

# Principles for Prosumer Policy Options

## Recommendations to strengthen Prosumers and Energy Communities in NECPs and related EU, national and local policies

PROSEU project partners are proposing a **set of principles for prosumer policy options** that allow prosumers to become an integral part of the energy system. It aims to inform and influence National Energy and Climate Plans (NECPs) as well as the transposition into national legislation and regulations of the Renewable Energy Directive (RED II), the Electricity Market Directive (EMD) and the Governance Regulation by developing strategies around the involvement and mainstreaming of prosumers and renewable energy communities in EU countries.

To that end, a Policy Paper provides **concrete proposals and examples on** how the identified principles can be put into practice so that political decision makers are able to apply them when defining the final NECPs and drafting national legislation that ensures the transposition of the above-mentioned directives.

**The five key principles and the main recommendations are the following:**

### 1. Setting ambitious targets for prosumers and energy communities

NECPs should contain at least two concrete targets in addition to the required targets and milestones for different sectors and technologies: one for **roof-top PV** and one for **Energy Communities** which could include all renewable technologies. These targets can be either capacity targets in megawatt or energy generation targets in GWh.

The main reason for a roof-top photovoltaics (PV) target is that basically all rooftop PV projects would be also used for self-consumption. Apart from that it is also a good indicator for making maximum use of the built environment. The target should be set in relation to the rooftop PV potential in each Member State, ideally around 50% by 2030.

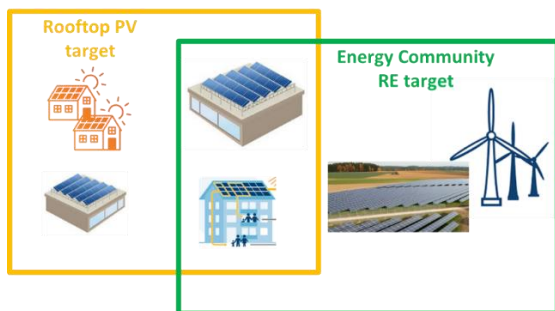


Figure 1: Two NECP targets. Source: Own elaboration

The energy community target can be a share of the total national renewable energy (RE) target which

includes all renewable technologies. As energy community projects tend to increase public acceptance, the share should be significant.

In addition, non-energy targets like the number of (renewable) energy communities and the number of their members should also be defined.

### 2. Ensuring economic viability through favourable framework conditions

For prosumers to become a key driver for a low-carbon Energy Union, there needs to be a viable business case when investing in renewables. NECPs should describe measures that **facilitate shared self-consumption**, provide **fair remuneration** for excess electricity that goes beyond the wholesale market price, a **conductive rate design** and **simple taxation** mechanisms. Furthermore, governments should guarantee open, transparent and competitive market access, **priority grid access** and priority dispatch when transposing the RED II and EMD into national legislation.

Additional revenue streams can be tapped by facilitating sector coupling and provision of grid services. Long-term, stable and balanced contracts between prosumers and business partners can be secured through e.g. **Power Purchase Agreements (PPA)** or **Green and Sustainable Public Procurement** programmes.

### 3. Fostering Renewable Energy Communities

NECPs and related legislation and regulations should define which kind of legal organisations they propose to be used for energy communities. Moreover, **transparent cost-benefit analyses** should be conducted on the benefits that renewable energy communities provide to the energy system and the local communities. NECPs should either reference such analysis or provide a plan on how and when to do it.

Governments should also simplify administrative procedures, e.g. by creating **single contact points**, and support in technical, financial and legal matters. Providing **training and capacity-building** ensure sustainable energy literacy so that all potential prosumers are well informed. NECPs should also show concrete actions to engage energy communities in tackling energy poverty.

### 4. Establishing energy responsibility and coherence at all levels

National legislation and the NECPs should reflect the future character of the distributed energy system by making clear that energy planning and implementation needs to take place at all political and institutional levels, including citizens, companies, municipalities, cities, regions, states and countries. **Local, regional and national actors will have to become (energy) accountable** by defining

The remaining time until the final versions of the NECPs are issued will be crucial to secure satisfactory results for prosumers and energy communities. Nevertheless, the transposition of the RED and the EMD into national laws will provide further opportunities to influence national policies towards a prosumer-centred Energy Union. Most important is, however, it needs to be ensured that the plans match the Paris Agreement in their ambition – currently they are well behind –, and that they are rigorously implemented and enforced over the next years.

**The paper describing those proposals in more detail can be found [here](#).** (project outputs section on PROSEU)

**About PROSEU:** *Prosumers for the Energy Union (2018-21) is a project funded under the EU Horizon 2020 research and innovation programme. Its aim is to enable the mainstreaming of the renewable energy Prosumer phenomenon into the European Energy Union. It brings together 11 partners from nine European countries.*

their own energy and climate plans including energy targets and measures supporting the NECPs and any new laws resulting from the transposition of the EU Directives. This also means that higher governmental levels must be able to count on the contributions made by lower levels and to aggregate them to the national and EU level.

### 5. Ensuring prosumer participation in governance processes

The expected uptake of citizens and prosumers as new players in the energy system means that the roles of the different stakeholders need to be redefined. This, in turn, requires a new or enhanced governance model because prosumers are currently not sufficiently represented in decision- and policy-making processes.

Participation of prosumer representatives – which will need to be identified and trained – is required in a number of EU and national policy fields as well as on the local level. In NECPs and national legislation it should be made clear that **governments actively seek the input and advice of prosumer representatives**, and that they encourage the creation of bodies (like associations) that can act as prosumer representatives. Governments should propose what kind of legal structures they propose to be used for energy communities.



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