



Synopsis of Energy Sharing Rules for Energy Communities in Germany and Latvia

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1. Introduction and purpose

The following synopsis presents a comparative overview of the current legal frameworks governing energy sharing in Germany (specifically the federal state of Schleswig-Holstein) and Latvia. The analysis focuses primarily on energy sharing within energy communities as defined under EU legislation. Other decentralised models — such as ‘jointly acting renewable self-consumers’ or ‘peer-to-peer trading’— are addressed only marginally. The synopsis takes into account the recent amendments of the Energy Industry Act (*Energiewirtschaftsgesetz*) in Germany adopted by the Federal Parliament (*Bundestag*) on 13 November 2025 and by the Federal Council (*Bundesrat*) on 21 November 2025. In Latvia, the relevant legal framework consists of the Energy Act, the Electricity Market Act, and Government Regulation No. 808 (2024) on the Registration and Operation of Energy Communities. The document begins with an overview of the key European legislative provisions, followed by a detailed comparison of the national rules in Germany and Latvia, and concludes with a summary of the main findings.

2. The European legal framework for energy communities and energy sharing

With the Clean Energy for all Europeans Package - a legislative cluster of several regulations and directives - the European Union introduced the right of all EU citizens to produce and consume their own energy as individuals, groups and as legal entities titled ‘energy communities’. The recast Renewable Energy Directive (RED II)¹ included new provisions to allow citizens to play an active role in the development of renewables by enabling self-consumption of renewable energy and energy communities. It defined different concepts of individual and collective energy action (see particularly Article 2):

- **‘Renewables Self-Consumers’** means a final customer operating within its premises or, where permitted by a Member State, within other premises, who generates renewable electricity for its own consumption, and who may store or sell self-generated renewable

¹ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources, amended by the Directive (EU) 2023/2413, consolidated version 16/07/2024, available online from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02018L2001-20240716>

electricity, provided that, for a non-household renewables self-consumer, those activities do not constitute its primary commercial or professional activity;

- **‘Jointly acting renewables self-consumers’** means a group of at least two jointly acting renewables self-consumers located in the same building or multi-apartment block.
- **‘Renewable Energy Communities’ (RECs)** means an autonomous legal entity based on open and voluntary participation, that is effectively controlled by shareholders or members located in the proximity of the renewable energy projects owned and developed by that legal entity. Shareholders or members are natural persons, SMEs or local authorities while the primary purpose is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where the REC operates, rather than financial profits. Article 22 of RED II stipulates that Member States should provide an **enabling framework** to promote and facilitate the development of energy communities and lists several elements such an enabling framework should include.
- **‘Peer to peer trading of renewable energy’** means the sale of renewable energy between market participants by means of a contract with pre-determined conditions governing the automated execution and settlement of the transaction, either directly between market participants or indirectly through a certified third-party market participant, such as an aggregator.

In close analogy to RED II, the **Internal Electricity Market Directive (IEMD)**² introduced the following related concepts:

- **‘Active customer’** means a final customer, or a group of jointly acting final customers, who consumes or stores electricity generated within its premises (...) or, where permitted by a Member State, within other premises, or who sells self-generated electricity or participates in flexibility or energy efficiency schemes, provided that those activities do not constitute its primary commercial or professional activity;
- **‘Citizen energy community’ (CEC)** means a legal entity that is based on voluntary and open participation and is effectively controlled by members or shareholders that are natural persons, local authorities (...), or small enterprises. Its primary purpose is to provide environmental, economic or social community benefits to its members or shareholders or to the local areas where it operates rather than to generate financial profits. It may engage in generation, including from renewable sources, distribution, supply, consumption,

² Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity, basic version: <https://eur-lex.europa.eu/eli/dir/2019/944/oj/eng>; amended consolidated version 16/07/2024: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019L0944-20240716>

aggregation, energy storage, energy efficiency services or charging services for electric vehicles or providing other energy services to its members or shareholders.

Referring to the concepts of energy communities, there are several parallels and differences: RECs and CECs represent a legal form of collective ownership around various energy related activities. Both types are characterised by open and voluntary participation. Their primary purpose is to provide environmental, economic or social benefits to its participants or to the local areas where they operate rather than to generate financial profits. Both types of energy communities are entitled to produce, consume, store, sell and share energy that is produced by the production sites owned by the respective EC. While CECs operate only in the electricity sector and do not have a technology-specific focus, RECs build and manage renewable assets under their control at local level requiring a certain level of physical proximity. Both types of collective action go beyond the boundaries of single or multi-family buildings or apartment blocks. Members of both types were given the privilege of sharing electricity (for RECs also other forms of energy) between members or shareholders, even when using the public grid. However, neither RED II nor IEMD provided a definition or clarification on what 'energy sharing' exactly means.

Both the RED II and the Internal Electricity Market Directive require Member States to put in place **enabling frameworks** for RECs and CECs respectively. For RECs, Member States must put in place an effective enabling framework that creates a favourable environment for the creation and the functioning of RECs. The purpose is not only to promote a level playing field for RECs, but also to promote and facilitate their development by mitigating the practical and regulatory challenges they face in trying to access the market.

Member States shall provide an enabling framework to promote and facilitate the development of RECs. That framework shall ensure, inter alia, that:

- a) unjustified regulatory and administrative barriers to RECs are removed;
- b) RECs that supply energy or provide aggregation or other commercial energy services are subject to the provisions relevant for such activities;
- c) the relevant DSO cooperates with RECs to facilitate energy transfers within RECs;
- d) RECs are subject to fair, proportionate and transparent procedures, including registration and licensing procedures, and cost-reflective network charges, as well as relevant charges, levies and taxes, ensuring that they contribute, in an adequate, fair and balanced way, to the overall cost sharing of the system in line with a transparent cost-benefit analysis of distributed energy sources developed by the national competent authorities;
- e) RECs are not subject to discriminatory treatment with regard to their activities, rights and obligations as final customers, producers, suppliers, distribution system operators, or as other market participants;

- f) participation in RECs is accessible to all consumers, including those in low-income or vulnerable households;
- g) tools to facilitate access to finance and information are available;
- h) regulatory and capacity-building support is provided to public authorities in enabling and setting up RECs, and in helping authorities to participate directly;
- i) rules to secure the equal and non-discriminatory treatment of consumers that participate in the REC are in place.

Source: Renewable Energy Directive (RED II), Article 22 (4)

Enabling frameworks for CECs on the other hand aim simply to create a level playing field so they can participate across the market. While this may imply the need for enabling frameworks to contain special regulations or measures to correct for inherent disadvantages for CECs in gaining market access, CECs should not receive any special privileges. As such, the elements the enabling framework for CECs has to encompass are not as extensive as those for RECs. Nevertheless, it is worth noting that regulations on supply, and provisions on cooperation with the DSO to facilitate energy sharing, and fair, proportionate and transparent registration and licensing procedures could apply both to RECs and CECs equally.³

Member States shall provide an enabling regulatory framework for citizen energy communities ensuring that:

- a) participation in a CEC is open and voluntary;
- b) members or shareholders of a CEC are entitled to leave the community (...);
- c) members or shareholders of a CEC do not lose their rights and obligations as household customers or active customers;
- d) subject to fair compensation as assessed by the regulatory authority, relevant distribution system operators cooperate with CECs to facilitate electricity transfers within CECs;
- e) CECs are subject to non-discriminatory, fair, proportionate and transparent procedures and charges, including with respect to registration and licensing, and to transparent, non-discriminatory and cost-reflective network charges (...) ensuring that they contribute in an adequate and balanced way to the overall cost sharing of the system. Member States may provide in the enabling regulatory framework that CECs:
 - a) are open to cross-border participation;
 - b) are entitled to own, establish, purchase or lease distribution networks and to autonomously manage them (...);
 - c) are subject to the exemptions for closed distribution networks.

Member States shall ensure that CECs:

³ REScoop.eu (2023): Enabling frameworks for Renewable Energy Communities. Report on good practices. Available online from <https://www.rescoop.eu/uploads/rescoop/downloads/REScoopEU-Briefing-on-Enabling-frameworks-for-RECs-final.pdf>

- a) are able to access all electricity markets, either directly or through aggregation, in a non-discriminatory manner;
- b) are treated in a non-discriminatory and proportionate manner with regard to their activities, rights and obligations as final customers, producers, suppliers, DSOs or market participants engaged in aggregation;
- c) are financially responsible for the imbalances they cause in the electricity system; to that extent they shall be balance responsible parties or shall delegate their balancing responsibility (...);
- d) with regard to consumption of self-generated electricity, CECs are treated like active customers (...)
- e) are entitled to arrange within the CEC the sharing of electricity that is produced by the production units owned by the community,(...). (...) Sharing electricity shall be without prejudice to applicable network charges, tariffs and levies, in accordance with a transparent cost-benefit analysis of distributed energy resources developed by the competent national authority.

Member States may decide to grant CECs the right to manage distribution networks in their area of operation and establish the relevant procedures (...). If such a right is granted, Member States shall ensure that CECs:

- a) are entitled to conclude an agreement on the operation of their network with the relevant DSO or TSO to which their network is connected;
- b) are subject to appropriate network charges at the connection points between their network and the distribution network outside the CEC and that such network charges account separately for the electricity fed into the distribution network and the electricity consumed from the distribution network outside the CEC (...);
- c) do not discriminate against or harm customers who remain connected to the distribution system.

Source: Internal Electricity Market Directive (IEMD, Article 16 (1)-(3))

The **Electricity Market Design Directive**⁴ which took effect in 2024 introduced a legal definition of ‘electricity sharing’⁵ and extended the right to share electricity beyond energy communities to ‘**active customers**’ in general - such as households, SMEs, public bodies and, where a Member State has so decided, other categories of final customers - allowing active customers to share self- or collectively generated electricity, both on-site or off-site, with friends, families, neighbours, and communities. Pursuant to this directive, energy sharing operationalises the collective consumption of self-generated or stored electricity injected into the public grid by more than one jointly acting

⁴ Directive (EU) 2024/1711 of the European Parliament and of the Council of 13 June 2024 amending Directives (EU) 2018/2001 and (EU) 2019/944 as regards improving the Union’s electricity market design, available online from <https://eur-lex.europa.eu/eli/dir/2024/1711/oj/eng>

⁵ ‘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, Article 2(10a). The right of electricity sharing is further detailed in an amending Article 15a “Rights to electricity sharing”.

active customers. Active customers can share renewable electricity between themselves based on both private agreements or through a legal entity and they may appoint a third party as an energy sharing organiser. Pursuant to Article 15a(4), Member States shall ensure that active customers who are participating in energy sharing

- are entitled to have the shared electricity injected into the grid deducted from their total metered consumption within a time interval no longer than the imbalance settlement period and **without prejudice to applicable non-discriminatory taxes, levies and cost-reflective network charges,**
- benefit from **all consumer rights and obligations** as final customers,
- are **not required to comply with supplier obligations,** where renewable energy is shared between households with an installed capacity up to 10,8 kW for single households and up to 50 kW for multi-apartment blocks (Member States may increase those thresholds in the case of single households to 30 kW and in the case of multi-apartment blocks to 100 kW),
- have **access to voluntary template contracts** with fair and transparent terms and conditions for energy sharing agreements,
- in the event of a conflict arising from an energy-sharing agreement, have access to out-of-court dispute settlement with other participants in the energy sharing agreement,
- are **not subject to unfair and discriminatory treatment** by market participants or their balance responsible parties,
- notify energy sharing arrangements to the relevant system operators and market participants, including the relevant suppliers either directly or through an energy sharing organiser.

Customers are entitled to conclude more than one electricity supply contract or energy sharing agreement at the same time and for that purpose they are entitled to have more than one metering and billing point covered by the single connection point for their premises and where technically feasible, smart metering systems may be used for it.

Member States shall ensure that relevant transmission system operators (TSO) or distribution system operators (DSO) or other designated bodies monitor, collect, validate and communicate metering data related to the shared electricity with relevant final customers and market participants at least every month, and (...) put in place the appropriate IT systems. Moreover, they should also provide a relevant **contact point** to

- register energy sharing arrangements,
- make available practical information for energy sharing,
- receive information on relevant metering points, changes in location and participation;
and,



- where applicable, validate calculation methods in a clear, transparent and timely manner.

