



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

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# Conclusions and Next Steps on Energy Community and Active Consumer Development

## Autumn 2021

**Reference:** CRU/21126a

**Date Published:** 03/11/2021

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# 1. Introduction

The CRU is in the process of implementing the Clean Energy Package which aims to empower energy consumers and encourage participation in new and developing areas of the energy sector. This legislative package contains both the Directive on common rules for the internal markets for electricity (EU) 2019/944 ('IMED') and the Directive on the promotion of use of energy from renewable sources (EU) 2018/2001 ('REDII') which each contain provisions and requirements for member states to develop an enabling regulatory framework to increase participation by active consumers.

The CRU has consolidated the workstreams from these Directives and is using the following terms to define the groups of consumers to be considered key stakeholders throughout this implementation process.

**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.

**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 has explored these terms, as well as other concepts around new energy activities such as aggregation, energy storage, demand response, flexibility, and energy sharing with interested stakeholders over the past few months. The focus has primarily been on activities which may have an impact on the electricity grid or in the markets, however, it is noted that active consumers may participate in energy efficiency schemes. The CRU notes that there are existing schemes which consumers may access by engaging with the SEAI. The CRU promotes participation in these schemes, however, with regards to the enabling frameworks being discussed in these papers, much of the focus will be on activities which impact the grid or the markets.

To date, this engagement process has included the publication of a Consultation on these topics in March 2021 and the hosting of two webinars to further introduce these concepts in June 2021. The summary of these engagements has been published in a Conclusions Paper CRU/21126. This paper serves as a supplemental note to that paper and will highlight the Conclusions and next steps outlined in that paper.

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 has been published for information purposes however, stakeholders are welcome to comment on the information in this paper. Any comments, feedback or questions may be sent to [CEPinfo@cru.ie](mailto:CEPinfo@cru.ie).

## 2. Conclusions

The table below summarises the key conclusions drawn from the Consultation and from the webinars in the topics of energy communities and active consumers.

No.	Topic	Conclusion
1	<b>Identification of Energy Activities</b>	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.
2	<b>Regulatory Oversight and Consumer Protection</b>	<p>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. The CRU anticipates applying the following approach:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Separate licencing frameworks and accreditation frameworks will be developed to account for the size, scale and economic incentives driving a market actor to participate.</li> <li>• When assessing if a market actor is required to obtain a licence a distinction will be made between electricity undertakings and market participants.</li> </ul>

		<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul> <p>Specific details concerning the framework will be consulted on as part of this workstream addressing Regulatory Oversight, including:</p> <ul style="list-style-type: none"> <li>• Thresholds to distinguish between the need for an accreditation or a licence for each energy activity.</li> <li>• Design of the accreditation framework for each energy activity including,             <ul style="list-style-type: none"> <li>○ Application/registration requirements,</li> <li>○ Guidelines for participation,</li> <li>○ Basis for which revocation of the accreditation may occur.</li> </ul> </li> <li>• Design of the licence for each energy activity including,             <ul style="list-style-type: none"> <li>○ Application/registration requirements,</li> <li>○ Conditions and requirements for participation,</li> <li>○ Consequences for non-compliance,</li> <li>○ Basis for which revocation of the accreditation may occur.</li> </ul> </li> </ul> <p>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.</p>
3	<b>Regulatory Oversight</b>	A framework will be developed which the CRU can use to resolve complaints and issue decisions. It is envisaged that the Accreditation Framework for market

