

CLIENT	AURORA and JALÓN Projects
FILE	AT-111
ASSIGNMENT	BARRIERS TO THE DEVELOPMENT OF ENERGY COMMUNITIES IN THE EUROPEAN REGULATION
DATE	12 November 2025

Scope: The work carried out by HOLTROP includes assessments for the European projects AURORA H2020 (101036418) and LIFE-JALON (101076395).

AURORA aims to use energy communities as an educational tool, engaging hundreds of students and other educational community members in co-investing in local infrastructure, reinforcing the idea that “everyone” should contribute to climate-related infrastructure according to its capacity. This model has already been implemented at the Red Cross in Évora. The concept of community involves nearly 150 citizens coming together to make the infrastructures (Photovoltaics, Batteries, heat pumps) a reality.

The savings generated from using this electricity would be allocated to universities, schools, or NGOs, enabling them to repay the loans or participatory accounts obtained and, at the same time, have additional funds for their primary mission: to provide education on social innovation in energy, while also participating in local projects with vulnerable characteristics.

The JALON project, launched in rural areas and promoted by a rural women’s cooperative, aims to demonstrate how energy communities can help reverse the depopulation of villages based on a new, more collaborative, and shared socio-economic model across 67 regional villages in Spain. It seeks to unify difficulties and bureaucratic hurdles so that surplus resources can be used to revitalize their activities.

This two-page report serves merely to reflect the challenges we have faced and, currently, to serve as a guide to verify and unite efforts among all those of us who feel responsible for ensuring that the funding for the energy transition must also come from the bottom up.

UPM Coordinators



JALÓN



AURORA



I. INTRODUCTION

1. The document identifies several barriers to the development of Energy Communities¹ (hereinafter, “EC”) that stem from the current European regulation. The document especially focuses on the effect of such barriers on ECs set in the rural areas. Each barrier is paired with a proposed solution.

II. BARRIERS

II.1. Lack of definition of “local authorities” in REC and CEC definition

2. Both REC and CEC are open to the participation of “*local authorities, including municipalities*”. This definition is not clear enough to determine which institutions can participate.
3. Focusing on the word “*local*”, from our point of view, it shall include any administration that operates within the territorial scope of a given EC. This interpretation allows state and regional administrations to participate. They can be valuable members of ECs because they have intense activity in rural areas and have significant financial and technical resources.
4. Focusing on the concept of “*authority*”, it shall be clarified to include all bodies governed by public law, such as universities, public companies, and other public law bodies, such as irrigation communities.
5. A clearer definition of the participation of public bodies in EC would eliminate regulatory uncertainties that make willing public bodies to back down from ECs. Thus, we propose to include a definition of local authority in the line described in paragraphs 3 and 4.

II.2. Clear separation of self-consumption and REC and CEC and proximity criteria

6. Currently, self-consumption and REC and CEC are often confused. While the first is an activity available to any active consumer, REC and CEC are system subjects, who may engage in self-consumption, but have other rights and obligations.
7. One of the main drivers of this confusion is the proximity criteria in the definition of REC. This has sometimes resulted in confusion between the territorial extent of the REC and the criteria for energy sharing within the REC. Equally, sometimes the criteria for energy sharing within the REC have been directly taken from those of collective self-consumption (for example, Portugal).
8. This confusion limits the potential of ECs, because it increases the risk of partial implementation of their legal regime. Also, in the case of rural energy communities, it limits the territorial scope of ECs, making it more difficult to pool in one EC the scarce resources available in depopulated regions.
9. We propose that the distinction between ECs and self-consumption shall be made more explicit, and the implementation of ECs in Member States as a mere extension of self-consumption shall be considered an incomplete implementation. Equally, a clarification shall be introduced that members can participate in a REC even if they are situated in the proximity of only one of the several projects of the REC. Finally, we propose allowing the territorial scope of ECs to be naturally limited by the progressive reduction in the incentive resulting from the reduction of system costs, which should at least take into account that the network layout in rural and/or less populated areas needs wider geographical scopes.