The Electricity Market Design Directive also stipulates that Member States shall take appropriate and non-discriminatory measures to ensure that **vulnerable customers and customers affected by energy poverty can access energy sharing schemes** (e.g., via **financial support measures** or **production allocation quota**). Member States shall also ensure that energy sharing projects owned by public authorities make shared electricity accessible to vulnerable or energy poor customers or citizens. Member States shall 'do their utmost to promote that the amount of accessible energy is at least 10 % on average of the energy shared'. The Directive also stipulates that the Commission shall provide guidance to Member States without increasing the administrative burden to facilitate the establishment of a standardised approach regarding energy sharing and ensure a level playing field for RECs and CECs.

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3. Synopsis of legal provisions and rules for energy communities and energy sharing in Germany and Latvia

	Schleswig-Holstein/Germany	Latvia
3.1 General information on electricity self-consumption and energy communities		
Number of solar PV self-consumers (prosumers')	<p>Before 2009, self-consumption of PV electricity was seldom practiced because the remuneration for feeding PV based electricity into the grid (feed in tariff/feed in premium) was higher than the price of purchasing electricity from the grid. In 2009, promotion of self-consumption started, and the amount of self-consumption rose steadily, reaching 5.57 TWh in 2022. In 2024, self-consumption of PV based electricity reached 12.28 TWh. With grid feed-in of nearly 60 TWh, self-consumption accounted for 17% of net electricity generation from PV in 2024.⁶ In March 2025, there were 4.2 million PV systems with a total rated output of around 98,300 MW installed on roofs and properties of households and enterprises in</p>	<p>Before 2022, self-consumption of PV electricity was rarely practiced. In 2021, the total installed solar PV capacity was only 7 MW, generating around 0.007 TWh of electricity.¹⁰ In recent years, Latvia has experienced a rapid expansion of installed solar PV capacity. By September 2025, total solar PV installations had reached 885 MW, with approximately 0.54 TWh of electricity fed into the grid during the first nine months of the year. Of this capacity, more than 200 MW came from micro-generators (up to 11.1 kW, around 24,400 installations), while larger solar PV plants accounted for 685 MW across more than 1,500 installations. Around 95 % of solar PV microgenerators have been installed by private</p>

⁶ <https://www.pv-magazine.com/2025/12/04/germany-records-growth-in-solar-self-consumption/>

¹⁰ See Latvia Official Statistic Portal, the data base ENA040 'Electric capacity and produced capacity from renewables'. Available online from https://data.stat.gov.lv/pxweb/en/OSP_PUB/START_NOZ_EN_ENA/ENA040/



	Germany ⁷ . In 2025, the number of registered solar plug-in systems ('balcony power plants') in Germany reached 716,000. ⁸ In Schleswig-Holstein, the corresponding number was 158,500 (2024) ⁹	households (single family buildings), and the rest by legal entities. ¹¹
Tradition of energy communities	Germany has a long-standing cooperative tradition, including in the energy sector. Citizen participation in energy dates back to the early 20 th century, when electricity distribution cooperatives played a central role in bringing power to rural areas, although only a small number of these early cooperatives have survived to the present day. ¹² Germany can be considered one of the frontrunners of modern forms of community energy in Europe. Within Germany, Schleswig-Holstein is one of the pioneering regions, particularly regarding community wind farms and community heating. SH is also a pilot region for testing and implementing sector coupling and flexibility solutions.	The co-operative movement in Latvia has a long history dating back to the 19 th century. The movement flourished during the first period of state independence, particularly 1918 to 1934. The idea of a voluntary, democratic, and independent movement in a democratic and sovereign Latvia resonated with Latvians, especially in rural areas. ¹³ Already in the interwar period cooperatives were existing in agriculture and other sectors of the economy. Several small hydro power plants were operated by private persons or electricity cooperatives. So, there is a certain tradition of collective forms of citizen participation in the energy sector like in Germany and some other countries (e.g., Denmark, Netherlands). Forced collectivisation and deformation of the cooperative idea during Soviet times negatively affected the development of collective action. Besides the Soviet legacy a certain individualist culture in Latvia can be regarded as another

⁷ See https://www.destatis.de/DE/Presse/Pressemitteilungen/2025/07/PD25_N034_43.html. This includes all PV systems that feed into the public grid and have an electricity meter. Smaller systems, such as plug in systems are usually not included.

⁸ <https://www.cleanenergywire.org/news/germany-doubles-number-solar-balcony-power-plants-start-2024-agency>

⁹ <https://www.ndr.de/nachrichten/schleswig-holstein/2024-Mehr-Solarenergie-als-Windkraft-ausgebaut-in-SH%2Cphotovoltaik196.html>

¹¹ JSC "Sadales tikls". Power supply review, September 2025. Available online from <https://sadalestikls.lv/lv/elektroapgades-apskats>

¹² Holstenkamp, L. (2015). The Rise and Fall of Electricity Distribution Cooperatives in Germany. Available from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2727780

¹³ <https://journal.lu.lv/hssl/article/view/588>



		<p>obstacle. Attractive feed in tariffs established during the 1990s promoted private investments in small and medium scale renewable energy facilities, particularly refurbishment of small hydro power plants by private owners, but did not result in collective investments, e.g., by establishing energy cooperatives or community wind farms. Consequently, Latvia has no strong historical roots of energy cooperatives on which the development of ECs might be based. Today, modern EC are still in an embryonic state and there are only few pilot projects.</p>
<p>Number of energy communities</p>	<p>In 2023, Germany had 1,038 energy cooperatives and 2,500-3,000 energy communities in a broader sense.¹⁴ As of 2017, Schleswig-Holstein had 239 energy communities, with 197 being active in electricity generation from wind and 36 in the field of solar energy.¹⁵ These can be regarded as energy communities in a broader sense, they do not necessarily fulfill all criteria for energy communities laid down in the RED II or IEMD.</p>	<p>By now, only few pilot projects are existing or under development, mainly supported by EU funding. By 30 October 2025, two energy communities in the sense of the RED II and IEMD have been officially registered in the Energy Community Registry.¹⁶</p>
<p>National support schemes for energy communities</p>	<p>Citizen energy companies (<i>Bürgerenergiegesellschaften</i>), i.e. the equivalent of the concept of ‘renewable energy communities’ in European law, are exempted from the obligation to participate in public tenders for financial support (market premiums). They are eligible for market</p>	<p>Latvia currently does not use—and does not plan to introduce—any form of public tenders or market-premium schemes for renewable energy produced by small-scale installations, including those owned by energy communities. One of the key drivers behind the rapid growth of solar PV installations in single-family homes has been national</p>

¹⁴ <https://www.ioew.de/presse/pressemitteilungen/energiegemeinschaften-foerdern-was-die-politik-jetzt-tun-sollte>

¹⁵ https://www.buendnis-buergerenergie.de/fileadmin/user_upload/wpbl27_BEG-Stand_Entwicklungen.pdf

¹⁶ Kašs, R. (2025): Atjaunīgo energoresursu izmantošana daudzdzīvokļu mājās, pašvaldību un valsts ēkās, energokopienās. Klimata un enerģētikas ministrija. Available online from <https://www.em.gov.lv/lv/notikums/elektroenerģijas-razosana-paspaterinam-energokopienas>



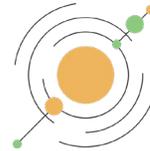
	<p>premiums the amount of which depends on the auction results.</p> <p>There is a federal grant to loan scheme for community wind farms inspired by the example of a citizen energy fund in Schleswig-Holstein (see below).</p>	<p>financial support in the form of investment grants. The application process opened in March 2022 and is scheduled to remain available until December 2029. Combined with the option for households to participate in a net-metering scheme, this support has significantly accelerated uptake. By the end of 2025, the programme had enabled the installation of more than 114 MW of solar PV capacity and 20 MWh of electricity storage, with total public funding amounting to approximately EUR 50 million.¹⁷</p> <p>Another promotional factor was sharply increasing electricity prices in 2022. In 2024, the net metering scheme was replaced by a net payment (or net accounting) scheme for new installations.</p> <p>Under the current legal framework, energy communities cannot use the net metering or net payment scheme to sell surplus electricity. These schemes are available only to individual active users, not to collective actors such as energy communities.</p> <p>At the same time, as of 1 July 2025, electricity traders are required to offer a universal service product for energy communities, which in practice functions as some form of a net payment arrangement. However, by the end of 2025, no dedicated support schemes explicitly targeting energy communities had yet been introduced. On 2 April 2025, the Latvian government published a draft regulation proposing financial support for the installation of zero-emission renewable energy technologies and storage systems for</p>
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¹⁷ <https://ekii.lv/index.php?page=atbalsts-majsaimniecibam>



		<p>self-consumption in multi-apartment buildings, as well as in state, municipal, and energy-community facilities, financed through the EU Modernisation Fund. On 12 January 2026, this draft regulation was submitted to the government for final adoption.¹⁸ Projects must focus on installing renewable energy generation facilities, including solar PV systems, storage and accumulation systems, solar collector systems with storage tanks, and heat pumps, with the main purpose being on-site consumption. However, no support is envisaged for wind energy. An energy community must self-consume at least 80 % of the electricity it produces over a 12-month period. Applications will be assessed according to administrative eligibility criteria and quality-based evaluation criteria, including the planned CO₂-reduction efficiency (kg CO₂ per euro of Modernisation Fund support per year) and the total annual CO₂-reduction (tons per year). The planned funding available for energy communities amounts to EUR 9.2 million, with a maximum of EUR 200,000 per project and a support intensity of 70 %. Latvia has no citizen energy fund providing risk capital for citizen energy project developers, like in Schleswig-Holstein. However, funding from the Modernisation Fund covers technical documentation cost as eligible cost. Overall, the government follows a liberal, market-oriented, and electricity trader-focused approach, aiming to ensure a level playing field for all energy-market participants.</p>
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¹⁸ Valsts kanceleja (2025): Modernizācijas fonda finansēto projektu atklāta konkursa "Atjaunīgo energoresursu izmantošanas veicināšana daudzdzīvokļu ēkās, valsts un pašvaldību ēkās un energokopienās" nolikums. 24-TA-2826. Available online from https://tapportals.mk.gov.lv/legal_acts/531a294f-c9d0-43a6-b719-96c41f88c877



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<p>Regional support schemes for energy communities</p>	<p>In 2016, the federal state of Schleswig-Holstein established a citizen energy fund (<i>Bürgerenergiefonds</i>). This revolving fund provides start-up funding for collective initiatives and energy communities (grant-to-loan scheme). Other federal states like Thuringia and North Rhine-Westphalia and the federal government were inspired by this showcase and established similar funding schemes.</p>	<p>There are no dedicated support schemes at regional level. The Riga Energy Agency, the Zemgale Regional Energy Agency, the Riga Planning Region and some other planning regions are promoting the development of pilot projects, mainly through European cooperation projects. Regional support is limited by the fact that Latvia does not have regional self-governments. Some municipalities provide real estate tax (RET) relief for residential buildings which have installed rooftop solar PV technologies. For example, the municipality of <i>Ropaži</i> located in the Riga Planning Region, provides 50 % RET relief for three years for solar PV and solar collectors in case at least 6 kW capacity is installed, both single-family buildings and multi-apartment buildings.¹⁹</p>
<p>Financial participation/compensation for municipalities and citizens in renewable energy projects implemented on their territories</p>	<p>The Renewable Energy Sources Act (<i>Erneuerbare-Energien-Gesetz</i>), a federal law, provides for voluntary payments of wind and solar farm operators to affected municipalities (see § 6 of the Act). In the case of onshore wind turbines, the municipalities concerned may be offered a total of 0.2 €cents per kilowatt hour for the actual amount of electricity fed into the grid if the turbine has an installed capacity of more than 1,000 kilowatts. Communities are considered affected if at least part of their municipal area is located within a radius of 2,500 meters around the centre of the tower of the wind turbine. Several federal states have</p>	<p>Article 22¹ of the Electricity Market Act envisages mandatory compensation payments to be paid by onshore and offshore (up to 25 kilometers from the coast) wind farm operators. The government determines the payment amount and procedures, supervision, time periods, as well as the objectives for the use of payments. The corresponding Government regulation which came into force at the end of August 2024 envisages annual compensation payments of EUR 2,500 for each megawatt of nominal capacity.²⁰ The payment is to be split by a ratio of 50:50 between the municipality resp. municipalities on whose territory the wind farm is located and households within a 2 km radius of the onshore wind farm or a point on the coast,</p>

