

## Virtual Policy Dialogue

### *Energy Sharing for Rural Energy Communities - Knowledge Exchange Between Schleswig-Holstein (Germany) and Latvia 02 April 2025*

## Results

### Background and Purpose

As part of the [Rural Energy Communities<sup>LV</sup>](#) project, the second Virtual Policy Dialogue ‘Energy Sharing for Rural Energy Communities – Knowledge Exchange Between Schleswig-Holstein and Latvia’ took place on Wednesday, 02 April 2025. The online event brought together a broad spectre of actors and stakeholders including policy makers, public authorities, associations, community energy initiatives, as well as other market actors and stakeholders. Approximately 45 persons attended the event. The Virtual Policy Dialogue focused on the specific topic of energy sharing. Pursuant to the revised Electricity Market Design Directive (EU)2024/1711, energy sharing operationalizes the collective consumption of self-generated or stored electricity injected into the public grid by more than one jointly acting active customer. Renewable energy communities and citizen energy communities are entitled to share electricity generated from facilities they have in full ownership with their members. In December 2024, the Latvian government adopted a regulation for the registration and operation of energy communities, including energy sharing, transposing the EU rules. In November 2024, the German government drafted amendments to the Energy Industry Act, which included a section on energy sharing. The Virtual Policy Dialogue addressed the following questions: What are key opportunities and challenges of energy sharing for Germany, particularly for the federal state of Schleswig-Holstein, and Latvia? How does the (proposed) regulatory framework for energy sharing look like? What can policy makers, community energy initiatives, other market actors and stakeholders in Germany and Latvia learn from each other and from the experience of pioneering countries in this field?

### Overview of presentations

**Doris Lorenz**, Managing Director of the Heinrich Böll Foundation Schleswig-Holstein, opened the policy dialogue. This was followed by welcome addresses from the State Secretary in the Ministry of Energy Transition Schleswig-Holstein, **Joschka Knuth**, and the Honorary Consul of the Republic of Latvia to Germany, **Prof. Mirko Schönfeldt**. Both highlighted the benefits of mutual exchange of knowledge and learning. They also emphasized the key role of rural regions for the energy transition. The Baltic Sea Region has the potential to set important standards, also in the

field of energy communities and energy sharing. **Michael Krug** (Heinrich Böll Foundation Schleswig-Holstein) and **Ilvija Ašmane** (Latvian Rural Forum) introduced the audience to the project *Rural Energy Communities<sup>LV</sup>* and the various activities implemented so far (policy dialogues, policy factsheets, study visit of Latvian experts to Schleswig-Holstein, good practice report and snapshots, multiple capacity building and networking events in Latvia and preparatory steps to identify potential pilot communities). They also briefly introduced the participants to the topic of energy sharing and the different possible models it implies (i.e., peer-to-peer trading/sharing, collective self-consumption, energy sharing in energy communities). **Achille Hannoset** (European Commission) presented the regulatory framework for energy sharing at European level in the context of the new electricity market design and explained the roles of different market actors including DSOs, consumers and suppliers in energy sharing arrangements. **Anna Papke** (Stiftung Umwelt- und Energierecht) illustrated the proposed provisions for energy sharing in Germany enshrined in the draft amendments to the Energy Industry Act launched by the former (traffic light) government. **Olaf Büssing**, member of the Executive Board of the energy cooperative Bakum (in the federal state of Lower Saxony), introduced the participants to his energy cooperative and an energy sharing pilot project currently under implementation. **Gunārs Valdmanis** (Latvian Ministry of Climate and Energy) focused on the new framework for registering and operating energy communities in Latvia. He provided details of the three main types of electricity users who can participate in energy sharing: Associated Active Users, Jointly Acting Active Users, and Energy Communities. **Signe Petrēvica**, co-chair of Vārme Residents' Council, introduced the participants to several sustainability initiatives carried out in the village with support of a financial compensation scheme launched by a renewable energy developer. She also mentioned that Vārme might become a pilot energy community in the frame of the project.

