

## **Findings of the Virtual Policy Dialogue *Enhancing Energy Communities in Rural Regions – Knowledge Exchange Between Schleswig-Holstein and Latvia* 26 June 2024**

As part of the [Rural Energy Communities<sup>LV</sup>](#) project, the first Virtual Policy Dialogue ‘Enhancing Energy Communities in Rural Regions – Knowledge Exchange Between Schleswig-Holstein and Latvia’ took place on Wednesday, 26 June 2024. The online event was primarily aimed at actors in politics and administration, associations, energy agencies, community energy and civil society actors and other interested stakeholders.

The focus was on the energy policy framework in Germany, Schleswig-Holstein and Latvia, the implementation of the relevant European regulations and their provisions for energy communities, the citizen energy fund in Schleswig-Holstein, as well as questions of digitization in the field of distribution grids. Approximately 50 persons attended the event.

Doris Lorenz, Managing Director of the Heinrich Böll Foundation Schleswig-Holstein, opened the dialogue. This was followed by welcome addresses from the State Secretary in the Ministry of Energy Transition Schleswig-Holstein, Joschka Knuth, and the Ambassador of the Republic of Latvia to Germany, Alda Vanaga (video message). Joschka Knuth and Gunārs Valdmanis (Latvian Ministry of Climate and Energy) gave introductory presentations on the energy policy framework of both countries. Michael Krug (Heinrich Böll Foundation) and Ilvija Ašmane (Latvian Rural Forum) then introduced the audience to the project. Inese Zēmele from the Latvian distribution system operator *Sadales Tīkli* presented the status of the smart meter rollout in Latvia as well as digitization in the distribution grid. The following session dealt with the implementation of the recast Renewable Energy Directive (RED II) and the Internal Electricity Market Directive (IEMD), particularly their provisions on energy communities. Valérie Lange (German Alliance for Citizen Energy) spoke for Germany, Gunārs Valdmanis for Latvia. Angelika Behlig and Laura Paulsen from the Schleswig-Holstein Ministry of Energy Transition presented the Citizen Energy Fund of Schleswig-Holstein, which was established in 2018 and provides citizen energy initiatives with risk capital for the start-up phase. In a concluding interactive part, the barriers to energy communities and the possibilities of ‘learning from each other’ were discussed together. The dialogue was moderated by Doris Lorenz and Michael Krug (Heinrich Böll Foundation) as well as Ilvija Ašmane and Zane Seredina (Latvian Rural Forum).

Key findings of the event were:

- SH and Latvia are well advanced in the expansion of renewable energies.
- SH is a model region for community energy, while in Latvia community energy projects are still in the embryonic stage.
- In addition to the field of renewable energies and energy communities, there is further potential for cooperation between the two countries/regions, e.g. in the field of green hydrogen use.
- Latvia has almost completed the smart meter rollout. Germany is lagging far behind, mainly due to the relatively high technical and data protection requirements.
- In addition to the term ‘active customer’, the existing European regulations contain various concepts of collective energy production and use that have similarities and differences: ‘jointly

acting final customers', 'jointly acting renewable self-consumers', citizen energy communities' and 'renewable energy communities'