¹⁹ See Ropaži Municipality By-law No. 24/21 (2021); available online from <https://likumi.lv/ta/id/328559>

²⁰ See Government Regulation No. 577 (2024); available online from <https://likumi.lv/ta/id/354566>



	<p>established complementary legislation requiring financial participation of municipalities/citizens.</p>	<p>which is determined at right angle to the coast from the boundary of an offshore wind farm.²¹ Latvia has no mandatory compensation payments for operators of ground-mounted solar PV farms. Solar farm operators may provide voluntary payments; however, no legislation sets out the procedure for such payments. For example, the <i>Ignitis Group</i> (which has developed three large scale PV farms in the municipalities of <i>Bauska</i>, <i>Kuldīga</i> and <i>Tukums</i>, with a total installed capacity of 413 MW) in 2025 paid EUR 225,000 to support various local community development projects. A total of nine projects received support, selected through an open call competition. Support was likewise provided in 2024.²²</p>
<p>Share of Final Household Consumers Equipped with Smart Meters (2023)</p>	<p>As of 30 June 2025, the Federal Network Agency (<i>Bundesnetzagentur</i>) reported 1,6 million smart metering systems installed, of which approximately 760,000 were mandatory installations. This means that around 16.4 per cent of mandatory installations have been completed, but only around 3 per cent of all metering points.²³</p>	<p>Latvia is highly advanced in the rollout of smart meters. Between 2014 and 2022, the distribution system operator JSC <i>Sadales tīkls</i> carried out an extensive replacement of customer meters. The programme was completed in May 2023, resulting in 99.8% of customers - approximately 1.1 million - being equipped with smart meters.²⁴</p>

²¹ <https://www.sorainen.com/publications/discomfort-payments-for-wind-turbines-in-latvia-finally-approved/>

²² <https://uzladets.lv/ignitis-group-ieguldis-225-000-eiro-regionalajiem-projektiem-latvija-kopuma-regiona-vairak-ka-1-miljonu/>

²³ [https://dserver.bundestag.de/brd/2025/0665-25\(zu\).pdf](https://dserver.bundestag.de/brd/2025/0665-25(zu).pdf)

²⁴ <https://sadalestikls.lv/en/blog/post/latvias-smart-electricity-meter-roll-out-completed-metering-more-1-million-connection-points-happens-remotely;>
<https://www.sprk.gov.lv/en/content/electricity>

3.2 Transposition of key provisions for energy communities laid down in the recast Renewable Energy Directive (EU)2018/2001 and the Integrated Electricity Market Directive (EU)2019/944

<p>General situation</p>	<p>Since 2017, the German concept of a ‘citizen energy company’ (<i>Bürgerenergiegesellschaft</i>) has been anchored in the Renewable Energy Sources Act. This concept was subsequently adapted to ensure compliance with the recast Renewable Energy Directive (RED II) and the EU concept of a ‘renewable energy community’. In Germany, a ‘citizen energy company’ means any cooperative or other company</p> <ul style="list-style-type: none"> a) consisting of at least 50 natural persons as voting members or voting shareholders, b) in which at least 75 per cent of the voting rights are held by natural persons who are registered with a residence in a postcode area that is wholly or partly within a radius of 50 kilometres of the planned facility (...), c) in which the voting rights not held by natural persons are held exclusively by micro, small or medium-sized enterprises (...) or by local authorities and their associations with legal capacity, and d) in which no member or shareholder of the company holds more than 10 per cent of the voting rights in the company (...). <p>In German law, there is no explicit legal equivalent for the European concept of a ‘citizen energy community’ set out in the IEMD.</p>	<p>On 14 July 2022, the Latvian Parliament (<i>Saeima</i>) adopted the general legal framework for energy communities with amendments to the Energy Act and the Electricity Market Act, which came into force on 1 January 2023. In the meantime, both laws have been amended several times. The amended Energy Act includes a general or ‘umbrella’ definition of ‘energy community’ and provides further definitions and specifications for ‘renewable energy communities’ (<i>Atjaunīgās enerģijas energokopiena</i>) and ‘electricity energy communities’ (<i>Elektroenerģijas kopienas</i>). In Latvia, ‘renewable energy communities’ function as the national counterpart to the EU concept of the same name, whereas the Latvian concept of an ‘electricity energy community’ integrates features of both EU concepts—renewable energy communities (RECs) and citizen energy communities (CECs).</p> <p>According to the Energy Act, an energy community is a legal entity engaged in generation, trade, sharing, consumption, and storage of energy — primarily electricity and other types of renewable energy obtained from renewable energy sources — and the provision of demand response services, electric vehicle charging services, energy efficiency services or other energy services.</p> <p>The purpose of an energy community is to produce energy for its members or shareholders by providing economic, social, and environmental benefits to its members, shareholders, or</p>
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		<p>the areas in which it operates. The primary objective of an energy community is not to generate profit. Referring to the legal form, an energy community may be an association, foundation, cooperative society, partnership, capital company (corporation), or other civil law company. If the energy community is a capital company, its objectives laid down in its statutes must correspond to the objectives of an energy community. Its statutes must stipulate that the profits it generates shall not be distributed or paid out as dividends but shall be invested in achieving the objectives set out in the statutes.</p> <p>On 10 December 2024, the Latvian government adopted Regulation No 808 (2024) ‘On the Registration and Operation of Energy Communities’. This regulation rules that if an energy community consumes less than 80% of the annual electricity fed to the power distribution system, it shall direct at least 51% of the profit earned in the current calendar year to the operational objectives of the energy community specified in the Energy Act.²⁵</p> <p>Members or shareholders of an energy community may be natural persons, small and medium-sized enterprises, and local authorities. Members or shareholders of an electricity energy community may also encompass other public entities. In accordance with the Electricity Market Design Directive, the amendments to Regulation No. 808 (2024) of June 2025 stipulate that also large enterprises can be members of an electricity energy community provided that the electricity</p>
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²⁵ See Article 37 of the Government Regulation No. 808 (2024).



		<p>generation capacity of the energy community does not exceed 6 MW.</p> <p>A renewable energy community operates in the renewable energy sector and owns, develops or manages renewable energy production facilities that are geographically linked to it. An electricity energy community operates in the electricity sector. An energy community meets the conditions of a renewable energy community or an electricity energy community, or of both at the same time.</p> <p>The concept of energy communities is new in Latvia. In contrast to Germany, there was no pre-existing legal concept before the adoption of the RED II and IEMD.</p> <p>The abovementioned Regulation No. 808 (2024) includes provisions for ‘energy communities’, ‘jointly acting renewables self-consumers’, ‘associated active self-consumers’ and ‘electricity sharing’. Hence, umbrella legislation and secondary legislation for energy communities are in place. An enabling framework for renewable energy communities that complies with the EU minimum criteria laid down in RED II is partly in place.²⁶</p> <p>Cross-border electricity sharing is not permitted under Latvian law, pursuant to §8 of Government Regulation No. 808 (2024).</p>
<p>Transposition of the Concept ‘Jointly Acting Renewable Self-Consumers’</p>	<p>In Germany, the concept of shared building supply (<i>Gemeinschaftliche Gebäudeversorgung</i>) was introduced in 2024 via the so-called Solar Package I, a legislative package encompassing several legal acts. This concept transposes the European concept of ‘Jointly Acting</p>	<p>Besides the notions of ‘renewable energy community’ and ‘electricity energy community’, Latvian legislation introduced the concepts of ‘Jointly acting active consumers’ (<i>Aktīvie lietotāji, kas rīkojas kopīgi</i>) and ‘Jointly acting renewables self-</p>

²⁶ <https://www.rescoop.eu/policy/latvia-rec-cec-definitions>

	<p>Renewable Self-Consumers' laid down in the RED II. In German law, there is also the related concept of 'landlord-to-tenant electricity' (<i>Mieterstrom</i>) which was already introduced in 2017. Landlord-to-tenant electricity is electricity that is generated in solar systems on the roof of a multi apartment building and supplied to final consumers (tenants, apartment owners) in this building or in residential buildings and ancillary facilities in the neighbourhood of the building without passing electricity through the public grid. The legal framework for tenant electricity was continuously amended, and the introduction of a special surcharge made the direct sale of solar electricity to tenants and other final consumers financially more attractive. Tenant electricity covers only the supply of tenants/final consumers by the building owner or third parties and cannot be regarded as collective renewables self-consumption in the true sense of the RED II.</p> <p><u>Practical relevance:</u> Although uptake of the tenant electricity model, which was introduced in 2017, was modest in the beginning, there has been an upward trend in recent years. By 2019, almost 1,400 systems (approx. 30 MW) had claimed the surcharge. By the end of 2023, almost 5,000 systems (approx. 105 MW) were promoted via the tenant electricity model.²⁷</p>	<p>consumers' (<i>No atjaunīgiem energoresursiem iegūtas elektroenerģijas aktīvie lietotāji, kas rīkojas kopīgi</i>). §9 of Government Regulation No.808 (2024) defines the concept of 'Jointly acting active consumers'. These are users whose electricity sharing facilities owned or used by them are located in the same building or the same immovable property and are connected to the electricity distribution system operator's system. Pursuant to §10 of the Regulation, the installed electricity generation capacity of any single facility owned or used by 'Jointly acting active consumers' or by an energy community may not exceed 14.99 MW. This does not preclude the connection of multiple electricity generation capacities to the power grid.</p> <p>According to Article 37.⁶ (4) of the Electricity Market Act 'Jointly acting renewables self-consumers' represent a group of at least two end users that meet the following conditions:</p> <ul style="list-style-type: none"> • each end user's electricity generation and consumption equipment is connected to the electricity distribution system; • end users jointly generate electricity from renewable energy sources for their own needs by mutual agreement; • end users act jointly in one building or another type of immovable property. <p>Additionally, the abovementioned Government Regulation No. 808 (2024) introduced the concept of 'Associated active</p>
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²⁷ https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/61_2025_cc.pdf

	<p>In April 2024, a new model for on-site supply of solar electricity within multi-apartment buildings was introduced, called shared building supply (<i>Gemeinschaftliche Gebäudeversorgung</i>). This model complements the tenant electricity model and enables tenants and owners of apartments within a building to use the electricity generated from a solar system installed within the building. In contrast to the tenant electricity model, the operator of a PV system (e.g., landlord, community of owners) is not obliged to secure full electricity supply but only partial supply (electricity generated by the building's solar system). Moreover, the operator is largely exempt from the obligations generally applicable to energy supply companies and electricity suppliers including obligations referring to contract design, billing, electricity labelling, registration and notifications. In the shared building supply model, final consumers are responsible to secure residual electricity supply by themselves. The operator(s) of the PV system has/have to enter into a so-called building electricity usage agreement (<i>Gebäudestromnutzungsvertrag</i>) with the final consumers in the building. In contrast to the tenant electricity supply model, there is no dedicated financial support. A comparison of both concepts has been published in a dedicated policy factsheet published in the frame of the Rural Energy Communities^{LV} project.²⁸</p>	<p>consumers '<i>Saistītie aktīvie lietotāji</i>'. This concept is closely related to 'peer to peer trading' as defined in the RED II. The number of associated active consumers should not exceed five; the total installed capacity should not exceed 50 kW.</p> <p><u>Practical relevance:</u> As part of the Co2mmunity project activities in Latvia, the Riga Planning Region in cooperation with the municipality of <i>Mārupe</i> implemented a pilot project in <i>Mārupe</i> by establishing and monitoring community solar initiatives encompassing two multi-apartment buildings.²⁹ The planned Modernisation Fund support programme (see above) will provide assistance not only to energy communities but also to solar PV projects in multi-apartment buildings. The programme allocates a total of EUR 10 million, with support of up to EUR 50,000 per project and a support intensity of 70%. Such projects may be implemented by jointly acting renewables self-consumers without the need to establish an energy community. Furthermore, the amendments to the Residential Properties Act of November 2025 stipulate that, as of 5 January 2026, a 'Community of apartment owners' constitutes a legal person registered in the relevant state register of such communities. Consequently, the establishment of a housing association under the Association and Foundation Act is no longer required. This may reduce the administrative burden for 'jointly</p>
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²⁸ https://www.boell-sh.de/sites/default/files/2024-07/policy-factsheet-germany_updated-version.pdf

