

POWER TO THE PEOPLE

LEGAL FRAMEWORKS OF COMMUNITY
ENERGY IN BULGARIA, GREECE,
POLAND AND SERBIA



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Introduction

The fossil-based, centralized energy systems of today are not fit for purpose anymore. Major organizations, including the International Energy Agency and, most recently, the UNFCCC through its Global Stocktake Technical Report, have warned that no investments can be made in new fossil fuel infrastructure if we are to stay within the 1,5°C target of the Paris Agreement. A political consensus is forming around the need for phasing out of fossil fuels in the global context. Yet, the transition to renewables must not emulate the same political economy of centralized ownership, top-down industrial projects, and profit accumulation at the hands of a few. The response to these challenges is the construction of a decentralized system of community energy based on democratization, localization, and environmentally sustainable methods of energy sourcing. During the 2023 Community Energy Spring Gathering organized by REScoop.eu, the European federation of citizen energy cooperatives, and Electra Energy Cooperative, as well as community leaders, policy experts, and representatives of energy cooperatives and organizations coming from various countries exchanged experiences in organizing, operating, and supporting community energy initiatives.

The Community Energy Spring Gathering brought together people from places with numerous thriving energy communities and regions where community energy experts, activists, and supporters are battling unfavorable regulatory and market conditions. Participating countries, such as Greece, Serbia, Poland, and Bulgaria, are at different stages of community energy development. On the third day of the Community Energy Spring Gathering, the Heinrich Böll Stiftung Offices of Thessaloniki, Warsaw, and Belgrade, together with CoopTech Hub, organized the workshop titled *Community energy law in Greece, Serbia, Poland, and Bulgaria. Stock taking and bottlenecks*. The workshop offered participants from the respective countries a platform to dive deeper into the current state of the legal framework on energy communities/prosumers and to discuss legislative possibilities and limitations regarding the topic. The role of legislation in building community energy projects in the light of the transposition of relevant EU directives was also discussed. This report presents the findings from the workshop.



The primary motivations behind this joint initiative were to present the current situation of community energy initiatives in the above-mentioned countries, outline the challenges they will face in the future and propose viable solutions, and offer back collective knowledge – often-times missed due to language barriers – hoping that it will prove useful in enhancing the development of the energy democracy movement in the region.



Workshop „Community energy law in Greece, Serbia, Poland, and Bulgaria. Stock taking and bottlenecks”, 10 May 2023, Athens. Photo by Tea Zegaj, Heinrich-Böll-Stiftung Tirana.

Monitoring the transposition of the European legal framework

The European Union recognizes the importance of setting fair conditions that would support the development of community energy. This is why the EU has introduced two directives providing rights and responsibilities to energy communities, enabling them to engage in an effective and organized way in the production and distribution of clean energy, as well as other activities instrumental to the green transition. The first is the Renewable Energy Directive (**RED II**), and the second is the Internal Electricity Market Directive (**IEMD**). However, as directives, these regulations do not apply directly. Instead, they need to be transposed by each Member State into its own legislation. This is a lengthy process, and the outcome is often flawed.

For that reason, REScoop.eu developed the **transposition tracker** – a tool aimed at assessing the progress of the implementation of legislation on Renewable Energy Communities (REC, introduced by the RED II directive) and Citizen Energy Communities (CEC, introduced by the IEMD directive) in the European Union Member States including necessary enabling and supporting frameworks. Areas that require further action and improvement are identified in the tracker, helping to monitor Member States' compliance with EU guidelines and standards regarding energy communities. This, in turn, enables more effective support for energy communities across the European Union, contributing to achieving goals related to renewable energy sources and mitigating climate change.

While Greece has achieved “average progress” according to the Transposition Tracker, Poland and Bulgaria are assessed as countries with “bad transposition”. Serbia is not currently covered by this tool as it is not a member of the European Union. However, its community energy legislation is modeled after the EU directives, providing some good examples for EU member states.

Transposition progress at a glance

Greece

- Greece's community energy experience predates EU directives, with a 2018 law aligning with EU spirit. It introduced a kind of energy cooperative which partly matches the concepts defined in the directives.
- In November 2022 Greece had 1,406 active energy communities with 803 MW installed capacity, however only 3 MW of the capacity was being used for self-production.
- Challenges facing community energy include grid availability, limited funding, and a lack of cooperation from suppliers for virtual net metering. They are often exploited by private investors rather than citizen-led initiatives.
- The new law, adopted in March 2023, introduces 2 GW of grid space for self-production, public funding, a 20% profit share limit, and regulations for multi-story building self-consumption, offering potential for the future of community energy in Greece.
- Existing energy communities may choose to carry on their activities under the previous regulations, or they can convert to a REC or a CEC in accordance with the new law.

