabling regulatory framework for market actors, such as energy communities and active consumers, involved in new energy activities. These recommendations will require legislative backing from the transposition of IMED and REDII being completed by DECC. The ability of the CRU to implement the requirements of the Directives as foreseen depends greatly on the approach to transposition into Irish law.

The CRU welcomes engagement on the suggested approach for each workstream with interested participants.

### 5.1 Regulatory Oversight

The main challenges associated with progressing the workstream on Regulatory Oversight include the following:

- Determining thresholds to distinguish between market actors needing an accreditation versus a licence.
- Developing an accreditation framework containing guidance documents and participation guidelines for market participants for each energy activity.
- Developing licence conditions and requirements for each activity.
- Establishing requirements for Codes of Practice for each licenced activity.
- Ensuring the accreditation framework, Codes of Practice and Licence conditions are fit for purpose for decisions to be upheld by the CRU.
- Developing templates for registration or licences which can be easily accessed by individuals, communities and industry participants seeking to pursue an energy activity.

The implementation of this method is conditional on the transposition of IMED and REDII by DECC. The final text of the transposition will provide the CRU with further clarity upon the approach which may be taken to apply regulatory oversight for market actors engaged in new

energy activities. Following the publication of the relevant Statutory Instruments, where the legislation allows, the CRU anticipates the following engagement with stakeholders.

- Consultations, webinars, and surveys to determine:
  - thresholds for each new energy activity to distinguish between small and large market actors,
  - the design of the Accreditation Framework,
  - proposed Licence Conditions for new energy activities, and
  - requirements to be contained in Codes of Practice for licenced entities.

In addition to these challenges, the CRU may also consider the concept of intermediaries or mentors under this workstream. Initial thoughts consider that an intermediary could be licenced or accredited for specific activities which they provide advice and service on to energy communities.

## **5.2 Proximity and Physical Energy Sharing**

The main challenges to determine proximity requirements for energy communities, confined boundaries for jointly acting consumer groups, and rules around energy sharing are the following:

- Deciding whether to link a boundary to a specified radius, an asset on the distribution system, or another relevant perimeter.
- Understanding the technical characteristics of facilitating energy sharing among community members, and whether these have limitations over longer distances.
- Identifying the market arrangements needed to facilitate the sharing of energy without causing imbalances to the grid.
- Ensuring that all changes made to enable this activity are captured in the relevant codes and licences (Grid code, Distribution code, Trading and Settlement Code, etc.)
- Determining whether there needs to be a standardised approach to applying proximity requirements or if regional specifications can be taken into consideration.

As noted, the CRU anticipates that the transposition of IMED and REDII will designate the CRU as the relevant authority to determine proximity requirements and confined boundary requirements. Once this statutory instrument is finalised, the CRU anticipates finalising the Decisions regarding these boundaries. While this transposition is being completed by DECC,

the CRU anticipates to simultaneously consult on options for this workstream with the following engagements.

- Consultation and Webinar on definition of Proximity requirements for RECs and confined boundaries for jointly acting consumers including provisions for sharing of physical energy.

### **5.3 Data Access and Virtual Energy Sharing**

The following points are the key challenges relating to data access and virtual energy sharing which the CRU will continue to review while developing the enabling regulatory framework:

- Determine the CRU's role in facilitating peer-to-peer virtual energy sharing.
- Identify technical solutions which are needed to enable virtual energy sharing and understand their interactions with final customers.
- Determine what data is needed by market actors to facilitate virtual energy sharing and how to grant access to this data in a way that does not place consumers privacy at risk.

Decisions made under this workstream are also reliant on DECC's transposition of IMED, as the CRU anticipates that the relevant Statutory Instrument will designate as the competent authority to develop rules relating to market actor access to smart meter data. Once this legislation is finalised the CRU will begin development of the Smart Meter Data Access Code, which may have implications on data access for market actors pursuing new energy activities.