²⁹ <https://co2mmunity.eu/outputs/rencop-developments>

		<p>acting active users' in practice compared with energy communities. Similarly to the legal framework in Germany, residents of multi-apartment buildings in Latvia may apply a 'shared building supply' model, enabling the use of electricity generated by a rooftop solar PV installation without routing electricity through the public grid, provided that such a model is technically feasible and economically viable.</p>
<p>Transposition of the EU concept 'Renewable Energy Community' (REC)</p>	<p>The German notion of a 'citizen energy company' (<i>Bürgerenergiegesellschaft</i>) transposes the European concept of 'renewable energy community' (see above). The concept 'citizen energy company' means any cooperative or other company</p> <ul style="list-style-type: none"> e) consisting of at least 50 natural persons as voting members or voting shareholders, f) in which at least 75 per cent of the voting rights are held by natural persons who are registered with a residence in a postcode area that is wholly or partly within a radius of 50 kilometres of the planned facility (...), g) in which the voting rights not held by natural persons are held exclusively by micro, small or medium-sized enterprises (...) or by local authorities and their associations with legal capacity, and h) in which no member or shareholder of the company holds more than 10 per cent of the voting rights in the company (...). <p>Onshore wind energy plants or solar plants of citizen energy companies with an installed capacity of up to 18 MW (wind) and 6 MW (PV) respectively are exempted from</p>	<p>The EU concept of 'renewable energy community' has been transposed to Latvian legislation by a very similar concept of the same name. Latvian legislation stipulates that RECs operate in the renewable energy sector, and they own or develop or manage 'territorially related' renewable energy production facilities. However, the government has refrained from defining any specific proximity criteria for RECs in the electricity sector. Government Regulation No.808 (2024) on Registration and Operation of Energy Communities from 2024 does not provide any specific proximity criteria for RECs operating in the electricity sector. Proximity criteria have been defined only for RECs operating in the heating sector. The facilities of the REC shall be sited in the same administrative territory (municipality) or in several functionally connected administrative territories. Heat energy sharing shall be provided in an area/object where connection to a district heating system is technically and economically not justified.</p>



	<p>the obligation to take part in public tenders/competitive bidding for remuneration. The level of remuneration for the concerned wind turbines and solar installations is determined based on the average of the highest successful bids in the previous year. Furthermore, wind energy projects of citizen energy companies may receive start-up funding under a grant-to-loan support scheme (see above).</p>	
<p>Transposition of the EU concept ‘Citizen Energy Community’ (CEC)</p>	<p>The EU concept of ‘citizen energy community’ specified in the IEMD has not been explicitly transposed into German law.</p>	<p>The Latvian concept of ‘electricity energy community’ transposes the EU concept of ‘Citizen Energy Community’. Article 37.⁷ of the Electricity Market Act regulates electricity energy communities. Members or shareholders of electricity energy communities shall be end users and active users whose facilities are connected to the system of a single system operator. The same provision can be found in Government Regulation No. 808 (2024) on Registration and Operation of Energy Communities. Electricity energy communities may engage in the electricity market in activities that the Energy Act envisages for energy communities in general, namely generation, trade, sharing, consumption and storage of electricity obtained from RES and other types of renewable energy, provision of demand response service, electric vehicle charging service, energy efficiency service or other provision of energy services. Moreover, the Electricity Market Act rules that energy communities are not entitled to acquire and own, create, buy or lease distribution power grids and manage them autonomously. Before commencing operations, an electricity energy community shall conclude an electricity sharing agreement with an electricity trader.</p>
<p>Members/shareholders of an energy community</p>	<p>In line with RED II, members/shareholders of a ‘citizen energy company’ may be natural persons, micro, small and</p>	<p>In line with RED II, members/shareholders of an energy community may be natural persons, SMEs, and local</p>

	<p>medium sized enterprises, and local governments. A citizen energy company must consist of at least 50 natural persons as voting members or voting shareholders, in which at least 75 per cent of the voting rights are held by natural persons who are registered with a residence in a postcode area that is wholly or partly within a radius of 50 kilometres of the planned facility (...). Voting rights not held by natural persons must be held exclusively by micro, small or medium-sized enterprises (...) or by local authorities and their associations with legal capacity. No member or shareholder of the company holds more than 10 per cent of the voting rights in the company.</p>	<p>governments. In the case of an electricity energy community, the spectrum of members or shareholders may encompass also other public entities and large enterprises (if electricity generation capacity does not exceed 6 MW). Unlike the legislation of Germany/Schleswig-Holstein, Latvian law does not establish any quantitative thresholds for membership. However, Article 17.¹(10) of the Energy Act provides that the members or shareholders of an energy community shall participate in the adoption of decisions ensuring decisive influence or actual control within the energy community, in particular decisions relating to</p> <ul style="list-style-type: none"> • the rights of ownership or the right to use all assets of the energy community or a determining part thereof, and • rights or legal transactions that confer decisive influence over the composition, voting, or decision-making of the administrative bodies of the energy community. <p>§ 3 of Government Regulation No. 808 (2024) provides that energy communities are independent and that their activities are based on voluntary and open participation. However, the Regulation does not establish any quantitative criteria in this regard.</p> <p>Article 37.⁷(2) of the Electricity Market Act stipulates that members or shareholders of an electricity energy community shall be end users and active users whose facilities are connected to the system of a single system operator.</p>
<p>Legal form of an energy community</p>	<p>The Renewable Energy Sources Act rules that a citizen energy company (i.e., the German equivalent of a REC) may</p>	<p>The Energy Act states that an energy community can be an association, foundation, cooperative society, partnership,</p>



	be a cooperative or any other form of a company (<i>Gesellschaft</i>).	capital company or other civil law society. If the energy community is a capital company, its objectives laid down in its statutes must correspond to the objectives of an energy community. Its statutes must stipulate that profits shall not be distributed or paid out as dividends but shall be invested in achieving the objectives set out in the statutes.
Statutes	The Renewable Energy Sources Act does not include any provisions related to the statutes of a citizen energy company.	<p>According to Government Regulation No.808 (2024), the statutes of an energy community shall specify:</p> <ul style="list-style-type: none"> • the procedure for distributing income from the sale of electricity (if applicable); • the procedure for distributing electricity that is not used for immediate consumption in the energy community's facilities and is transferred to the electricity distribution system; • the objectives of the energy community's activities, • the areas of activity, • the procedures for decision-making; • the procedure for admitting and excluding members/shareholders, as well as the relations among members/shareholders; • the purposes for which profits will be used, if the energy community plans to earn profits. <p>The relationships between the energy community or 'active users acting jointly', and shareholders, as well as, if necessary, with other electricity or heat users and electricity traders, DSO, heat supply system operators are governed by a written agreement specifying rights and obligations of the parties.</p>
Activities of energy communities	The concept of a 'citizen energy company' as defined in the Renewable Energy Sources Act has a rather narrow scope	Energy communities may explicitly engage in production, trade, sharing, consumption and storage of energy - mainly

	<p>of application, which is limited to electricity generation based on wind energy and PV. Further rights, duties and possible market activities of RECs have not been explicitly specified, although in practice energy cooperatives and other forms of energy communities are engaged in various activities including electricity storage, consumption, aggregation, sales or in a few cases even operation of distribution grids. Energy sharing within an energy community will be possible from June 2026 (see below).</p>	<p>electricity obtained from renewable energy resources and other types of renewable energy, the provision of demand response services, electric vehicle charging services, energy efficiency services or provision of other energy services. Renewable energy communities may also be active in the heating sector. In this case, the heat produced must not be transferred to heat users who are not members of the energy community. Heat energy sharing shall be provided in an area respectively objects where connection to a district heating system is technically and economically not justified. The facilities of the REC shall be sited in the same administrative territory (municipality) or in several functionally connected administrative territories. Pursuant to Article 37.⁷(4) of the Electricity Market Act, energy communities are not entitled to acquire, own, establish, purchase or lease distribution networks and manage them autonomously.</p>
<p>Enabling framework for renewable energy communities</p>	<p>Germany has only partly developed an enabling framework for ‘citizen energy companies’ (i.e. renewable energy communities) energy communities that complies with the minimum criteria laid down in the RED II (see Box 1).³⁰ For instance, to our information, the federal government has not provided any transparent cost-benefit analysis of distributed energy sources. Neither has it offered any</p>	<p>Latvia has only partly developed an enabling framework for renewable energy companies and electricity energy communities that complies with the minimum criteria laid down in the RED II (see Box 1).³¹ For instance, to our information, the government has not provided any transparent cost-benefit analysis of distributed energy sources. Neither has it offered any</p>

³⁰ For details see the updated German policy factsheet available online from <https://www.boell-sh.de/en/rural-energy-communities-lv> and the Transposition Tracker developed by REScoop.eu which is available online from <https://www.rescoop.eu/policy/transposition-tracker>

³¹ For more details see the updated Latvian policy factsheet available online from <https://www.boell-sh.de/en/rural-energy-communities-lv> and the REScoop.eu Transposition Tracker (FN 31).



	<p>regulatory and capacity building support for public authorities.</p>	<p>regulatory and capacity building support for public authorities. However, Article 17.¹(12) of the Latvian Energy Act rules that the Ministry of Climate and Energy, in cooperation with the Ministry of Smart Administration and Regional Development, shall develop and publish guidelines for the establishment of energy communities, including recommendations to public authorities on support for and participation in energy communities.</p>
<h3>3.3 Transposition of key provisions for energy sharing laid down in the recast Renewable Energy Directive (EU)2018/2001 and the Electricity Market Design Directive (EU)2024/1711</h3>		
<p>Legal Situation</p>	<p>Already under RED II and the Internal Electricity Market Directive (IEMD), Renewable Energy Communities (RECs) and Citizen Energy Communities (CECs) were granted the right to engage in energy sharing. While community energy associations and other stakeholders in Germany had urged the federal government to establish an appropriate regulatory framework, the government argued that energy sharing by energy communities was already feasible within the existing legal framework and that no legislative amendments were required. This position was supported by several scientific analyses.³² However, sharing energy</p>	<p>Umbrella legislation and secondary legislation are in place transposing the provisions for energy sharing laid down in the RED II, the Internal Electricity Market Directive and the Electricity Market Design Directive. In December 2024, the Latvian government adopted Regulation No.808 (2024) which sets out the rules for the registration and operation of energy communities, including provisions for energy sharing, transposing the relevant EU rules. Unlike in Germany, no conflict arose in Latvia between new and pre-existing legislation, as no prior legal framework on</p>

³² A legal assessment commissioned by the Federal Environment Agency (*Umweltbundesamt*) in 2023 concluded that sharing electricity within an energy community was generally permitted and possible under the legal framework at that time, and no further legal action would be required by the government to comply with the minimum requirements of the RED II. See Ritter, D. et al. (2023). Kurzbericht Energy Sharing Bestandsaufnahme und Strukturierung der deutschen Debatte unter Berücksichtigung des EU-Rechts. Climate Change 46/2023. Umweltbundesamt. https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/06112023_46_2023_cc_energy_sharing.pdf