II.3. Ownership and development of projects requirements for REC

10. Although the specific extent of the requirements will depend on Member State implementation, the wording in the Renewable Energy Directive allows Member States to limit the potential projects of REC to new projects, developed directly by the REC that are the property of the REC. Equally, in member states where REC has still not been properly implemented, the wording of the requirement incentivizes existing ECs to be conservative in their projects, to make sure that they will be able to benefit from the REC legal regime once it is implemented.

¹ Energy Communities refers to Renewable Energy Communities (“REC”) and Citizen Energy Communities (“CEC”).



11. In consequence, the requirement acts as a barrier on REC from acquiring existing projects developed originally by third parties, or even by members of the REC. Equally, it may prevent the REC from managing projects owned by a third party, even if legal mechanisms, such as a rental or a usufruct allow the REC to use these projects. This barrier sets an unjustified discrimination between REC and other subjects, such as generators, that can freely acquire, use and manage projects developed and owned by third parties.
12. Adapting the energy projects of REC to the ownership and development requirements increases the complexity of the contractual structure of the projects: The REC has to pay for a brand-new installation, has to obtain a right over the surface where the installation is going to be built that covers for the lifetime of the installation, has to sign contracts with the consumers of the energy for the lifetime of the installation, etc. This effects especially new RECs without a previous track record. More flexibility in access to projects would allow them an easier start.
13. Moreover, this increased complexity impacts in the participation of public bodies in RECs, since it has to be structured using more complex legal figures that are subject to demanding requirements. This affects especially RECs in rural regions, which depend more on the involvement of administrations. Moreover, local administrations in rural environments have limited resources and are less able to enter the complex legal relationships RECs currently need.
14. The development and ownership requirements can affect the efficient allocation of resources, preventing pooling projects into the REC, including unused and underexploited installations.
15. Our proposal is to eliminate the limitations on ownership and development of energy projects from the definition of REC. Projects shall be considered to pertain to a REC as long as it legally uses the installation for its own purpose, directly for the purpose of its members, or at least to obtain economic, social or environmental benefits for them through these installations.

II.4. Primary purpose not being to generate financial profits

16. Taking into account the local character of ECs, any financial profit obtained by the EC that is shared between its members will be beneficial for the local area. Especially, in rural areas with limited economic opportunities, it can provide an additional income. This can help the participants to be able to remain in the area, contributing to solve existing demographic threats, such as depopulation. Financial benefit is also a powerful incentive to join and to actively participate within the EC to ensure that it works adequately.
17. Our proposal is that the definition of REC and CEC shall allow financial benefit as long as it is coupled or results in benefits for the local community, society, the environment, etc.

II.5. Potential role of CEC in distribution networks

18. Currently, CEC' right to operate distribution networks depends on a choice by each Member State. Especially in countries in which DSOs own the network and are in a strong position, the possibility of the government allowing CEC to manage distribution networks is remote. This is a barrier to the development of ECs because one of the main obstacles we have identified is conflicts and arbitrary behaviour from the DSO on access and connection.
19. We propose to include in the obligation of Member States to allow CEC to manage distribution networks in their territorial scope. The right shall also be extended to REC.

II.6. Control of implementation

20. Finally, in some countries, the most significant barrier stemming from EU law is the lack of proper implementation of REC and CEC by the Member States. Even if the regulation in the Energy Market and Renewable Energy Directives is transposed, if it is not adequately developed, ECS can't operate as such. This is the case in Spain.
21. We propose that the Commission shall act with the available tools, including the infringement procedure, if necessary, to make sure that Member States properly implement ECs. A proper implementation shall include transposition but also the necessary development for ECs to be able to operate and exercise all their rights. Moreover, any element of the applicable law on REC and CEC that can operate directly from EU law could be included in a regulation, making them directly applicable.