Furthermore, the CRU has not identified any regulatory barriers to date to inhibit the sharing and trading of energy virtually, however further reviews will continue in this area. The following paper is anticipated to be published to address this workstream.

- Information Paper on Virtual Energy Sharing, peer-to-peer trading, and data access for market participants.

### **5.4 Community and Consumer Engagement and Facilitation**

As noted throughout this paper, the CRU has identified consumer engagement as a critical element in achieving the enabling regulatory framework for energy communities and active consumers. As a result, the following challenges need to be resolved to allow effective communication to occur between the CRU and consumers and communities.

- Ensuring there are multiple formats for consumers to engage and have their opinions incorporated into the development of the regulatory framework.
- Accurately determining what information is necessary to share with consumers so there is not an overwhelming amount of information being presented.
- Establishing a point-of-contact to enable bi-laterals and one-on-one engagements with emerging communities to take place.

To continue addressing these challenges, the CRU anticipates the following work to be conducted beginning in Q3 2021.

- Development of a dedicated location on the CRU’s website to inform and provide updates to active consumers and energy communities.
- Further webinars and potential surveys to obtain the level of interest in certain activities to be pursued by active consumers and energy communities.

## 5.5 Summary of Upcoming Actions

The following table summarises the upcoming consultations, engagements, and work to address each of the deliverables outlined in this section. Work is anticipated to begin in Q3 2021 and continue into 2022.

Workstream	Actions and Consumer Engagements
Regulatory Oversight	<ul style="list-style-type: none"> <li>• Consultations, webinars, and surveys to determine:                             <ul style="list-style-type: none"> <li>○ thresholds for each new energy activity to distinguish between small and large market actors,</li> <li>○ the design of the Accreditation Framework,</li> <li>○ on proposed Licence Conditions for new energy activities, and</li> <li>○ requirements to be contained in Codes of Practice for licenced entities.</li> </ul> </li> <li>• Consultation for how to develop a mentor or ‘trusted entity’ framework.</li> </ul>

<p>Proximity and Physical Energy Sharing</p>	<ul style="list-style-type: none"> <li>• Consultation and Webinar on definition of Proximity requirements for RECs and confined boundaries for jointly acting consumers including provisions for sharing of physical energy.</li> </ul>
<p>Data Access and Virtual Energy Sharing</p>	<ul style="list-style-type: none"> <li>• Consultation Paper on Virtual Energy Sharing, peer-to-peer trading, and data access for market participants.</li> </ul>
<p>Consumer and Community Outreach</p>	<ul style="list-style-type: none"> <li>• Development of a dedicated location on the CRU’s website to inform and provide updates to active consumers and energy communities.</li> <li>• Further webinars and potential surveys to obtain the level of interest in certain activities to be pursued by active consumers and energy communities.</li> </ul>

The CRU will progress each of the workstreams outlined in the table above to develop the enabling framework to facilitate the development of energy communities and participation by active consumers in the energy sector. The feedback received during the Consultation and the comments raised during the webinars helped identify the key areas of concern for potential communities and new market actors. These comments will be incorporated into the workstreams and further reviewed and analysed as further engagements through consultations, webinars and potentially other forms of communication will be used to ensure the process towards implementation is open and transparent.

In addition to communication with potential market actors, the CRU will also continue discussions with DECC, SEAI and ESNB to determine further details concerning remit, roles, technical impacts, and other specificities needed to promote the consumer empowerment and participation in the energy sector.

This paper is being published alongside a short information note to summarise the key conclusions and next steps associated with progressing these topics. The primary purpose of this paper was to provide a discussion on the response received to the Consultation on Active Consumers and Energy Communities and the webinars, and to highlight some conclusions reached on these matters determined through these engagements. This paper is mainly for information, however, if any interested participant would like to provide comments, they may provide their feedback to [CEPInfo@cru.ie](mailto:CEPInfo@cru.ie).