	<p>among members of an energy community—such as a cooperative—would have triggered a range of supplier obligations, thereby jeopardising the economic viability of any energy sharing initiative.</p> <p>With the adoption of the Electricity Market Design Directive at EU level, which broadened the concept of energy sharing beyond energy communities, the federal government was compelled to transpose the relevant provisions into national law. In 2024, the ‘traffic light’ coalition drafted amendments to the Energy Industry Act (<i>Energiewirtschaftsgesetz</i>) to transpose the new EU requirements. Following the change of government, the incoming ‘Grand Coalition’ presented a revised draft that closely followed the earlier proposal. On 13 November 2025, the federal parliament (<i>Bundestag</i>) adopted the amendments, paving the way for energy sharing to become possible from June 2026.</p>	<p>energy communities existed and energy cooperatives had not been established.</p> <p>Latvian legislation envisages different types of citizen energy cooperation and energy sharing.</p> <p>Government Regulation No. 808 (2024) on the Registration and Operation of Energy Communities specifies the following concepts:</p> <ul style="list-style-type: none"> • ‘Associated active users’ (<i>Saistītie aktīvie lietotāji</i>) meaning active users, the number of whom does not exceed five active users and who share electricity in electricity sharing facilities owned or used by them. The total installed capacity of the electricity generation facilities owned or used by ‘associated active users’ must not exceed 50 kW. The concept of ‘associated active users’ is closely related to ‘peer-to-peer trading as defined by RED II, Article 2(18). • Jointly acting active users (<i>Aktīvie lietotāji, kas rīkojas kopīgi</i>) are users who own or use electricity sharing facilities located in the same building or the same immovable property and connected to the electricity distribution system operator's system. <p>The Energy Act defines the umbrella term of an ‘energy community’ (<i>energokopiena</i>) and the two related sub-types ‘renewable energy community’ (<i>Atjaunīgās enerģijas energokopiena</i>) and electricity energy community (<i>Elektroenerģijas energokopiena</i>) which is the Latvian equivalent for the concept of ‘citizen energy community’ laid down in the IEMD. While the activities of an electricity energy community relate exclusively to the electricity sector, the</p>
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		<p>activities of a renewable energy community may relate both to the electricity sector and heat sector.</p> <ul style="list-style-type: none"> • A renewable energy community operates in the renewable energy sector and owns, develops or manages renewable energy production facilities that are geographically linked to it. • An electricity energy community operates in the electricity sector. <p>The Electricity Market Act includes further specifications for electricity energy communities, while Government Regulation No. 808 (2024) includes rules for electricity sharing and sharing of heat energy in renewable energy communities.</p> <p>In addition, the Electricity Market Act rules:</p> <ul style="list-style-type: none"> • An end user can become an ‘active user of electricity obtained from RES’ (<i>No atjaunīgiem energoresursiem iegūtas elektroenerģijas aktīvais lietotājs</i>) if in his/her object he/she has installed production equipment that uses only RES, and the system operator has issued a permit for the connection of the electricity generation equipment to operate in parallel with the system. Active users of electricity generated from RES produce electricity from RES primarily for their own needs. <p>Two or more end users located in the same building or other type of immovable property may operate jointly and become active users of electricity generated from RES if:</p> <ul style="list-style-type: none"> • at least one end user has installed electricity generation equipment in their premises that uses only RES to
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		<p>generate electricity which is also used by other end users;</p> <ul style="list-style-type: none"> • the system operator has issued a permit for the connection of electricity generation equipment to operate in parallel with the system; • end users have concluded a mutual agreement on electricity generation for their own needs, as well as on electricity sharing (...). <p>‘Jointly acting active users of electricity from RES’ are a group of at least two end users that meet all of the following conditions:</p> <ul style="list-style-type: none"> • each end user's electricity generation and consumption equipment is connected to the electricity distribution system; • end users jointly generate electricity from RES for their own needs by mutual agreement; • end users act jointly in one building or other type of immovable property. <p>It was foreseen that the registration, control, and removal of energy communities from the register will be managed by the State Construction Control Bureau. Later the responsibility was transferred to the State Environmental Service.</p>
<p>Time frame and geographical scope</p>	<p>The recently amended Energy Industry Act (<i>Energiewirtschaftsgesetz</i>) envisages that energy sharing will be possible from June 2026 within the balancing area of one electricity distribution system operator (DSO). Hence, the generating plant(s) and all consumption points to be supplied must be in the same balancing area. From June 2028 energy sharing will be possible within the balancing</p>	<p>Energy sharing is formally possible as of 13 December 2024, the date on which Government Regulation No. 808 (2024) on the Registration and Operation of Energy Communities entered into force. In practice, electricity traders will be obliged to offer a universal service to energy communities from 1 July 2025. The Electricity Market Act stipulates that the members or shareholders of an electricity energy community</p>

	<p>areas of two adjacent DSOs. There are currently 866 distribution network operators in Germany that supply households with electricity via medium and low-voltage networks.³³ Among the largest DSOs are E.ON subsidiaries such as <i>Westnetz</i>, <i>Avacon</i>, <i>Bayernwerk</i> and <i>HanseWerk</i>, which together cover around 23% of the market. Many distribution systems are owned by local authorities and their municipal multi-utility companies (so-called <i>Stadtwerke</i>), and - partly - private-sector utilities.</p>	<p>must be end users or active users whose assets are connected to the system of a single distribution system operator. The same requirement is set out in Government Regulation No. 808 (2024). JSC <i>Sadales tīkls</i> is the dominant distribution system operator in Latvia, covering 99.8% of the national territory, while several other DSOs operate only local networks.³⁴ Unlike in Germany, electricity sharing in Latvia is not—and will not be—possible within the balancing areas of two adjacent DSOs.</p>
<h3>3.4 General energy sharing provisions and rules transposing Article 15a of the Electricity Market Design Directive (EU)2024/1711</h3>		
<p>Definition</p>	<p>According to §42c (1) of the Energy Industry Act, the operator of a plant for generating electricity from renewable energies or an energy storage facility in which electricity derived exclusively from renewable energies is temporarily stored may share the electricity generated with other end users (shared use) if the following conditions are met:</p> <ul style="list-style-type: none"> • The plant is operated by a natural person or by a partnership with legal capacity or a legal entity under 	<p>With the amendments to the Electricity Market Act of 2022 a definition of electricity sharing was introduced meaning the transfer of electricity generated by an active user³⁵ and transferred through the power system to other end users, including active users, or the transfer of electricity generated in an electricity energy community and transferred through the power system to members or shareholders of the electricity energy community.</p>

³³ <https://de.statista.com/themen/2446/stromnetzbetreiber-in-deutschland/#topicOverview>

³⁴ https://sadalestikls.lv/storage/app/media/uploaded-files/2024_Annual_Report.pdf

³⁵ According to Article 37.⁶ of the Electricity Market Act, an end user can become an active user if its facility has electricity generation equipment installed, the system operator has issued a permit for the connection of electricity generation equipment for parallel operation with the system, and the end user has concluded an agreement on the transfer or sale of surplus electricity to an electricity trader or its use for participation in flexibility or energy efficiency schemes.

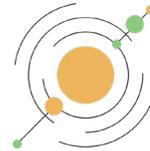
	<p>private law, whose partners or members are end consumers or legal entities under public law;</p> <ul style="list-style-type: none"> • Supply is carried out by the operator of the installation using the public electricity distribution network and based on a supply contract to be concluded between the operator of the installation and the final consumer (customer) purchasing the electricity; • In addition to a supply contract, a contract for joint use must be concluded between the operator of the installation and the customer; • The installation and all consumption points to be supplied are located in the same balancing area; • The operation of the installation does not serve predominantly the commercial or the independent professional activity of the operator, whereby, if the installation is operated by a partnership with legal capacity or a legal entity under private law, the activity of all end consumers or legal entities under public law participating as partners or members shall be taken into account; • Electricity consumption is recorded at each consumption point by means of a series of meter readings of electrical energy determined every quarterly hour (<i>Zählerstandsgangmessung</i>) or by means of a quarter-hourly power measurement (<i>viertelstündliche registrierende Leistungsmessung</i>), and 	<p>On 10 December 2024, the government adopted Regulation No. 808 (2024) on the Registration and Operation of Energy Communities which further specifies the provisions for electricity sharing, for energy communities as well as for ‘Jointly acting active users of electricity from RES’ and for ‘Associated active users’. §7 of the regulation rules that electricity sharing is only possible between members of an energy community, jointly acting active users, or associated active users whose electricity sharing facilities are connected to an electricity distribution system owned by one single DSO.</p> <p>At the same time, §34.¹ of Regulation No. 808 (2024) requires electricity traders to include in their electricity sharing service offers a universal service for energy communities that meets several conditions. For example, the purchase price for electricity produced by an energy community shall be determined in accordance with the trading-interval price of the Latvian bidding zone on the Nord Pool AS electricity exchange, with a reduction of no more than EUR 20/MWh. Hence, the universal service offer for energy communities must be delivered in a form equivalent to the net payment system. This means that no physical sharing of electricity between members of an energy community will take place — only financial settlement. Physical sharing could, in principle, be arranged through individual agreements between a specific energy community and an electricity trader. However, it remains unclear whether such agreements are realistically achievable in practice.</p>
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	<ul style="list-style-type: none"> The electricity generated or stored in the system is recorded by means of a meter reading or by means of a quarter-hourly power measurement. 	
<p>General rules</p>	<p>According to the recent amendment of the German Energy Industry Act adopted in November 2025, especially the newly inserted §42c, Germany is introducing a formal energy-sharing framework that allows citizens, small businesses and other end users to share electricity from RES across the public grid.</p> <ul style="list-style-type: none"> Participants remain connected to their regular electricity supplier, meaning shared energy <i>complements</i> rather than substitutes standard supply. Unlike tenant electricity (<i>Mieterstrom</i>) and shared building supply (<i>gemeinschaftliche Gebäudeversorgung</i>), which are limited to a single building or a connected building complex³⁶, energy sharing can take place across the entire balancing area of one DSO and, from 2028 onward, across the balancing areas of two adjacent DSOs. Participants must reach agreements on supply arrangements, billing, controllable devices, and system operation; these tasks may also be delegated to service providers. 	<p>Article 37.⁸ of the Electricity Market Act includes general rules for electricity sharing. Hence, electricity sharing is ensured by an electricity energy community or by jointly acting active users of electricity from RES in accordance with an agreement concluded with an electricity trader. Electricity sharing takes place within a single trading interval. Electricity that is not consumed immediately cannot be stored for sharing in another trading interval and must be sold to the electricity trader at an agreed price. Energy storage is permitted in an electricity storage facility owned by the energy community. The stored electricity shall be used for the needs of the energy community. Facilities participating in electricity sharing may not simultaneously take part in the net metering scheme, the net payment scheme, or the electricity origin certification system. Participation in electricity sharing does not alter the rights or obligations of the parties involved in their roles as end users, electricity producers, storage operators, electricity traders, or aggregators. Transmission and distribution systems shall be used for electricity sharing based on system service tariffs specified</p>

³⁶ The concept of ‘tenant electricity’ or ‘landlord-to-tenant electricity’ (*Mieterstrom*) was introduced in 2017. The concept of ‘Shared building supply’ was introduced in 2024 and transposes the EU concept of ‘Jointly acting renewables self-consumers’ (see above). Both types are regulated in the Energy Industry Act (§42a and §42b). They are described in more detail in a separate policy factsheet prepared in the frame of the Rural Energy Communities^{LV} project available online from <https://www.boell-sh.de/en/rural-energy-communities-lv>

	<p>While tenant electricity models and shared building supply (<i>gemeinschaftliche Gebäudeversorgung</i>) have so far been limited to individual buildings or building blocks, energy sharing offers greater spatial and organisational flexibility.</p>	<p>in the Electricity Market Act and in the Act on Public Service Regulators. Pursuant to Article 37.⁷(6) of the Electricity Market Act, an electricity energy community is required to pay in full for the system services it receives. Further provisions are included in Government Regulation No. 808 (2024) which lays down the conditions and procedures for electricity sharing, for the exchange of information between market participants and system operators, for the contracts concluded between an electricity energy community or ‘Jointly acting active users of energy from RES’, and the electricity traders (see below). As in Germany, participants may remain connected to their regular electricity supplier. This means that the remuneration for the electricity produced by the energy community and fed into the grid helps to reduce the overall electricity bill — it complements the standard supply rather than replacing it.</p>
<p>Eligibility</p>	<p>According to §42c (1), operators of the energy sharing facility may be natural persons, partnerships with legal capacity (<i>rechtsfähige Personengesellschaft</i>) or a legal entity under private law, all of whose partners or members are final consumers or legal entities under public law. The operation of the installation does not serve predominantly the commercial or self-employed professional activity of the operator. If the facility is operated by a partnership with legal capacity or a legal entity under private law, the activity of all final consumers or legal entities under public law participating as partners or members shall be considered. Final consumers may include natural persons and legal entities (only micro, small and medium-sized enterprises (SMEs) provided that the operation of the plant does not</p>	<p>Government Regulation No. 808 (2024) stipulates that electricity sharing is possible between</p> <ul style="list-style-type: none"> • members of an energy community, • jointly acting active users, or • associated active users <p>whose electricity sharing facilities are connected to an electricity distribution system owned by a single electricity distribution system operator. Article 37.⁸ of the Electricity Market Act rules that electricity sharing shall be ensured by an electricity energy community or by jointly acting active users of electricity from RES in accordance with an agreement concluded with an electricity trader. Article 37.⁶(5) of the Electricity Market Act</p>

