

Talking Points on the Draft CEEAG

Dedicated support for Renewable Energy Communities (RECs)

1. **Member States (MS) need clear guidance so they can comply with their EU legal requirements.** The Renewables Directive contains explicit legal requirements for MS to account for the specificities of RECs in the design of their renewables support schemes. MS need clear guidance on this, and without any references to RECs, the draft CEEAG fail utterly to provide such guidance.
2. **The CEEAG need a specific section/provisions to support MS in making the case for providing dedicated support to RECs.** Paragraph 82 of the CEEAG fail to mention any objective considerations that might even implicitly acknowledge the need to provide dedicated support to RECs. Even paragraph 83(d), which is cited in the Ireland decision,¹ refers to cost-effectiveness.
3. **The draft CEEAG disincentivize MS from designing support schemes with RECs in mind.** Under the draft CEEAG, MS must meet several additional analytical and procedural requirements, creating a disincentive effect. Under this approach, not only must MS have political will to provide support to RECs, but they must also have the willingness to go through the necessary hurdles to make a good scheme. The CEEAG should opt for legal clarity and give MS confidence, not add legal complexity.
4. **Due to their novelty, underdevelopment in the market, and necessity in achieving the Green Deal, RECs need explicit acknowledgment and supportive provisions.** DG Comp says that it wants more principles-based guidelines that are more general, flexible and future proof. Yet it goes out of its way to provide specific provisions for hydrogen (which it mentions 29 times), CCS/CCU (which it mentions 4 times), and natural/low carbon gas (which it mentions 28 times). Yet, it refrains from any mention of RECs in the entire draft CEEAG.

Thresholds

HEADLINE MESSAGE: The CEEAG need to provide scope so that MS can exempt RECs from competitive bidding.

1. **RECs need to be able to make use of small installation thresholds for exemptions from competitive bidding.** The 400 kW threshold (which lowers to 200 kW from 2026) guts the exemption from tenders, making it essentially redundant. RECs in Germany already only build projects up to 750 kW because they cannot compete in tenders. Such small installations are not cost-effective and do not incentivize REC projects. These thresholds should be raised to 10 MW for all community (or small) installations other than wind, which should be set at 6 turbines of 6 MW each (36 MW).
2. **Balancing responsibility has nothing to do with participating in a competitive bidding procedure.** The threshold for balancing responsibility in Art 5 of the Electricity Regulation must not be used as a threshold exempting production installations from competitive bidding thresholds. Balancing responsibility relates to licensing requirements, and RECs can

¹ In this Decision, DG Competition decided positively on Ireland's renewable support scheme, which included a dedicated ringfence and a number of other supportive measures for community renewables projects. SA.54683 (2020/N) – European Commission Decision on the Ireland Renewable Electricity Support Scheme (RESS). See https://ec.europa.eu/competition/state_aid/cases1/202032/286233_2178932_128_2.pdf.

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either take on this responsibility or contract it out to a third party. All RECs use this latter option and either have balancing factored into support they receive, or they pay for it as a service. Competitive bidding on the other hand raises practical issues for RECs including financing of projects, internal governance, project costs due to size and business model, and navigation of administrative and regulatory procedures.

3. **Thresholds for small installations cannot be generalized across a single number.** The threshold for electricity consumption is 400 kW. It does not make sense to have the same threshold for production and consumption installations, as they have completely different business cases. This overgeneralizes and does not take into account the different factual and legal situations that undertakings included in these categories might have.
4. **Where none or few RECs exist, MS should be able to justify exemptions from competitive bidding outside of thresholds.** There is no scope outside of the thresholds for MS to make the case that RECs should be exempted from competitive bidding.

Competitive bidding as a default rule for allocating support

HEADLINE MESSAGE: The CEEAG must not incentivize MS to implement competitive bidding at the expense of RECs

1. If the budget is low enough and MS institute competitive bidding, they don't need to hold a consultation. This incentivizes MS to implement competitive bidding, because it reduces the administrative burden for them.
2. If MS make amendments that don't amend scope or eligibility, they don't have to consult. This means that MS that have adopted competitive bidding prior to the CEEAG don't have to consult.
3. **Due to a requirement to transpose Art 22 para 7 of the RED II, Member States should still have to consult when amending renewables schemes that do not alter scope or eligibility.** Because Member States are required to account for the specificities of RECs in the design of their renewable support schemes. RECs are therefore impacted by the decision not to address eligibility.
4. **Overall, the CEEAG incentivizes MS to simply institute competitive bidding,** because when they do:
 - a. MS have less to justify (i.e. no objective reasons needed). This is compounded by the fact that para 52 does not provide scope to acknowledge the challenging situation regarding RECs and their development – or lack thereof – at national level;
 - b. To simply continue with competitive bidding that does not modify eligibility or scope, MS would not have to consult;
 - c. Proportionality is presumptively fulfilled simply through having competitive bidding;
 - d. MS don't have to provide a factual / counterfactual scenario, which for RECs, would be quite hard – particularly where the sector has yet to take off;
 - e. Added requirements under para 101 make it difficult to reduce burdens for RECs; and
 - f. Administrative burden during the design of the scheme is less.
5. **The CEEAG must not intentionally prevent RECs from being allowed to grow in the market.** Under para 112 of the CEEAG, in order to limit eligibility MS must demonstrate that support will not lead to increased market power of beneficiaries. This contradicts the aims of provisions in the RED II, which aim to promote the development of RECs at national level.

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There should be an acceptable level of growth for RECs that implicitly embraces some market power.

Integration of social criteria into tenders

1. **Social criteria should always be a consideration in tenders for onshore renewables technologies.** The tone of the CEEAG goes against including social criteria in competitive bidding. This fails to acknowledge that all onshore projects have potential for negative and positive social externalities, necessitating inclusion of social criteria. Specifically:
 - a. Para 82 does not mention social criteria as an objective consideration for limiting eligibility.
 - b. Para 33 also fails to acknowledge social aspects of positive and negative externalities and how they might contribute to a market failure.
 - c. Para 49 states that social criteria should only be used in exceptional cases. Yet social considerations are material in most local permitting processes for renewables installations outside of cities and towns (e.g. rural areas), which are far from exceptional.
2. **EU public procurement policy is a good precedent for integrating social considerations into bidding processes. The same should apply to the CEEAG.**

The Low Carbon categorization

1. **Overgeneralization of different 'low-carbon' approaches will compound the existing barriers to accessing support that RECs already experience.** RECs already have an extraordinarily difficult time competing against commercial market actors in competitive bidding procedures for renewables support. Having to compete against other technologies such as hydrogen and CCS/CCU would bury RECs.
2. **Provisions giving MS discretion to commingle different technological approaches together in similar support schemes must be deleted.** Commingling renewables with other low carbon solutions will just create excuses for MS to continue supporting fossil fuels at the expense of renewables. Renewables must continue to have a separate, dedicated section or sub-section.