Serbia

- Serbia aligned with EU directives for community energy through a law in 2021, later updated in April 2023.
- The "Renewable Energy Sources Act" was introduced in April 2021, aligning Serbian regulations with EU standards and introducing the concept of a "prosumer."
- Regulations specify the criteria and conditions for prosumers and energy suppliers, improving stability and transparency in the energy market.
- The number of prosumer households increased, and residential communities became a collective prosumer, which shows growing interest in energy communities.

- Elektropionir, a successful cooperative energy community in Serbia, initiated the country's first cooperative solar power plant in the Staroplanin region thanks to a successful fundraising campaign.
- Collaboration between Elektropionir and local authorities sets a model for future community energy initiatives.

Poland

- Community energy initiatives in Poland face significant challenges due to incomplete legislation and a lack of established success stories.
- The rapid growth of individual prosumers, with over 1.25 million micro-installations, has contributed to renewable energy sources but follows an individualistic approach that limits space for energy communities.
- The legal framework for energy communities in Poland is not well-defined, but an amendment to the Energy Law in September 2023 introduced a definition for “citizen energy communities” (CECs).
- CECs are now defined to engage in various energy-related activities and can take various legal forms with open membership and decision-making powers available to specific groups.
- Registration of CECs in Poland will begin in August 2024, but they still lack the necessary support framework, regulatory protection, and financial support for successful establishment and growth.
- The success of citizen energy communities in Poland depends on regulatory safeguards, financial support, and proactive leadership from local governments and housing cooperatives.

Bulgaria

- Bulgaria is in the process of implementing EU directives related to community energy, with a focus on the RED II directive.
- The current implementation in Bulgaria is limited to copying definitions, and energy communities are awaiting a comprehensive support framework for fair participation in the energy market.
- The Spatial Planning Act of January 2023 introduced exemptions from building permits for photovoltaic systems, especially for self-consumption, and recognized associations of building owners as potential energy communities.
- Bulgaria faces numerous obstacles to community energy due to political instability and high energy poverty rates.
- Recent legal changes have allowed smaller renewable projects to overcome bureaucratic barriers, but limitations persist, especially regarding permits and grid access controlled by local energy companies.
- A lack of political and societal support further hampers the growth of community energy in Bulgaria.
- Despite these challenges, there is an opportunity for Bulgaria to establish a stable legal framework, engage politicians and society, and adopt best practices to promote sustainable and independent energy generation and address energy challenges.

During the workshop, we assessed the state of legislation in each country, as well as the robustness of the community energy sector – developed thanks to the legal framework or despite the lack of it. The initial challenge involved laying the groundwork for all participants to discuss the intricacies of the situation in each country. To bring everyone up to speed, experts from Greece, Serbia, Poland, and Bulgaria outlined the state of community energy law in their respective jurisdictions. The workshop then allowed us to compare and contrast the strengths and weaknesses of each country's approach and identify bottlenecks and possible solutions, supported by examples from members of different communities. This report is based on the findings and recommendations from the workshop, verified and supplemented by the experts.



Legal framework

Greece

Greece provides an interesting example of community energy, where the earlier implementation of related legislation, predating European Union directives, brought certain benefits but also exposed energy communities to challenges. The 2018 law (Law 4513/2018) incorporated the spirit of EU directives and contributed decisively to unlocking the potential of community energy in Greece, even though community energy still faces several hurdles.

Energy communities predating the directives

On the one hand, there are some positive results stemming from the enabling legal framework. Greece boasts the presence of 1,406 active energy communities with a total installed capacity of 803 MW as of November 2022 (see Further reading for current data). However, while the number of energy communities in Greece may seem promising, challenges persist. Only 3 MW of the total installed capacity correspond to self-production projects, indicating that energy communities are often more focused on generating profit than meeting their members' energy needs. Recently however, there has been a growing interest in self-production projects by energy communities.

“In the past year, we have observed an interesting trend during the energy crisis. More and more people are turning to renewable energy sources and self-production. The number of applications for collective self-production projects by energy communities increased five times over the last year (from November 2021 to November 2022), indicating a growing interest in such initiatives,” said Ioanna Theodosiou from the Green Tank during a workshop at the Spring Gathering.