	<p>predominantly serve the commercial or self-employed activities of the members.</p> <p>The operation of electricity-generating installations must not constitute the main activity of the final consumer who operates or shares the installation.</p> <p>Although energy community associations and the Federal Council (Bundesrat) advocated during the legislative process for ‘citizen energy companies,’ as defined in the Renewable Energy Sources Act, to be explicitly recognised as eligible participants in energy sharing, the final law does not explicitly mention them in the list of eligible entities. The Government maintained that an explicit reference was not necessary.</p>	<p>stipulates that an active user may sell or share the surplus electricity generated for self-consumption. This implies that electricity generation is not considered a professional or commercial activity for active users.</p> <p>Furthermore, the Energy Act states that the purpose of an energy community is to produce energy for the benefit of its participants. This provision effectively prevents individuals or entities whose primary interest is commercial energy sales from joining an energy community.</p> <p>At the same time, the amendments to the Electricity Market Act stipulate that electricity producers registered in the Electricity Producers’ Register (with a production capacity above 1 MW) may also sell electricity, and all end-users have the right to conclude electricity purchase agreements directly with such producers. Consequently, households and other legal entities that are more interested in selling electricity and receiving a remuneration than in generating electricity for self-consumption are not excluded from the energy transition process — they simply need to choose a legal form other than an energy community. However, entities of this kind that would involve a large number of households do not yet exist in Latvia.</p>
<p>Registration</p>	<p>The Federal Network Agency (<i>Bundesnetzagentur</i>) is responsible for the registration of ‘citizen energy companies’. This registration is necessary for an energy community to receive the official classification as a ‘citizen energy company’ and access exemptions from public tenders. Citizen energy companies, in order to benefit from special treatment, are required to notify the Federal Network Agency when receiving permits for their installation. To do so, energy communities must request</p>	<p>Article 17.² of the Energy Act rules that a legal entity shall acquire the status of an energy community after registration in the Energy Community Registry.</p> <p>Responsibility for assessing the eligibility of energy communities, as well as their registration, re-registration, removal from the Energy Community Registry, and the updating of registry information, lies with the State Environmental Service. The State Construction Control Bureau, in turn, is responsible for the technical operation of</p>



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	<p>the registration of their renewable energy installations with the Federal Network Agency, which does not require additional documentation on the participating members or operating details. Depending on the organisational form, citizen energy companies may also need to register in the respective business registry.</p> <p>Pursuant to § 20b of the amended Energy Industry Act, grid operators are obliged to operate a joint internet platform. This internet platform shall ensure that final consumers and other entitled persons or entities have access to information which is relevant for the processing of network access. This information includes, among others, the registration of energy sharing agreements pursuant to §42c. The Federal Network Agency may lay down more detailed provisions.</p>	<p>the Energy Community Registry, which also includes a public information section.</p> <p>As in Germany, registration is required in order to receive state support. For example, the Modernisation Fund support programme will be available only to registered energy communities. Also similar to Germany, depending on their organisational form, energy communities may additionally be required to register in the relevant enterprise register.</p> <p>Pursuant to §57 of Government Regulation No. 808 (2024), an energy community must submit an application for registration in the Energy Community Register, which must include the following information:</p> <ul style="list-style-type: none"> • the name and legal address of the energy community; • the registration number in the Registry of Enterprises; • the type of energy community; • contact details; • name and registration number of the legal entity or local government that is a member of the energy community; • number of members of the energy community who are natural persons; • information on energy sharing facilities owned or used by the energy community or members of the energy community, where energy is produced or stored: type of energy production or storage, the energy identification code of the facility (if applicable), address, capacity of the energy production equipment or storage facility, year of installation. <p>The energy community has also to submit</p>
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		<ul style="list-style-type: none"> the decision of the general meeting regarding the establishment and registration of the energy community, a copy of the statutes of the energy community.
Minimum shares of self-consumption	There are no regulations prescribing any minimum self-consumption shares.	<p>Government Regulation No. 808 (2024) on the Registration and Operation of Energy Communities sets out two criteria for fulfilling the defined purpose of an energy community:</p> <ul style="list-style-type: none"> An energy community must ensure that at least 80% of the electricity produced in its facilities that is not consumed immediately and is therefore fed into the distribution grid is used by its members or shareholders within the same calendar year. If an energy community shares less than 80% of the electricity fed into the distribution grid, it must allocate at least 51% of its annual profit to the purposes established in the Energy Law.
Obligations as an Energy Producer/Supplier	The operators of the renewable energy installation concerned must not ensure full electricity supply. Household customers operating an installation not exceeding the installed capacity of 30 kW (single family buildings) or 100 kW (multi-apartment building) are exempt from certain suppliers' obligations (e.g., disclosure obligations). They may commission third parties to take over key services for energy sharing.	<p>The establishment of an energy community does not exempt entities from the obligation to register as an electricity producer if the installed electrical capacity of the generating plant exceeds 1 MW.</p> <p>The Electricity Market Act states that sharing electricity does not affect the rights and obligations of the participating parties as end users, producers, traders or aggregators as well as operators of electricity storage facilities. Transmission and distribution systems for sharing electricity are used based on system service tariffs specified in the Electricity Market Act and the Act on Public Service Regulators.</p> <p>An energy community is not intended to provide full electricity supply. Members may conclude separate contracts with</p>

		<p>another electricity trader for the remaining share of their electricity needs (i.e., a trader other than the one contracted through the energy community). Energy communities may also commission third parties to perform key services related to energy sharing.</p>
<h3>3.5 Specific energy sharing provisions and rules transposing Article 15a of the Electricity Market Design Directive (EU)2024/1711</h3>		
<p>Contractual Relationships (internal)</p>	<p>Supply is carried out by the plant operator using the public electricity distribution network. It is based on an electricity supply contract to be concluded between the operator and the final consumer (customer) purchasing the electricity. In addition to the electricity supply contract, a contract for shared use must be concluded between both parties (see §42c(1), No.2 and No.3. This shall regulate at least the following:</p> <ul style="list-style-type: none"> • the extent to which the electricity generated by the plant or stored may be used by the final consumer, • an allocation formula, and • if a fee must be paid to the operator for the energy used and the respective amount. 	<p>Article 37.⁷ of the Electricity Market Act stipulates that electricity energy communities shall conclude an electricity sharing agreement with an electricity trader before starting operations. Electricity produced by a member of an electricity energy community shall be the property of the energy community until it is shared or sold to an electricity trader in accordance with an agreement between the energy community and the trader. §15 of Government Regulation No. 808 (2024) requires energy communities or jointly acting active users to conclude a mutual agreement that includes:</p> <ul style="list-style-type: none"> • The consent of all members of the energy community or jointly acting active users to allow the electricity trader —party to the electricity-sharing agreement—to receive information from the DSO on the amount of electricity not used for immediate consumption at the community’s electricity-sharing facilities and fed into the distribution system.

		<ul style="list-style-type: none"> • An authorisation empowering the energy community (or, where applicable, the authorised representative of jointly acting active users) to conclude an electricity-sharing contract with an electricity trader on behalf of its members. • The consent of all members of the energy community to allow the State Environmental Service to receive, from the DSO, information on the amounts of electricity fed into and withdrawn from the distribution system at the community’s electricity-sharing facilities. <p>According to §13 and §14 of Regulation 808 (2024), jointly acting active users shall share electricity in facilities for which an agreement has been concluded between the active users. Associated active users share electricity in facilities mutually agreed upon.</p>
<p>Contractual relationships (external)</p>	<p>According to §42c of the recently amended Energy Industry Act, two separate ‘internal’ contracts are required for implementing energy sharing. However, an energy community implementing energy sharing in Germany requires at least three external partners:</p> <ul style="list-style-type: none"> • Distribution system operator • Metering point operators • Electricity suppliers for participants. <p>In addition, service providers can be involved to meet the complex organisational and technical requirements. An operator is explicitly entitled to commission a third party to perform certain services (see below). The amended</p>	<p>An energy community implementing energy sharing in Latvia requires the involvement of several external partners:</p> <ul style="list-style-type: none"> • an electricity trader, • the distribution system operator, and • potentially a third party acting as the electricity-sharing organiser. <p>Article 37.⁷ of the Electricity Market Act rules that electricity energy communities shall conclude an electricity sharing agreement with an electricity trader before starting operations. The electricity energy community shall pay in full for the system services received. Pursuant to the amendments to the Electricity Market Act of March 2025 electricity traders shall include the universal service of the energy community in their electricity trading</p>

	<p>Energy Industry Act does not contain any further provisions addressing contractual relationships with external actors.</p>	<p>offers. According to Article 1(2), no.29, this service means the guaranteed right of energy communities to transfer surplus electricity generated at their facilities to an electricity trader at a clearly comparable and transparent price. The government shall determine the conditions for this universal service including the minimum price.</p> <p>Regulation No.808 (2024) rules that the electricity trader shall conclude an electricity sharing agreement with the energy community, jointly acting active users, or associated active users, if the DSO has issued a permit for the connection of electricity generation equipment for parallel operation with the distribution system at each community member, jointly acting active user, or an associated active user in the electricity sharing facility, which is planned to be included in the electricity sharing agreement.</p> <p>§25 of Government Regulation No. 808 rules that the electricity sharing agreement shall include the following information:</p> <ul style="list-style-type: none"> • the terms of the agreement, the electricity sharing period, termination procedures and the fee for early termination, if any, • the fee for the provision of the electricity sharing service and the price at which the electricity transferred to the electricity distribution system is sold to the electricity trader; • the objects of electricity sharing; • the conditions that allow withdrawal from the agreement before starting electricity sharing, • the procedure for handling questions and complaints,
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		<ul style="list-style-type: none"> the procedure for mutual settlements between the energy community, jointly acting active users, or associated active users and the electricity trader. <p>In case of a single electricity production facility, there is no option for entering into different energy sharing agreements with different electricity traders. In case an energy community has another electricity production facility, an ESA might be concluded with another electricity trader.</p> <p>Before concluding an ESA, an internal agreement among all participants/members of the energy community should be concluded.</p> <p>Changing the electricity trader(s) or electricity users of an energy community shall take place in accordance with the Government Regulation on the Trade and Use of Electricity. An energy community has the right to make settlements for the electricity consumed by its members and electricity system services.</p>
<p>Third Party Services</p>	<p>An operator is entitled to commission a third party to perform one or more of the following services:</p> <ul style="list-style-type: none"> Services to fulfil their obligations arising from access to the electricity distribution networks, in particular regarding cooperation with the operators of energy supply networks, balancing group managers, network users or suppliers, Services connected to the provision of controllable consumption facilities or flexibility services whose temporarily stored energy originates exclusively from renewable energies 	<p>An electricity trader may offer electricity sharing services so that the purchase price of electricity, transferred to the power distribution system, can be differentiated depending on the user's power system connection and the technical parameters of the electricity generation equipment. This is optional and not a mandatory provision.</p>