## Key findings and points of discussion

### Legal framework at European level and lessons from pioneering countries

- The European Union introduced energy sharing in 2018-2019 through the Clean Energy Package. The concept was initially limited to members of energy communities. Energy sharing was further defined in the 2024 revised Electricity Market Design Directive. The latter extended the right to share energy to other 'active consumers', like households, SMEs and public bodies. Member States must transpose the relevant provisions into national law by 17 July 2026.
- The EU's energy sharing framework aims to protect consumers from wholesale market price volatilities by providing direct access to renewable energy (RE), to accelerate the uptake of installed RE capacity (primarily solar), and to increase energy efficient and flexible consumer behavior.
- The EU defines energy sharing as the 'self-consumption of off-site generated or stored electricity by at least two final customers within the same bidding zone or a more limited geographical area.' There are two main sub-types of energy sharing: collective energy sharing and peer-to-peer energy sharing.
- Achille explained the differences between collective self-consumption and peer-to-peer trading. He also mentioned that the framework requires the involvement of system operators and the provision of an interface for final customers. Overall, energy sharing is self-balancing energy between final customers while suppliers are not involved.

- Households with RE 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 European Commission is going to provide guidance on organizing network tariffs for energy sharing in the second half of 2025. The Heinrich Böll Foundation Brussels is planning to organize a follow-up webinar on the issue of network tariffs and energy sharing once the guidance of the European Commission will be available.
- The Commission will adopt a Citizen Energy Package in Q3/Q4 2025.
- The experience of some pioneering countries in the EU was shortly highlighted. Spain and Austria offer reduced network tariffs while Italy offers a special premium for shared energy. Unfortunately, this aspect could not be discussed in more detail due to time constraints.

### Regulatory framework for energy sharing in Germany

- As far as energy sharing is concerned, Germany is far from being a pioneering country in Europe. However, some progress has been made recently under the 'traffic light' government. With the introduction of the concept of 'joint building supply' (*Gemeinschaftliche Gebäudeversorgung*) in 2024, the government has transposed the EU concept of 'jointly acting renewables self-consumers' (which relates to multi apartment buildings or building blocks without the use of the public grid). Moreover, in November 2024, the government drafted amendments to the Energy Industry Act (*Energiewirtschaftsgesetz*), which included a section on energy sharing in a broader sense, i.e. by making use of the public grid. However, the future regulatory framework for energy sharing in Germany remains unclear due to the collapse of the 'traffic light' government.
- Draft legislation envisages that energy sharing would be possible from June 2026 within the balancing area of an electricity distribution system operator (DSO) and from June 2028 within the balancing area of an DSO and in the balancing area of a directly adjacent DSO. The operators of the RE installation would not have to ensure a full electricity supply and would be partly exempt from suppliers' obligations. They may commission third parties to take over key services for energy sharing. Household customers operating an installation not exceeding an installed capacity of 30 kW (single family home) or 100 kW (multi-apartment block) are fully exempt from suppliers' obligations.
- The discussion addressed the question of whether under the drafted legislation energy cooperatives would be eligible for energy sharing or not. The legal text is not clear here. Several participants argued that the draft law might be interpreted as excluding energy communities while others interpreted the text of the draft law as including. Anna Papke and her team tend to interpret the draft law as not excluding energy cooperatives. The new German government must definitively clarify this issue.
- Gunārs Valdmanis (Latvian Ministry of Climate and Energy) supported the German legislative proposal, noting parallels to the Latvian approach. In his view, both countries seem to be heading in the same direction.
- Another issue raised was incentives for energy sharing. While other countries offer certain incentives including reduced grid fees (e.g., Austria, Spain) or financial support like premium payments for shared energy (Italy), the German draft legislation does not envisage any comparable economic incentives for energy sharing.

- Michael Krug (Heinrich Böll Foundation Schleswig-Holstein) pointed out that empirical evidence on the question if energy sharing helps to reduce the burden for the public grid is still rather weak. Jörg Mühlhoff (Heinrich Böll Foundation, Brussels Office) provided insights of EU-level discussions about facilitating energy sharing and the debate around cost-reflective network tariffs. He pointed out the problem that energy sharing/reduced grid tariffs may pose a risk for those consumers who have not the opportunity to benefit from energy sharing schemes but who must bear an increasing share of the overall grid/system costs. The conversation highlighted the need for sound cost benefit analyses, for more transparency in grid operations and energy production, as well as the potential for time-of-use network tariffs to incentivize demand response and grid interaction. Incentives might be justified if there is clear evidence that the burden on the electricity grid is reduced. Jörg Mühlhoff referred to a [policy brief](#) recently prepared by an EU expert group with support of the Brussels Office of the Heinrich Böll Foundation.
- The practical implementation in Germany still poses a challenge for grid operators, who often lack the technical requirements including standardized processes for billing/accounting.
- In the Chat, further studies on energy sharing in Germany were recommended including a [study](#) by the German Energy Agency dena.