Despite the great interest in community energy projects, the lack of grid availability and the lack of priority to funding for self-production projects with proven difficulties in obtaining financing and access to bank lending limit the further development of energy communities. Undeterred by these obstacles, energy communities have created functioning collective self-consumption projects. Still, they are not seeing the benefits materialize as suppliers do not cooperate in facilitating the virtual net metering process. In defiance of regulatory stipulations, no official penalties or grievance mechanisms are in place to help ameliorate the situation.

Legal makeover

Another significant challenge for energy communities in Greece is the complex and often overlapping legal framework. Changing regulations and vague definitions can lead to confusion and hinder the development of community initiatives. Nevertheless, there are efforts to address these issues through new regulations.

Recently, the transposition of two directives, RED II and IEMD, took place, marking a significant legislative step toward energy communities' development. The new law repeals the founding law from 2018 and introduces two new categories of energy communities: renewable energy communities (REC) and citizen energy communities (CEC). These changes open up new possibilities and prospects for the further development of community energy in Greece. The law passed in March 2023 (Law 5037/2023) introduced some changes, including 2 GW of grid space for self-production projects, which should primarily meet the needs of citizens and energy communities with actors like large corporations. Moreover, the law enforces the provision of public funds for self-production projects and a 20% profit share limit, which may reduce the inclination to start energy communities solely for profitability. The new legislative framework also regulated the joint self-consumption of renewable energy in multi-story buildings in densely populated urban centers.

Indeed, energy communities in Greece face many opportunities and challenges. Their early start has brought some benefits, but fully unlocking their potential requires refining the regulatory framework and focusing on meeting the real needs of community members. Optimism for the future of community energy in Greece remains, and the ability to address problems and implement changes can contribute to the continued growth of these innovative energy initiatives.

Serbia

Although Serbia is not a member of the EU, it has taken steps towards community energy by implementing EU directives through a law enacted in 2021, with changes introduced in April 2023.

In Serbia, the history of community energy began to unfold in April 2021 when the Renewable Energy Sources Act was introduced, aligning Serbian regulations with the EU standards. This was a significant step towards fulfilling Serbia's commitments under the Energy Community Treaty. The new law introduced the concept of 'prosumer' to Serbian citizens for the first time. The prosumer category includes households, residential communities, and legal entities as active participants in the energy market. In August 2021, regulations specifying the criteria,

conditions, and methods for calculating claims and obligations between prosumers and energy suppliers were introduced, creating a more stable and transparent environment for building energy communities. Over the past year, since April 2022, the number of prosumer households has increased to 985, and by the end of 2022. A residential community has also emerged as a collective prosumer. All of this points to a growing interest and activity in energy communities in Serbia, which could further sustainable energy production in the country.



Energy community powered by determination

A successful project worth mentioning is Elektropionir – a cooperative energy community operating in Serbia. Thanks to a successful fundraising campaign, the cooperative began the construction of the country’s first cooperative solar power plant in the Staroplanin region. However, this development has faced multiple challenges.

To overcome these challenges, Elektropionir established valuable collaborations with the city authorities of Pirot and the villages of Dojkinci and Temska. This cooperation was pivotal in addressing issues related to establishing an independent energy producer rather than just an energy cooperative. The agreement signed with the city authorities of Pirot is particularly significant because it ensures that all profits generated by the solar power plant over the next 25 years will be reinvested in the local community. This mutually beneficial agreement demonstrates the importance of working with local authorities, making the solar plant project Solarna Stara a model for future community energy initiatives.

As Ana Džokić from Elektropionir stated, “We are not experts; we act according to our beliefs.” The heart of the endeavor is undoubtedly ingenuity and determination, which helped them succeed. The solar power plant “Solarna Stara” is planned to be fully operational by the end of 2023.

Despite the challenges related to the legal frameworks and other obstacles, the success of Elektropionir offers hope for developing community energy initiatives in Serbia. As the country continues to embrace renewable energy and support local initiatives, these positive examples can inspire other communities to embark on their journey towards sustainable and community-based energy solutions.

Poland

Community energy initiatives in Poland face significant challenges, primarily stemming from incomplete legislation and a lack of established success stories. These issues have hindered the growth and development of community-driven renewable energy projects in the country. Despite the considerable potential of such initiatives to contribute to Poland's green transition, lower energy costs, and empower local communities, these opportunities remain largely untapped.

Prosumers in need of community

One of the key challenges is the rapid growth of the individual prosumer market, with over 1.25 million micro-installations in place, representing a significant increase since the beginning of 2019. While this individual prosumer market has played a role in advancing renewable energy sources in Poland, it aligns with an individualistic “neoliberal consumer approach” to the energy transition. This approach emphasizes market-driven, cost-benefit competition, with individual prosumers typically dealing with large energy companies. In this context, there is limited space for energy communities, which inherently orient themselves toward democratic values such as justice, equity, and inclusion.