	<ul style="list-style-type: none"> • Services related to the conclusion of contracts for shared use, including for billing, • Services related to the installation and operation of the generation facility, including metering and maintenance. 	
<p>Role of the Distribution System Operator(s) (DSO)</p>	<p>Pursuant to § 20 of the amended Energy industry Act, grid operators are obliged to operate a joint internet platform. The purpose of this platform is to make procedures that could previously only be managed by professional market participants available to final consumers, possibly with the involvement of service providers, on reasonable terms including reasonable costs. The law itself does not specify a fixed deadline by which network operators must provide the joint internet platform. However, §20b(3) assigns the task of determining the date to the Federal Network Agency. The Federal Network Agency may lay down additional provisions.</p> <p>Each operator of an electricity distribution grid must ensure that energy sharing is possible from 1 June 2026 within the respective balancing area of the operator and from 1 June 2028 within the balancing area of the concerned electricity distribution network operator and that of a directly adjacent electricity distribution network operator in the same control area (<i>Regelzone</i>). Operators of adjacent electricity distribution networks are obliged to cooperate to the extent necessary.</p>	<p>In Latvia, the JSC <i>Sadales tīkls</i> is the largest distribution system operator that serves 99.8 % of the country's territory.³⁸ The company oversees the low and medium voltage grids, ensuring that electricity is delivered from the high-voltage transmission grid to residential, commercial, and industrial consumers.</p> <p>Government Regulation No. 808 (2024) provides only a formal and very limited role for the DSO. Before an Electricity Sharing Agreement can be concluded, the DSO must issue a permit for the connection of each electricity-generation facility included in the agreement, authorising its parallel operation with the distribution grid. §22 and §23 of the regulation rule that the DSO shall install a commercial electricity metering device with a remote reading function for energy communities, jointly acting active users, or associated active users that records the electricity received from and transferred to the electricity distribution system in each trading interval. The electricity meter installed at the electricity facility shall be the property of the DSO. The DSO shall record the electricity transferred to and received from the electricity distribution system by the</p>

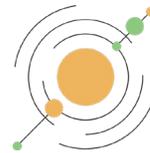
³⁸ <https://www.sprk.gov.lv/en/content/electricity>,

	<p>There are currently 866 distribution network operators in Germany that supply households with electricity via medium and low-voltage networks.³⁷ Among the largest DSOs are E.ON subsidiaries such as <i>Westnetz</i>, <i>Avacon</i>, <i>Bayernwerk</i> and <i>HanseWerk</i>, which together cover around 23% of the market. Many distribution systems are owned by local authorities and their municipal multi-utility companies (so-called <i>Stadtwerke</i>), and - partly - private-sector utilities.</p>	<p>members of the energy community, jointly acting active users, or associated active users. The DSO records the amount of electricity (in kWh) transferred to and received from the power distribution system by energy community members in each electricity trading interval (the same applies to jointly acting active consumers) and submits this information to the responsible state authority, i.e. the State Environmental Service.</p>
<p>Important technical or economic limitations (e.g., capacity limits etc.)</p>	<ul style="list-style-type: none"> • In the beginning, energy sharing is restricted to the balancing area of one DSO, from 2028 to the adjacent balancing areas of two DSOs. • There is a partial exemption from certain suppliers' obligations <ol style="list-style-type: none"> a) if the system operated by a household customer does not exceed an installed capacity of 30 kW, or b) in the case of a multi-apartment building, a system operated by one or more household customers residing in the same building does not exceed an installed capacity of 100 kW. This partial exemption does not apply to energy communities. • Quarterly-hour metering is mandatory, and measurement data must be available to grid 	<ul style="list-style-type: none"> • Energy community facilities must be connected to one single DSO. • §10 of Regulation No. 808 (2024) rules that the maximum installed capacity of a single electricity generation facility owned or used by jointly acting active users or by an energy community must not exceed 14.99 MW. • An energy community may establish several electricity generation facilities and connect them to the power distribution grid. There is no possibility for energy communities to connect directly to the transmission grid. • § 37 of Government Regulation No. 808 (2024) stipulates that, to fulfil the specific purpose of an energy community, at least 80% of the electricity generated in its facilities that is not consumed immediately and is therefore fed into the distribution grid must be

³⁷ <https://de.statista.com/themen/2446/stromnetzbetreiber-in-deutschland/#topicOverview>



	<p>operators (there are still many areas of Germany that lack smart meters).</p>	<p>consumed by its members within one calendar year. If an energy community uses less than 80% of the electricity generated in its shared facilities and fed into the grid to cover the consumption needs of its members, it must allocate at least 51% of the profit earned in the current calendar year to the operational objectives defined in the Energy Law.</p>
<p>Surplus electricity not directly consumed/shared</p>	<p>Remuneration of surplus electricity not directly consumed/shared by an energy sharing community is regulated by the Renewable Energy Sources Act. For smaller PV installations (<100 kW) there is a legally determined feed-in tariff guaranteed for 20 years. Larger installations must usually market electricity directly and may be eligible for a market premium which is usually determined through competitive bidding process.</p>	<p>Pursuant to § 34 of Regulation No. 808 (2024), an electricity trader may offer electricity-sharing services to an energy community, jointly acting active users, or associated active users, allowing the purchase price of electricity that is not used for immediate consumption and is fed into the distribution system to be differentiated based on the technical parameters of the user's system connection and electricity-generation equipment.</p> <p>§34.¹ of the abovementioned regulation stipulates that an electricity trader shall include in its electricity sharing service offers a 'universal service of energy communities' that meets the following conditions:</p> <ul style="list-style-type: none"> • The purchase price of electricity produced by the energy community is determined according to the trading-interval price of the Latvian bidding zone on the Nord Pool electricity exchange, applying a maximum reduction of EUR 20/MWh. • The purchase price of electricity may not be lower than EUR 0/MWh. • The minimum term of the energy community's universal service contract is 12 months.



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		<ul style="list-style-type: none"> • The energy community has the right to use the universal service if the total electricity generation capacity installed in its electricity sharing facilities does not exceed 0.999 MW; • The energy community has the right to terminate the universal service agreement before the end of its term without the application of an early-termination fee. • The electricity trader may charge the energy community a fee for providing the universal service, but this fee may not exceed the trader's actual costs of delivering that service. <p>With regards to the universal service offer § 34.² of Regulation 808 (2024) stipulates that the electricity trader must provide information on its website about the offer and the energy community's rights and obligations.</p>
<p>Residual Electricity Supply</p>	<p>Energy sharing covers only the portion of electricity that is generated and consumed at the same time or that has been temporarily stored. The operator is not obliged to ensure complete supply for the final consumers. Participants remain connected to their regular electricity supplier, meaning shared energy <i>complements</i> electricity supply. However, the operator is obliged to inform each final consumer/customer in written form prior to concluding the contract for joint use that</p> <ul style="list-style-type: none"> • the jointly used facility cannot always cover the electricity needs of the consumer completely and, • that supplementary electricity procurement by the customer is necessary and 	<p>The electricity sharing contract between the energy community and the trader is not linked to the electricity trading contracts of the members of the community, which will still be concluded by each member of the energy community with a trader of its choice. Members/shareholders of an energy community are not prevented from choosing their own electricity trader (i.e., a participant of an EC receives a part of required electricity as the shared electricity from one trader, and another required part buy from another trader).</p>

	<ul style="list-style-type: none"> that the costs for supplementary electricity procurement may exceed the average costs of a contract for complete supply. 	
Internal electricity allocation rules	<p>German legislation does not prescribe/recommend any specific allocation ratio. The contract for joint use (see above) shall regulate, among other things, a distribution key showing the extent of the right to use the electricity.</p>	<p>Although Latvian legislation does not yet prescribe/recommend any specific allocation ratio, the regulatory framework implies the following principles:</p> <ul style="list-style-type: none"> Electricity is shared according to the rules set in the community’s internal agreement (see above) Since no national guidance exists, each energy community must define its own allocation method in its statutes or internal rules. Energy communities must consume at least 80% of the electricity they produce and feed into the grid within a calendar year to meet regulatory requirements. If they self-consume a lower share, they must allocate a defined portion of their profit — at least 51% — to the operational purposes of the energy community as specified in the Energy Act.
Metering	<p>Electricity generated or stored must be recorded by means of a meter reading measurement (<i>Zählerstandsgangmessung</i>) in accordance with the Metering Point Operation Act (<i>Messtellenbetriebsgesetz</i>) or by means of quarter-hourly recorded power measurement. Electricity consumed is recorded at each point of consumption supplied by means of a meter reading measurement in accordance with the Metering Point Operation Act or by means of a quarter-hourly recorded power measurement.</p>	<p>§22 and §23 of Government Regulation No. 808 (2024) rule that the DSO shall install a commercial electricity metering device with a remote reading function for the energy community, jointly acting active users, or associated active users that records the electricity received from and transferred to the electricity distribution system in each trading interval. The electricity meter installed at the electricity facility shall be the property of the DSO. The DSO shall record the electricity transferred to and received from the electricity distribution system by the members of the energy community, jointly acting active users, or associated active users. An electricity</p>



		trader, based on the consent of an energy community, receives information from the DSO regarding the amount of electricity transferred to the power distribution system. The DSO submits this information to the responsible state authority (i.e., the State Environmental Service).
Taxes, levies, surcharges, fees	As with any other electricity supply, grid fees and levies are generally incurred for shared electricity. One exception is the electricity tax: this does not apply to plants with a capacity of up to 2 MW, provided that generation and consumption are spatially related (generally within a spatial distance of up to 4.5 kilometres (see §9(1) No.3 of the Electricity Tax Act). There are no grid discounts or premiums for shared electricity.	Pursuant to Article 37. ⁸ of the Electricity Market Act electricity sharing shall not affect the rights and obligations of the parties involved as end users, electricity producers, electricity storage operators, electricity traders, or aggregators. Energy communities must pay the same transmission and distribution tariffs as any other electricity user. They do not receive any discounts or premiums for shared electricity.
Access of vulnerable customers to energy sharing/alleviating energy poverty	The amended Energy Industry Act does not address this issue.	Government Regulation No. 808 (2024) provides that if a local government is a member of an electricity energy community, it must allocate at least 10% of the electricity generated in its electricity-sharing facilities during a calendar year to socially vulnerable groups. To meet this obligation, municipalities may select any of the 16 vulnerable groups defined in the Government Regulation on Socially Vulnerable Groups. ³⁹ Once

³⁹ Ministru kabineta noteikumi Nr.32 Rīgā 2005.gada 11.janvārī (prot. Nr.3 20.§) *Noteikumi par sociāli mazaizsargāto personu grupām* (On the socially disadvantaged persons groups), available online from <https://likumi.lv/ta/id/99488>. The vulnerable groups are: (1) families raising three or more children, (2) families raising a disabled child, (3) single-parent families, (4) children (in general), (5) disabled people, (6) persons over working age (currently, 2025+, retirement age in Latvia is 65 years), (7) young people aged 15–25, (8) long-term unemployed, (9) homeless people, (10) victims of violence, (11) victims of human trafficking, (12) politically repressed persons of the Communist and Nazi regime (June 17, 1940 – August 21, 1991), (13) persons who have suffered damage due to natural disasters or calamities, or their families, (14) persons affected by the Chernobyl nuclear power plant accident and participants in the liquidation of the consequences of the Chernobyl accident, and their families, (15) persons with alcohol, narcotic, psychotropic, toxic substance, gambling or computer game addiction problems and their families, (16) persons released from prisons.