### Energy cooperative and energy sharing pilot project in Bakum (Lower Saxony)

- The energy cooperative in Bakum has 340 members. It is possible to invest between a minimum of 1,000 euros (1 share) and a maximum of 30,000 euros (30 shares). Both the municipality (1%) and the cooperative (30%) own shares in a wind farm located in the vicinity of the community. The wind farm comprises three Vestas V-126 wind turbines, each with a rated output of 3.45 MW. Other shareholders are the landowners (43.9%) and the developer Alterric (25.1%).
- Presently, the cooperative is partner in an energy sharing pilot project, a collaboration involving the cooperative, the municipality of Bakum, the energy trader EWE AG, the grid operator EWE Netz GmbH, the Austrian company neoom and 40 households including prosumers and consumers.
- The purpose of the pilot project is to test the technical feasibility of energy sharing. All participants have been equipped with smart meters by EWE Netz and an application to monitor, visualize and share electricity generation and consumption data by neoom. This allows all participants to track the energy data of their own household and the community. The municipality supports the project and participates directly with the PV facilities installed on its own buildings. The cooperative takes part through its members and the wind farm.
- The energy generated by the participants can be compared with the energy consumed to determine what proportion was consumed directly in the community for each quarter of an hour. In the future, this amount of energy can be shared directly within the community.
- Participants already now receive a virtual invoice for the energy shared. In the first phase, only virtual invoices will be created for the test customers. The test operation is expected to terminate at the end of 2025. The project partners are planning to gradually expand the energy community and to bill intra-community energy volumes and residual electricity volumes separately. As soon as a regulatory framework is in place and the

economical/technical processes have been adjusted to the regulatory requirements, the community is planning to switch to full operation.

## Regulatory framework for energy sharing in Latvia

- In December 2024, the Latvian government adopted a regulation for the registration and operation of energy communities, including energy sharing, transposing the EU rules. The new legislation envisages three main forms of citizen energy cooperation and energy sharing: associated active users' (equivalent to peer-to-peer trading), jointly acting active users (for multi-apartment buildings), and energy communities (electricity energy communities, renewable energy communities).
- 'Associated active users' represent a group of up to 5 electricity users that have an installed production capacity up to 50 kW, are connected to a single DSO's grid, produce electricity for self-consumption, and sign a contract with an electricity trader. 'Jointly acting active users' are limited to one building or interconnected territory and do not face any production capacity limits. Both electricity energy communities and renewable energy must obey restrictions relating to the installed capacity (max 14.999 MW). Moreover, 80% of electricity that is fed into the grid has to be used for self-consumption. Otherwise, 51% of the profit must be directed for social and other purposes as specified in the Energy Law. Energy communities must be registered in the corresponding registry for energy communities.
- All three models can be characterized by an active involvement of electricity traders/retailers. The government pursues a quite liberal, 'trader-centric' approach and pursues a level playing field of all market actors. The government aims to keep grid tariffs equal for all users.
- An issue that was raised in the subsequent discussion referred to electricity which is not self-consumed. A key challenge faced by energy communities is to agree with traders/retailers about prices in the frame of the current net accounting system.
- Renewable energy communities may also share heat energy. In this case, they do not face any capacity limits. However, sharing is only possible between objects that cannot be connected to existing district heating systems.
- On 2 April 2025, the Latvian government published a draft regulation which envisages financial support for the installation of renewable energy and storage facilities for energy self-consumption in multi-apartment buildings, public buildings and energy communities through the EU Modernisation Fund. Total available funding for energy communities would amount to 9.2 million EUR, maximum support for one single project to 200,000 EUR. The public consultation will last until 16 April 2025.

## Potential pilot energy community in Vārme (Latvia)

- Vārme is a rural community in the Western part of Latvia with 880 inhabitants. The village is part of the municipality of Kuldīga. The community is quite active and has undertaken several notable sustainability initiatives in the past few years, earning the label of a 'smart village.'
- Near the village, a 94 MW open space solar farm is currently under construction. The solar farm is owned and operated by the Lithuanian renewable energy project developer UAB Ignitis Renewables. Commissioning is planned for 2025. To share the benefits with the



local communities affected by the RE projects, the company implements cooperation and support programmes providing funding to community projects and initiatives. Affected communities may apply for funding through a tendering process.