- In the federal system of Germany, the federal government has the formal competence to transpose the relevant EU directives in the energy sector. However, the federal states and municipalities have certain leeway to support the creation of an enabling framework for energy communities.
- Germany has recently transposed the EU concept of 'jointly acting renewables self-consumers' with the introduction of 'joint building supply' (*gemeinschaftliche Gebäudeversorgung*). However, its practical implementation still poses a challenge for grid operators, who often lack the technical requirements including standardized processes for billing/accounting.
- Both countries have transposed the European concept of the 'Renewable Energy Community' into national law. The equivalent in Germany is the so-called citizen energy company (*Bürgerenergiegesellschaft*), which is anchored in the Renewable Energy Sources Act. In contrast to Latvia, however, Germany lacks an explicit transposition of the EU concept of the 'citizen energy community'. There is also no explicit regulatory framework for energy sharing yet.
- The amended Internal Electricity Market Directive, which was adopted by the European Council in May 2024, specifies essential elements of energy sharing. Accordingly, energy sharing means the self-consumption by active customers of renewable energy either (a) generated or stored offsite or on sites between them by a facility they own, lease or rent in whole or in part; or (b) the right to which has been transferred to them by another active customer for a price or free of charge. The right to energy sharing will be extended to households, SMEs and public institutions and will not be limited to members of energy communities. Households with systems of up to 10.8 kW and apartment buildings with up to 50 kW will in future be exempt from supplier obligations as part of energy sharing.
- The Latvian government has recently published a [draft regulation](#) on the registration and operation of energy communities. The draft takes a liberal approach, with energy sharing generally possible between active consumers or within energy communities. It is also envisaged that 80% of the electricity generated by an energy community must be consumed within an energy community. The focus shall be primarily on PV systems. The Latvian draft regulation already anticipates the EU provisions on the new electricity market design. There should be neither discrimination nor privileges of energy communities over other market players. Reduced grid charges like in Austria are not envisaged. However, it is planned to offer certain tax incentives and investment support. The net accounting scheme, which was initially only applicable to households, has been extended to energy communities and other legal persons.
- The Federal Ministry for Economic Affairs and Climate Action has announced proposals for energy sharing in Germany for the summer of 2024. Together with the German Cooperative and Raiffeisen Confederation (DGRV), the Citizens' Energy Alliance has prepared a [position paper 'Energy Sharing for Citizen Energy'](#) which contains proposals for the implementation of energy sharing that are adapted to the revised Internal Electricity Market Directive.
- Schleswig-Holstein set up a [citizen energy fund](#) in 2018 with the aim of facilitating the first steps of citizen energy projects in the planning and start-up phase, mitigating financial risks and ensuring independent advice. The fund grants risk capital and supports citizen energy projects in the areas of electricity, heat, mobility, energy efficiency and digitalization.
- Participants identified barriers to energy communities in their countries, highlighting in particular the legal and administrative framework and insufficient financing opportunities. In Latvia,

a lack of information, the mobilization of citizens and the lack of business models also seem to be critical challenges.

- Germany and Schleswig-Holstein can learn from Latvia in the following areas: smart meter rollout, acceptance of electricity customers, digitization processes.
- Latvia can learn from Germany and Schleswig-Holstein in the following areas: funding and financing solutions such as the Citizen Energy Fund, community energy in the field of wind energy, mobilization of citizens, and consideration of energy communities under LEADER.
- There are opportunities for exchange and synergies between Germany/Schleswig-Holstein and Latvia in the context of the LEADER programme, in particular on the question of the extent to which LEADER can support the development of energy communities.
- The following points were mentioned as possible contents for the second policy dialogue in spring 2025: implementation of the amended Renewable Energy Directive (RED III), particularly regarding simplified planning and approval procedures, implementation of the new electricity market design and energy sharing, and the role of LEADER in promoting energy communities through networking and capacity development.
- Further information on Germany can be found in a separate factsheet. A factsheet of Latvia will be published later.

## Outlook

The project partners of the Latvian Rural Forum are currently conducting various information and awareness-raising events in Latvia to further disseminate the concept of energy communities, especially in rural regions. A Latvian delegation of experts will visit Schleswig-Holstein in October 2024. The focus will be on talks at the Ministry of Energy Transition and the visit of various citizen energy projects. By the end of the year, the project partners will develop a series of good practices that may serve as a model for Latvia and would also like to see to what extent LEADER can be used to facilitate their development. A further online policy dialogue is planned for spring 2025.

## About the project

Since January 2024, the Heinrich Böll Foundation Schleswig-Holstein has been coordinating the Rural Energy Communities<sup>LV</sup> project, which is funded by the German Federal Environmental Foundation. Project partner is the Latvian Rural Forum. The aim of the project is to advance the development of renewable energy communities, especially in rural regions of Latvia, and to strengthen dialogue, knowledge transfer and cooperation between actors from Germany, especially Schleswig-Holstein, and Latvia. The project has a duration of 21 months.

Kiel, 11 July 2024

Michael Krug, Heinrich Böll Foundation Schleswig-Holstein, [krug@boell-sh.de](mailto:krug@boell-sh.de)