



Working Group II:

Financial mechanisms and instruments contributing to the development of the market of energy efficient services (EES) and renewable energy sources (RES). Integration with the National Decarbonisation Fund (NDF) and other supporting financial platforms

Policy proposal

Upgrading and improving national policy and regulatory framework for energy communities¹

Summary

Energy communities (ENOs) represent an excellent opportunity for citizens, micro and small, non-profit and public sectors to join forces and reap the benefits of cheap and clean electricity generation. Although the first steps have already been taken in national legislation, there is still a lack of clarity on how to function, report, associate, etc. of the ENO, as well as specialized programs and financial instruments to facilitate their emergence.

The regional centres envisaged in the Recovery and Resilience Plan can play a key role and lead the process of forming the ENO by upgrading the portfolio of services offered to citizens and local entrepreneurs.

The definition of Energy Communities (ENOs) set out in national law closely reflects that in Directive (EU) 2018/2001 (RED II), without further clarification. The EnO is represented as an entity not bound by a certain legal structure, characterized by open and voluntary participation in it. Despite a number of positive productions in favor of EnO such as:

- Ability to produce, consume, store and sell surplus energy from renewable sources on equal terms in energy markets, including through power purchase agreements;
- Non-discriminatory access to all relevant energy markets;
- A clear commitment to sustainability and progress instead of financial gains;
- Ability to heat and cool, not just to produce and consume electricity,

¹ The policy was developed using the H2020 POWER-E-COM project: received funding from the European Union's Horizon 2020 research and innovation programme under Grant Agreement No. 101120998



There are a number of ambiguities and gaps that need improvement and upgrade such as:

- Lack of methodologies for measurement and reporting of energy in EnO and application of principles for virtual/net measurement;
- Limited financial incentives such as preferential bank loans or targeted support mechanisms. Examples could be:
 - Tax bonuses;
 - Exemption from fees;
 - Capital grants. Especially in the case of socially vulnerable groups;
 - Other.
- Lack of good practices, demonstration projects and sufficient awareness among potential ENO members;
 - Development of model contracts and forms;
 - Free trainings for citizens;
 - Other.
- The complex nature of administrative procedures, combined with the need for extensive technical and legal knowledge, pose significant challenges to citizens' initiatives in this area;
- Transition from non-discriminatory to preferential market access regime and infrastructure for EnO;
- Free or subsidized connection and use of the electricity distribution network.

In order to streamline the process of entry of the ENO, regional centres for the provision of complex services need to expand the scope towards supporting the formation of energy communities by proposing

- Funding guidelines;
- Legal services,;
- Energy audits;
- Leadership and support in the formation of communities;
- Other.



Briefly about BeSmart

The Bulgarian Forum for Financing Energy Efficiency Projects:



The transition to a low-carbon economy requires higher energy efficiency and better energy management, the introduction of new specialised services and the development of financial mechanisms. This exceptional challenge is particularly relevant in the building sector, where the currently used 100% grant mechanism for the renovation of multi-family residential buildings needs to be reformed into a more sustainable financing scheme that is socially acceptable, ensures the participation of vulnerable consumers and at the same time sets higher criteria for energy efficiency and environmental benefits.

What are we aiming for?

To help develop and implement policies and financial mechanisms to support investment in energy efficiency and to support the implementation of European sustainable energy development initiatives at national and local level.

How will we achieve it?

- Involving all stakeholders in an open dialogue
- Dissemination of good practices, initiatives and tools
- By building an online communication platform for sharing knowledge and experience
- With nine national roundtables with extensive media coverage
- With specific recommendations for the development of financial instruments to support energy efficiency

Target groups:

- Banks, other financing institutions and ESCOs
- Representatives of the central government, mainly from the ministries of finance, economy, energy, regional development and public works and the executive agencies belonging to them.
- Local and regional authorities
- National associations - construction, SMEs and industry associations, consumer associations and various service providers
- Think tanks and academia
- The general public and citizens
- Media.

Main benefits:

- Involving all stakeholders in an open dialogue
- Dissemination of good practices, initiatives and tools
- By building an online communication platform for sharing knowledge and experience
- With nine national roundtables with extensive media coverage
- With specific recommendations for the development of financial instruments to support energy efficiency



This project has been funded with support from Horizon 2020 of the European Union by grant agreement No 101033787.

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