



Dear Minister Zypries,

We are writing to you on behalf of the Community Energy Coalition, a Brussels-based EU alliance that strives to enshrine community energy in European climate and energy legislation. We want to enable all European citizens to easily participate in local renewable energy projects, giving energy democracy a firm foundation.

The German energy transition has been a **paradigmatic case of citizens' involvement** with about half of all installations owned by citizens. The new 'Tenant Electricity Act', passed in July, is a first step to specifically support tenants to participate in the energy transition – an important sign to broaden citizen's participation, particularly within cities.

Our alliance is currently advocating for an appropriate legal framework for community energy on the EU level in order to allow this German success story to be replicated in other EU Member States.

With regard to the Commission's Clean Energy package that is currently under discussion in the Council, we expect the acting German federal government as well as a future government to pursue its role of a forerunner for a citizen-led energy transition not least to preserve its status within Germany.

While the Commission's proposals provide for a dedicated framework for community energy, we are very concerned about the German federal government's opposition in Council discussions particularly ahead of the 18 December Energy Council.

We fear that the German stance on key provisions for citizens' engagement in renewable energy undermines future progress of energy transition in the EU. The German rejection of energy citizen provisions¹ unnecessarily creates risks not only for investment security but also for social acceptability.

Our concerns particularly relate to the fact that

1. the German position in the Council has been very negative towards **energy citizen provisions** touching particularly upon the rights of consumers, cooperatives, local authorities and tenants. Germany wants renewable energy cooperatives to be subject to the same market rules as traditional for-profit energy suppliers, which is discriminatory.
2. the German position attacks the whole concept of **renewable self-consumption** by making a lot of references to the alleged 'cost shift' issue, i.e. the myth that wealthy prosumers are being subsidised by those too poor to invest in their own renewable installations. On the contrary, there is strong evidence that the system benefits generated by self-consumption outweigh the costs. This narrative is especially damaging to the European debate because countries with minimal experience of citizen involvement will easily be scared off by negative input by a country like Germany.
3. the unbalanced results of the first German auctions for onshore wind energy are turned against community energy projects in general. By rejecting any **exemptions for community projects**, the German position throws out the baby with the bathwater. Small-scale renewable energy projects

¹ This regards in particular provisions of articles 2, 21 and 22 of the recast Renewable Energy Directive COM(2016) 767, and articles 15 and 16 of the recast Electricity Market Directive COM(2016) 864.

should not be exposed to a flawed tendering scheme but be entitled to dedicated support schemes, in particular outside auctioning schemes.

4. the German regulator Bundesnetzagentur (BNetzA) exceeds its role as a neutral market facilitator through scaremongering with regard to grid overstrain caused by prosumers. On the EU level, BNetzA blames renewable self-generators for free riding and asks to scrap exemptions for small-scale installations. Through recent publications of the Council of European Energy Regulators (CEER), BNetzA proactively argued against **priority dispatch for renewable energy installations**.
5. the German government has shied away from a discussion about a **higher 2030 renewables target**. However, discussions are underway in the European Parliament with key MEPs proposing minimum targets of 35% and 45% and the European Commission is expected to release numbers backing a number over 30% some time before the end of the year. In this context, it is important that Germany is supportive of a move to a higher target, particularly in light of the additional effort needed in the energy sector to deliver Europe's obligations under the Paris Agreement.

The German government's position on **capacity mechanisms** has been positive by supporting strategic reserves over capacity markets and in particular, supporting the 550g CO₂/kWh threshold for any payments to old and new installations. This compromise needs to be strengthened to ensure strategic reserves are clearly distinguished from capacity markets and that they cannot be used as a loophole to introduce capacity markets.²

Against this backdrop, we call on you to ensure the acting German federal government no longer obstructs provisions on energy citizens in the Clean Energy package.

Besides a more ambitious renewable energy target, it is crucial to enshrine robust and clearly defined provisions safeguarding community energy projects in the EU's future legal framework. European citizens, cooperatives, local authorities and tenants are the cyclists of EU energy markets. They now need a decent legal bike lane.

We hope that you will take our comments into account and we remain at your disposal should you wish to receive further information.

Yours sincerely,

Dr. Dörte Fouquet,
Director, European Renewable Energies Federation

Anna Leidreiter,
Director – Climate & Energy, World Future Council

Jagoda Munic,
Director, Friends of the Earth Europe

Jorgo Riss,
Director, Greenpeace European Unit

Dirk Vansintjan,
President European federation of Renewable Energy Cooperatives (REScoop.eu)

The organisations signing this letter work together in the European Community Energy Coalition to create the right conditions for People's ownership of renewable energy.

² The proposed Action Plan to reform a country's power market before considering a capacity market and the preservation of a robust European Resource Adequacy Assessment (i.e. definitely not national assessments) as the evidence base for introducing capacity mechanisms are the crucial elements to ensure they are not used to avoid important market reforms and obstruct scarcity pricing in wholesale markets, which in turn is fundamental for encouraging flexible energy resources like demand response, batteries and storage. These will be crucial as we move to higher shares of renewable electricity.