		<p>a year, by 30 June, the energy community must inform the responsible state authority (i.e., the State Environmental Service) about its compliance with this requirement. If the authority determines that the obligation has not been met, it shall request the energy community to remedy the situation within 30 days.</p>
<p>Financial incentives for energy sharing</p>	<p>There are certain incentives and support schemes addressing energy communities in general (see above). The amended Energy Industry Act, however, does not envisage any dedicated financial incentives to encourage energy sharing projects. Other countries have introduced special premiums for shared energy (e.g., Italy) or grid fee reductions (e.g., Austria). Taxes, levies and grid fees continue to be charged via the conventional residual electricity contract. Operators may be eligible to receive a feed in tariff or market premium for</p>	<p>The Latvian government has not introduced any premiums for shared energy or reductions in grid fees. Since 2014, Latvia has applied a net-metering scheme for household self-consumers.⁴⁰ In 2024, this scheme was replaced for new household entrants by a net accounting (or net payment) scheme⁴¹, which now applies to all active consumers. For households already participating in the net-metering scheme, the existing arrangement will remain in force until 28 February 2029. The Electricity Market Act stipulates that the assets of system participants engaged in electricity sharing cannot</p>

⁴⁰ <https://repositum.tuwien.at/handle/20.500.12708/11504>

⁴¹ The electricity net payment (or net accounting) system is the procedure for making payments between an electricity trader and an active user for the electricity transferred to the power distribution system and received from the system at the objects of the respective active customer. If, when making an offset for the electricity generated from RES at the object of an active customer, the value of the electricity received from the system is less than the value of the electricity transferred to the system, the corresponding value of electricity may be taken into account in the payments for the electricity consumed at another object of the same active customer. The DSO issues a permit for connecting the electricity generation equipment for parallel work with the power distribution system in respect of at least one of the objects of the active customer. Moreover, the active customer shall generate electricity from renewable sources. All the objects of the active customer included in the net accounting system shall be serviced by one electricity trader and one system operator. The electricity net accounting system shall not be applied to payments for the system services received or other payments provided for in laws and regulations, except when requested by the active customer. Electricity traders shall include the electricity net accounting system universal offer in their trade service offers, while the government determines the minimum price and maximum surplus electricity produced by the active customer within a 12-month period.



	<p>surplus electricity fed into the grid and not directly consumed/shared.</p>	<p>simultaneously participate in the net-metering system, the net-payment system, or the system of certificates of origin. At the same time, the mandatory universal-service offer for energy communities described above functions, in practice, as a form of net-payment system.</p> <p>On 2 April 2025, the Latvian government published a draft regulation proposing financial support for the installation of zero-emission renewable energy facilities and storage systems for self-consumption in multi-apartment buildings, state and municipal buildings, and energy communities. The support scheme is to be financed through the EU Modernisation Fund. On 12 January 2026, the draft regulation was submitted to the government for final adoption.</p> <p>Eligible projects must focus on installing renewable energy generation technologies — including solar PV systems, storage and accumulation systems, solar collector systems with storage tanks, and heat pumps — with the primary objective of on-site consumption. Support will not be available for wind technologies. Energy communities must self-consume at least 80% of the electricity they produce over a 12-month period. Applications will be assessed based on administrative criteria and quality-based evaluation criteria, including planned CO₂-reduction efficiency (kg CO₂ per euro of Modernisation Fund support per year) and total annual CO₂-reduction (tons per year).</p> <p>The planned total funding available for energy communities amounts to EUR 9.2 million, with a maximum of EUR 200,000 per project and a support intensity of 70 %.</p>
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		Overall, the government follows a liberal, market-oriented, and trader-focused approach, aiming to ensure a level playing field for all energy-market participants.
Practical showcases	<p>There are several energy sharing pilot projects currently implemented:</p> <ul style="list-style-type: none"> • Energy Cooperative Bakum • WUNergy (dena/Stadtwerke Wunsiedel) • Bayernwerk (Landkreis Bamberg) • EWS Schönau • Energy Sharing pilot project <i>SkIES – Skalierbare Integration von Energy Sharing</i> 	<p>Several projects funded by the EU and other international organisations aim(ed) to support the development of energy communities in Latvia: CO2MMUNITY, COME RES, PowerPoor, Share RES, StartSun, or Rural Energy communities^{LV}. In the frame of CO2MMUNITY, a pilot project was implemented in two multi-apartment buildings in <i>Mārupe</i>.⁴² In the frame of the INTERREG BSR project StartSun, a pilot project is currently implemented in <i>Jēkabpils</i>.⁴³ To date, no real-life energy sharing projects are operational yet.</p>
Key barriers	<p>The new legislation does not envision any financial incentives encouraging the implementation of energy sharing schemes. The administrative effort for metering, invoicing etc. can negatively affect the economic viability of energy sharing schemes. In terms of market communication, DSOs, plant operators and consumers do not communicate well enough with each other. A lack of digitalisation and inconsistent data formats means that in many locations energy sharing models cannot be implemented yet. Often, DSOs lack an appropriate digital infrastructure for accounting/billing.</p>	<p>Although the Latvian government has established a regulatory framework transposing the requirements of the Electricity Market Design Directive, the economic framework conditions for collective action in the energy sector and energy sharing are still not very favourable. After the energy crisis of 2023 with rising energy prices, the level of wholesale and retail electricity prices has decreased again. Household electricity prices are currently at an average level of 20-25 €ct/kWh (including taxes and levies).⁴⁴ This reduces the economic attractiveness of collective action, compared to countries with higher electricity prices, like Germany.</p>

⁴² <https://www.interregeurope.eu/good-practices/first-energy-communities-in-latvia-small-scale-demonstration-projects-at-marupe-municipality>

⁴³ <https://www.jekabpilstaiks.lv/lv/zinas/jekabpils-2-vidusskolas-jumts-razo-saules-energiju/>

⁴⁴ https://data.stat.gov.lv/pxweb/en/OSP_PUB/START_NOZ_EN_ENC/ENC040

	<p>Although in Recital 23 the Electricity Market Design Directive explicitly mentions energy communities as eligible entities for energy sharing, the government refused to explicitly mention citizen energy companies as eligible in the legal text of the amended Energy Industry Act. Umbrella legislation transposing EU provisions for energy sharing has been recently adopted. Secondary legislation is pending.</p> <p>In Germany, the smart meter rollout is considerably delayed.</p> <p>There is a lack of practical examples/lighthouse projects. To comply with the Electricity Market Design Directive, the federal government must ensure the availability of voluntary template contracts for energy sharing.</p>	<p>The Latvian government follows a liberal, trader-focused policy approach and is reluctant to introduce financial incentives for energy communities, such as energy-sharing premiums (as in Italy) or reduced grid tariffs (as in Austria). It has not introduced any general feed-in or market premiums for electricity from renewable energy sources and does not intend to implement Contracts for Difference. At present, there is a lack of practical examples or lighthouse projects that could guide the development of follower initiatives.</p> <p>In practice, the mandatory universal service offer that energy traders must provide to energy communities operates in a way that is broadly similar to a net payment/net accounting system.</p> <p>To fully comply with the Electricity Market Design Directive, the government must ensure the availability of voluntary model contracts for energy sharing.</p>
<p>Decentralized Energy Sharing Concepts, Peer to Peer Trading</p>	<p>In addition to the tenant electricity model, there is the option of marketing PV electricity in apartment buildings using the joint building supply model. This does not involve any utility supply obligations, making it easier to supply electricity using PV electricity from your own roof. Homeowners and homeowners' associations can now invest more easily.</p>	<p>The regulatory framework provides for the right of smaller groups of active users to share electricity, even without establishing an energy community. This is possible in the following cases:</p> <ul style="list-style-type: none"> • Users owning or using electricity sharing facilities located in the same building or immovable property and connected to the system of the same DSO (so called 'Jointly acting active users'). The installed electricity production capacity of a single production unit of jointly acting active users must not exceed 14.99 MW. • The active users are not located in the same building or immovable property; their number does not exceed five active users and the total electricity generation

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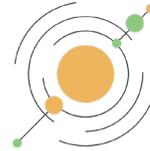
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		<p>capacity of the facilities owned or used by those active users does not exceed 50 kilowatts (so-called 'associated active users').</p> <p>In those cases, the respective active users mutually agree on the conditions of cooperation and conclude an agreement with the electricity trader both on the sale of the electricity transferred from their sites to the electricity distribution system to the electricity trader and on all other contractual conditions.</p>
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4. Key Findings

- In contrast to Germany, Latvia does not have a well-established tradition of citizen involvement in the energy sector.
- While the Latvian government has transposed both related EU concepts—'renewable energy community' and 'citizen energy community'—Germany has explicitly transposed only the concept of a 'renewable energy community.'
- In both countries the enabling framework that Member States shall provide to promote and facilitate the development of energy communities shows several implementation gaps.
- Both countries have established a legal framework for the EU concept of 'jointly acting renewables self-consumers' which is generally limited to the scope of one building or building complex. However, there are only very few practical examples to date. Germany has gained considerable experience with landlord-to-tenant electricity projects in multi-apartment buildings which, however, cannot be considered as a direct equivalent for the concept 'jointly acting renewables self-consumers' in the sense of the RED II.
- Both countries have established a legal framework for energy sharing that transposes key provisions of the Electricity Market Design Directive. Latvia has adopted more detailed rules and regulations, whereas in Germany the necessary secondary legislation is still pending. Energy sharing has been possible in Latvia since January 2025 (practically since 1 July 2025 – the date starting from which the electricity traders are obliged to make an offer of universal service for energy communities), while in Germany it will only become possible from 1 June 2026.
- In both countries, energy sharing is or will be limited to the balancing area of one single distribution system operator (DSO). In Germany, this restriction will be expanded in 2028 to allow sharing across the balancing areas of two adjacent DSOs. In Latvia, however, one DSO effectively covers the entire country, whereas Germany has more than 860 DSOs that vary significantly in size, structure, and ownership.
- With regard to the implementation of real-life energy-sharing projects, both countries lag behind frontrunners such as Austria and Italy. Both countries face a lack of practical examples and showcases that could guide the development of follower initiatives. Only a small number of pilot projects are currently being implemented.
- In addition to transposing the EU concepts of 'jointly acting renewables self-consumers', 'renewable energy community', and 'citizen energy community', Latvia has introduced a third form of collective action: 'associated active users'. This category refers to a small

group of active users (maximum five) sharing energy and incorporates elements of peer-to-peer trading as defined in the RED II.

- Latvia is significantly further ahead in the rollout of smart meters, whereas Germany's smart-meter deployment remains considerably delayed.
- In the field of energy sharing, both countries meet the minimum requirements of the Electricity Market Design Directive. Their governments pursue a market-oriented approach aimed at ensuring a level playing field for all energy-market participants. Neither government is willing to introduce dedicated operational support measures for energy sharing projects of energy communities (such as reduced grid tariffs or premiums for shared energy). The Latvian government is planning to provide investment grants for energy communities through the Modernisation Fund.
- Although both governments have established regulatory frameworks transposing the key requirements of the Electricity Market Design Directive, the economic framework conditions for collective action in the energy sector — and for energy sharing within energy communities — remain rather unfavourable in both countries.
- In Germany, operators may be eligible to receive a feed in tariff or market premium for surplus electricity fed into the grid and not directly consumed/shared. In Latvia, remuneration is based on the so-called universal service fee: the purchase price for surplus electricity produced by an energy community corresponds to the trading-interval price of the Latvian bidding zone on the Nord Pool exchange, with a maximum deduction of EUR 20/MWh, however it cannot fall below zero.
- In Germany, certain supplier obligations do not apply if a system operated by a household customer has an installed capacity of no more than 30 kW, or— in the case of a multi-apartment building—if a system jointly operated by one or more household customers in the same building does not exceed 100 kW. These partial exemptions, however, do not extend to energy communities.
- Latvia has introduced several restrictions on the maximum installed capacity of an individual electricity-generation facility owned or used by jointly acting active users or by an energy community; such a facility may not exceed 14.99 MW. However, given that energy communities in Latvia are still in an early development phase and an energy community may install multiple generation facilities, this capacity limit — together with the prohibition on connecting to the transmission grid — appears unlikely to have any significant impact on the development of energy communities in the near future.
- In addition, an energy community must use at least 80% of the electricity generated in its facilities and fed into the grid. Electricity that is generated and consumed immediately—



and therefore not fed into the grid—is excluded from this calculation. If an energy community uses less than 80% of the electricity it feeds into the grid, it must allocate at least 51% of the profit earned in the current calendar year to the purposes defined in the Energy Law.

- Although the Electricity Market Design Directive requires Member States to adopt appropriate and non-discriminatory measures to ensure that vulnerable customers and those affected by energy poverty can access energy-sharing schemes — for example through financial support instruments or allocation quotas — neither Latvia nor Germany has introduced such measures. However, unlike Germany, Latvia has transposed an additional requirement from the Directive: if a municipal authority participates as a member of an electricity energy community, it must make at least 10% of the electricity produced annually in its facilities available to vulnerable or energy poor customers or citizens. This obligation, however, does not apply to state authorities.

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