Incoming legal framework

Furthermore, the existing legal framework for energy communities in Poland is not well-defined. While there are legal forms for local and citizen initiatives in the energy sector, the concept of “energy communities” is a very recent addition to the Polish legal system. In September 2023 an amendment to the Energy Law came into action, providing the long anticipated definition of a “citizen energy community”. This definition combines both the Citizen Energy Community from the IEMD directive and the Renewable Energy Community from RED II into a single concept. Such an approach is certainly worth noting – considering that CEC and REC are largely alike, unifying the definitions does away with prospective energy communities’ dilemma of needing to choose between the two forms.

The new definition of CECs enables these communities to engage in various energy-related activities, including generation, consumption, distribution, sale, trading, aggregation, storage, as well as energy efficiency projects. CECs shall also have the capacity to provide services such as electric vehicle charging, system services, flexibility services, and biogas and biomass production. The primary goals of to-be CECs will be to provide environmental, economic, and social benefits to their members and local areas.

Still waiting to thrive

Regrettably, aspiring energy communities still need to wait, as registration of CECs will not begin until August 2024. Moreover the recent legislation has merely introduced the definitions, omitting the necessary support framework – which is crucial for a successful establishment and growth of CECs in Poland. While the legal framework is evolving to facilitate their formation, regulatory protection within the energy market will be essential to prevent potential roadblocks from grid operators. Moreover, CECs will require financial support, such as grants and loans, to fund their initiatives. The level of funding remains uncertain, and it may take time for CECs to establish themselves and provide inspiring examples for others. Encouragingly, several cities have shown interest in supporting energy communities in their neighborhoods. Housing cooperatives are also taking initiatives, even in the absence of clear regulations.

The introduction of citizen energy communities in Poland certainly holds promise for driving community-led renewable energy projects and fostering a more sustainable and equitable energy landscape. However, success will hinge on regulatory safeguards, financial support, and proactive leadership from local governments and housing cooperatives.

Bulgaria

Bulgaria recently took the steps to implement the EU directives. Until now, references could only be found in the strategic climate and energy documents. Unfortunately, the authorities responsible for the transposition of the RED II took the copy-and-paste approach, mostly limited to definitions. Energy communities still await a support framework, as well as provisions necessary for fair participation in the energy market.

Community energy lacking support

In Bulgaria, community energy faces numerous obstacles, mainly due to the country's political instability. Bulgaria has one of the highest energy poverty rates in the European Union, but the uncertainty hampers the introduction of supportive regulations for developing energy communities. The lack of legal recourse so far has made community energy nearly non-existent in the country, and all initiatives in this field face numerous challenges.

Recent legal changes indicate some progress, allowing smaller renewable projects to transgress bureaucratic boundaries. Nevertheless, the limitations remain numerous and noticeable. Permits and grid access are still largely dependent on local monopoly energy companies, which have little

interest in citizen independence. They primarily view citizens as customers, which leads to a lack of progress in community energy on a larger scale.

Another key problem is the lack of political and societal support. Politicians underestimate the potential of community energy, and government actions addressing the energy crisis do not sufficiently stimulate citizens' interest in prosumer options for electricity generation. Organizations like Izgrei have partnered with Greenpeace to push the Bulgarian government to take legislative action. However, even if institutional problems are eventually resolved, access to funding for such projects will still be limited.

Bulgaria's situation contrasts with the experiences of other countries, including Greece, which has made some progress in community energy due to earlier legislative action. Bulgaria needs to establish a coherent and stable legal framework that supports the development of energy communities and encourages citizens to engage in sustainable and independent energy generation. In addition to addressing legal gaps, it will be essential to involve politicians and society in fully harnessing the potential of community energy to address the country's energy challenges.



Currently, using electricity for self-consumption is one of the options available to prosumers. Selling the produced electricity is not allowed under the current regulations. An alternative option is using electricity for self-consumption and selling the surplus as an Independent Energy Producer (IEP). This opens the door to selling electricity at preferential rates or to licensed electricity traders. It is important to note that the available models and agreements are provided by licensed electricity traders and thus may vary. Moreover, the requirements regarding documentation vary between different counties.

The strengths of this approach include the opportunity to adopt best practices from other European countries and avoid mistakes made elsewhere. There is also flexibility in the options available to prosumers, allowing them to adapt to changing market conditions.