- Since 2024, Ignitis Renewables has been implementing the support programme for local communities in Latvia. The total amount of the company's financing support in Latvia amounts to EUR 270,000. In Vārme, there are currently two projects funded under this programme: the first project 'Smart Solar Circle 2030' provides for the installation of 100% solar lighting lanterns and video surveillance in the village. This also includes increasing the number of EV charging ports, reaching 100% renewable and hybrid energy objects in public zones. The second project aims to improve infrastructure and develop environmental solutions by renovating pedestrian sidewalks and installing environmentally friendly lighting for lighting the sports field. Thanks to this support, Vārme disposes of project funding for local community development of 150,000 EUR in 2025.
- The local use of renewable energy sources in private and public buildings is part of the community's vision and strategy for the future. Inspired by a Call for Interest carried out by the Latvian Rural Forum in the context of Rural Energy Community<sup>LV</sup> project, the local community is considering creating an energy community with the aim of sharing energy among its members. However, the benefits of setting up an energy community are not very clear yet. Further challenges highlighted are a lack of funding for the installation of PV installations on municipal buildings and the unclear terms under which an energy community can cooperate with an energy trader and surplus electricity might be sold to the grid.
- Another challenge for the community is the fact that Ignitis Renewables is planning to construct a wind farm with 20 wind turbines and a total capacity of 150 MW or more in the vicinity of the community.

## Outlook and next steps in the project

The project partners Heinrich Böll Foundation Schleswig-Holstein (HBS SH) and Latvian Rural Forum will continue their efforts to facilitate the establishment of at least one pilot energy community in Latvia. The Latvian Rural Forum will explore options for financial support for businesses and producers to invest in equipment for energy communities. Based on the outcome of this workshop, HBS SH will work on a synopsis comparing the regulatory frameworks of Latvia and Germany for energy communities and energy sharing. The partners will continue their knowledge exchange between German and Latvian stakeholders on energy sharing. Moreover, it is planned to organize a study visit of German experts to Latvia in summer 2025.

Michael Krug, Heinrich Böll Foundation Schleswig-Holstein

Kiel, 10 April 2025

## Agenda

### Moderation:

*Doris Lorenz and Michael Krug (Heinrich Böll Foundation Schleswig-Holstein)*

<b>10:00</b>	<b>Opening</b> <i>Doris Lorenz, Managing Director, Heinrich Böll Foundation Schleswig-Holstein</i>
<b>10:05</b>	<b>Welcome Addresses</b> <i>Joschka Knuth, State Secretary, Ministry for Energy Transition, Climate, Environment and Nature Schleswig-Holstein</i> <i>Prof. Mirko Schönfeldt, Honorary Consul of the Republic of Latvia in Schleswig-Holstein</i>
<b>10:20</b>	<b>Status Quo of the DBU Project Rural Energy Communities<sup>LV</sup></b> <i>Michael Krug, Project Coordinator, Heinrich Böll Foundation Schleswig-Holstein</i> <i>Ilvija Ašmane, Climate and Energy Expert, Latvian Rural Forum</i>
<b>10:30</b>	<b>Energy Sharing in Europe: Approaches and Lessons from Pioneering Countries</b> <i>Achille Hannoset, Policy Officer, European Commission</i>
<b>10:50</b>	<b>Energy Sharing in Germany: Proposals and Perspectives</b> <i>Anna Papke, Researcher, Stiftung Umweltenergierecht</i>
<b>11:10</b>	<b>Energy Sharing Pilot Project in Bakum/Lower Saxony</b> <i>Olaf Büssing, Board Member, Energy Cooperative Bakum eG</i>
<b>11:20</b>	<b>Discussion</b>
<b>11:40</b>	<b>Break</b>
<b>12:00</b>	<b>The Regulatory Framework for Energy Sharing in Latvia</b> <i>Gunārs Valdmanis, Head of Department, Latvian Ministry of Climate and Energy</i>
<b>12:20</b>	<b>Potential Pilot Project in Vārme (Latvia)</b> <i>Sigita Petrēvica, Vārme Residents' Council</i>
<b>12:30</b>	<b>Discussion</b>
<b>12:55</b>	<b>Outlook and Closing</b> <i>Michael Krug, Project Coordinator, Heinrich Böll Foundation Schleswig-Holstein</i> <i>Ilvija Ašmane, Climate and Energy Expert, Latvian Rural Forum</i>