

## The case against including citizen energy communities in the gas market revision

REScoop.eu, Energy Cities and Climate Alliance recognise the need to decarbonise the gas sector, and to diversify away from imported fossil fuels towards cleaner, more sustainable, local renewable energy sources. Long-term security of energy supply will hinge on the ability of local communities to take ownership of production and supply of renewables. Biogas, including biomethane, has a role to play in achieving local decarbonization and security of supply. While we commend the Commission for its support of energy communities generally, we strongly disagree with its approach to mirror Citizen Energy Communities (CECs) in the Gas Directive.

Despite [a public call from the Community Power Coalition to Commissioner Kadri Simson](#), the Commission proposed to mirror the 'Citizen Energy Community' (CEC) definition and enabling framework into the Gas Directive. The Commission stated that it aims to promote further integration of biomethane into the wholesale gas market, so that it can be supplied from rural regions to urban consumer centres that are located further away, and even cross-border. In particular, the Commission says it wants to empower citizen-led and municipality-led initiatives to exploit the potential of biomethane production and supply.

**As representatives of citizen energy cooperatives and municipalities across Europe, REScoop.eu and Energy Cities recommend that:**

- 1) **The Council delete all references to energy communities in the Commission's proposal;**
- 2) **Alternatively, the Council should amend the Commission's proposal so that the Gas Directive cross-references the Renewable Energy Community (REC) concept only.**

Our recommendations are based on the following reasons:

- **Including REC or CEC concepts in the Gas Directive will result in unnecessary duplication.** The Renewable Energy Directive, which defines and enables 'Renewable Energy Communities', already supports the production and supply of biomethane. [For reasons already stated previously](#), there is little added value of including these concepts in Gas Market legislation. Member States already experience difficulty transposing the REC and CEC concepts, and this will add additional administrative burden and legal complexity.
- **The Renewables Directive's provisions on RECs already covers biomethane production and supply, even in rural areas.** Geographic proximity does not prevent municipalities from collaborating with local actors, such as farmers, to collectively produce and even supply biomethane locally. For instance, Germany's REC definition contains a geographical proximity of 100 kilometers circumference.
- **Biomethane should not be promoted for household consumption.** Promoting the REC and CEC concepts in the Gas Market design sends the wrong signal that energy communities should prioritise biomethane production and supply as a long-term measure meant to decarbonise household consumption of gas. While biomethane is likely to be used mainly in hard-to-decarbonise sectors, it should not be structurally promoted or incentivized in the way the Commission envisions. This would promote greenwashing of existing gas supply and long-term lock-in of fossil gas, as it will be blended with biomethane.

- **Biomethane production and consumption should remain local.** With the Electricity Market Design revision getting under way, we would like to see strengthening of policies and rules that promote the development of local energy markets. The Commission's proposal goes against this. Biomethane production and supply should follow an approach based on ensuring local ownership, participation, acceptance, and benefit. These are the key elements to ensure a fast deployment of biomethane. As such, taking an urban-rural or cross-border approach to promoting energy communities' role in biomethane goes against how renewable energy markets should be developed in a sustainable way;
- **Including energy communities in the Gas Directive will undermine efforts to clarify the relationship between RECs and CECs.** We see the need to more closely align the existing CEC definition with the REC definition, as there is currently a lot of confusion at national level regarding their relationship. Including energy communities in the Gas Directive would undermine the process to clarify the relationship between the two concepts.
- **Including the CEC definition will not empower citizen-led or municipality/city-led initiatives.** Instead, it is only likely to empower incumbents from the gas sector. While some existing energy communities supply gas, it is not a priority for them to develop this activity. Furthermore, under current market conditions, it is not even possible to become licensed or participate in gas markets. There is no avenue for energy communities to professionalise into larger gas suppliers, nor is this even desirable.
- **Local authorities don't need new type of vehicles for the development of biomethane.** They can already use municipally owned companies, special purpose vehicles, public-private partnerships, etc. The challenge for municipality-led initiatives is rather on the human capacities of local authorities to animate the development of the sector along the entire value chain, and control the quality of projects and a fair distribution of the benefits among the actors. Mirroring the CEC definition in the Gas Directive will not address these two issues.
- **Governance requirements of the REC definition do not pose problems to exploiting biomethane at the local level by local authorities.** The autonomy requirement contained in the REC definition will not prevent local authorities from taking initiative to gather local biomethane production and supply it locally. The local dimension is the main reason for local authorities to support these projects. In addition, the existing REC definition is a warranty to improve social acceptance of biomethane projects. Promoting rural-urban partnerships in the supply of biomethane will not result in further public acceptance – rather the opposite. Currently, in some rural areas, land is bought by foreign companies to produce biomass for methanization, which worsens feeling of expropriation of inhabitants.
- **The Commission's proposal will not prevent corporate capture of energy communities.** The Commission relies on effective control of CECs resting with small enterprises, natural households and local authorities. However, this does not prevent the ability for utilities to indirectly control CECs through subsidiaries, outside investment (without being a member), and other means. Furthermore, the Commission relies on recital language, which is non-binding. RECs require autonomy, preventing one member or outside members from exercising direct control. The autonomy requirement is much better suited to prevent corporate capture.