Opportunity to learn from other countries

However, there are several significant weaknesses in this context. Bulgaria's lack of political stability can affect the long-term prospects for developing energy communities. Additionally, the lack of government support for energy communities can limit their growth. There is also a lack of widespread societal understanding of energy communities, which can hinder the promotion of this model. Subsidized energy costs for households, which are planned to be retained until 2025, also negatively affect the appeal of getting involved in energy communities.

Considering the late development of energy communities in Bulgaria, the country should do its best to seize this opportunity to avoid mistakes made elsewhere and implement best practices with governmental support. These actions can help facilitate a smooth transition of households to a fair and competitive energy market, which is a crucial step towards a sustainable energy future.

Conclusion

As proven by years of environmental research, if we are to reach the goals of the Paris Agreement, the status quo in the energy industry cannot persist. For the purpose of cleaner energy production, the industry must be decentralized, as called for by the Energy Agency and the UNFCCC. Phasing out fossil fuels will require the development of democratic, bottom-up, and local action. Community energy is a vital part of that brighter tomorrow for the energy industry. This is because community energy has a significant potential to change the energy profiles on a state level by offering energy from renewable sources. Moreover, its bottom-up nature can help raise awareness and introduce social justice to the energy sector.

Thanks to the Community Energy Spring Gathering, we could review the challenges and share our ideas for community energy in Greece, Serbia, Poland, and Bulgaria. In the light of the transposition of EU directives and local legal, political, and social circumstances for each country, we have developed a summary of each state's potential in furthering the de-fossilization and the transition towards a more environmentally and socially sustainable energy profile. The stages of these developments vary a lot in each country, but what all states have in common is a growing awareness of the importance of this matter and much potential for citizen engagement in the energy sector.

Each of the four countries could benefit from:

- A polished and simplified legal framework to encourage individuals to act;
- Access to funding for energy communities, specifically those aiming at self-generation and addressing energy poverty;
- Exact terms and priority for access to the grid, with a special focus on energy communities from coal regions in transition;
- Raising awareness and capacity building to enhance cooperation with local authorities.

The road to a greener and more just energy industry is thus paved with the well-known idea of 'think globally, act locally'. Despite being at different stages of their way, Greece, Serbia, Poland, and Bulgaria shall observe each other's developments and solutions and learn from each other's mistakes. Then, we should all apply ourselves to local action in furthering the agenda of energy communities according to the local context. The potential of community energy is too significant to be ignored, and we shall demand that our governments seize this opportunity to achieve energy democracy truly.

Further reading

The **transposition tracker** which assesses the progress of the transposition of the Renewable Energy Community (REC) and Citizen Energy Community (CEC) definitions in the European Member States is maintained by REScoop.eu at <https://www.rescoop.eu/transposition-tracker>. EUR-Lex database contains the **Renewable Energy Directive** (RED II) at <https://eur-lex.europa.eu/eli/dir/2018/2001/oj> and the **Internal Electricity Market Directive** (IEMD) at <http://data.europa.eu/eli/dir/2019/944/oj>.

For more information about **community energy in the discussed region**, you can read the report “Communities for RES - Energy Communities in Central Eastern Europe” at <https://caneurope.org/cee-energy-communities/>.

To learn more about **energy communities in Greece**, you can follow the reports of the Community Energy Watch by The Green Tank (including current data) at <https://thegreentank.gr/en/community-energy-watch-en/>.

To learn more about **energy communities in Serbia**, you can read the Elektropionir report at <https://elektropionir.rs/solarna-stara-2/>.

More information on **community energy in Poland** can be found in the report “Best Practices for Energy Communities in Poland and Germany” at https://www.dena.de/fileadmin/dena/Publikationen/PDFs/2022/ANALYSIS_Best_practices_for_energy_communities_in_Poland_and_Germany.pdf.

More information on **energy communities in Bulgaria** can be found in the report “Scaling-up Energy Communities in Bulgaria” at https://www.e3analytics.eu/wp-content/uploads/2021/06/E3A_Bulgaria_Analysis_of_Energy_Communities_EN_FINAL.pdf.

For more information about **community energy practices**, you can read the Best Practice Guide for Southeast Europe at <https://www.rescoop.eu/toolbox/best-practice-guide-for-southeast-europe>.

For more information on the **social impact of energy communities** you can read the report “The Social Impact of Energy Communities in Greece” at <https://gr.boell.org/en/2023/05/04/o-koinonikos-antiktypos-ton-energeiakon-koinotiton-stin-ellada>.

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