	<b>and Consumer Protection</b>	<p>participants will outline the requirements for participation for which the CRU can use to make decisions.</p> <p>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.</p>
4	<b>Regulatory Oversight and Consumer Protection</b>	<p>The 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.</p>
5	<b>Geographic Boundaries</b>	<p>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.</p>
6	<b>Data Protection and Access</b>	<p>Conditions in IMED advise Member States to ensure the interoperability of smart metering systems to encourage the development of innovative energy services. This suggests that standards should be developed for rules around data exchange to enable uptake in new energy activities. 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.</p> <p>The Data Protection Commission is the relevant authority concerning most data related topics and all market actors will need to respect the requirements of GDPR Legislation. In addition to these roles, however, the CRU maintains a narrow scope concerning data access for market actors engaged in energy activities.</p> <p>Under this scope, the CRU anticipated being designated as the competent authority to determine data access requirements for smart meters. This will facilitate the development of the Smart Meter Data Access Code, which may impact market actors engaged in new energy activities.</p>
7	<b>Consumer Information</b>	<p>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).</p>

Table 1: Conclusions on Proposals and Questions from Consultation CRU/21028

### 3. Next Steps

The table below summarises the key challenges and suggested next steps for the four workstreams the CRU has identified for progression to help develop the enabling framework. These topics will need further reviews and involvement from impacted stakeholders before the CRU can finalise Decisions for implementation. It is anticipated that engagements will take the form of the traditional Consultation process, as well as the introduction of more webinars to ensure that information will be accessible to all groups of impacted stakeholders. The CRU encourages stakeholders to monitor the CRU’s website and social media for updates and upcoming events.

Workstream	Key Challenges	Actions and Consumer Engagements
<b>Regulatory Oversight</b>	<ul style="list-style-type: none"> <li>• Need to ensure whatever approach is taken is compliant with DECC Decisions on the transposition of IMED and REDII.</li> <li>• Determining the threshold for each energy activity to distinguish between market actors needing an accreditation versus a licence.</li> <li>• Developing an accreditation framework containing guidance documents and best practice principles for participants for each energy activity.</li> <li>• Developing licence conditions and requirements for each activity.</li> <li>• Establishing requirements for Codes of Practice for each licenced activity.</li> <li>• Ensuring the accreditation framework, Codes of Practice and Licence conditions are fit for purpose for decisions to be upheld by the CRU.</li> <li>• Developing templates for registration or licences which can be easily accessed by individuals, communities and industry participants seeking to pursue an energy activity.</li> </ul>	<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>
<b>Proximity and Physical Energy Sharing</b>	<ul style="list-style-type: none"> <li>• Need confirmation that the CRU will be designated as the competent authority by DECC by means of the transposition process to determine proximity requirements for RECs and confined boundary requirements for jointly acting consumers.</li> <li>• Deciding whether to link a boundary to a specified radius, an asset on the distribution system, or another justifiable perimeter.</li> </ul>	<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>

	<ul style="list-style-type: none"> <li>• Understanding the technical characteristics of facilitating energy sharing among community members, and whether these have limitations over longer distances.</li> <li>• Identifying the market arrangements needed to facilitate the sharing of energy without causing imbalances to the grid.</li> <li>• 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.)</li> <li>• Determining whether there needs to be a standardised approach to applying proximity requirements or if regional specifications can be taken into consideration.</li> </ul>	
<p><b>Data Access and Virtual Energy Sharing</b></p>	<ul style="list-style-type: none"> <li>• Need confirmation from DECC Decision on the transposition that the CRU will be designated the competent authority to design data access rules for accessibility of smart meter data.</li> <li>• Determine the CRU's role in facilitating peer-to-peer virtual energy sharing.</li> <li>• Identify technical solutions while are needed to enable virtual energy sharing and understand their interactions with final customers.</li> <li>• 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.</li> </ul>	<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><b>Consumer and Community Outreach</b></p>	<ul style="list-style-type: none"> <li>• Ensuring there are multiple formats for consumers to engage and have their opinions incorporated into the development of the regulatory framework.</li> <li>• Accurately determining what information is necessary to share with consumers so there is not an overwhelming amount of information being presented.</li> <li>• Establishing a point-of-contact to enable bi-laterals and one-on-one engagements with emerging communities to take place.</li> </ul>	<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>

*Table 2: Key Challenges and Next Steps*