



## A European Energy Union

### **CEDEC suggests an additional dimension: Citizens and Local actors**

CEDEC believes that the concept of a European Energy Union can be an important vehicle for the further development of a European energy and climate policy, aiming for an energy system that is reliable, sustainable and affordable.

However, CEDEC believes that a true European Energy Union can only be built with the active contribution of citizens and local actors. European climate and energy policy has been designed to ultimately benefit European citizens, therefore they should be in the centre of every action. For this reason, we suggest to focus the concept of a European Energy Union on initiatives for local actors: citizens, local authorities, regions, local energy companies and cooperatives.

The European Energy Union should have at its centre the reliable accessibility of sustainable energy for all citizens at affordable prices. The transition towards a more decentralised and sustainable system has already encouraged many citizens to become actively involved in their energy supply, through self-generation, efficient energy consumption, formation of cooperatives for renewable energy generation, etc. Local actors play a crucial role in the promotion of energy efficiency and renewable energy!

The trend of more citizen participation is reflected in the transformation of energy retail markets, which increasingly offer a large variety of different products and services that allows energy consumers to become prosumers and to benefit from a smarter energy system through customised offers. Across the EU, local energy companies are already providing innovative customer services and promoting the energy transition in a cost-effective, environmentally-friendly way, while being an important engine for local value creation.

Hence, CEDEC is convinced that the dimensions of the European Energy Union concept as outlined by European Commission Vice-President Maroš Šefčovič (solidarity and security of supply, completion of the internal energy market, moderation of energy demand, decarbonisation, research and development of new technologies) should be completed with one dimension: citizens and local actors.

## Key dimensions for an Energy Union



**In practice, CEDEC believes the following aspects should be integrated in the concept of a truly democratic and resilient European Union which is bridging the gap with its local roots:**

- Citizen projects, be it the formation of cooperatives or projects led by actors such as local energy companies should be promoted to increase the engagement of citizens. CEDEC members have experienced that a sense of local ownership can significantly improve social acceptance for energy projects, such as larger wind and solar plants. Red tape for such initiatives must be eliminated, for example by installing one stop shops for permission procedures.
- Support should be made available through technical and financial assistance (i.e. the Juncker Investment Plan) by prioritising local energy projects by communities, regions and cities and local energy companies which advance the European sustainable energy agenda. The access to funding should be facilitated for local governments, energy companies and cooperatives which often have limited financial, administrative and human resources. Additionally, focused assistance in the application process for project funding should be provided by EU and national authorities.
- Specialised training and education programmes in the energy sector allow experts to develop suitable skills in a transforming energy sector with high employment potential in the energy efficiency and renewable sectors on local level (local construction, crafting companies and service companies), and a large variety of skills required should be developed.
- Adapt the EU definition of small and medium-sized enterprises to include local energy companies, of which public authorities own the majority if not the all shares. Currently, publicly owned companies are excluded from certain benefits for SMEs, (such as exemptions for energy audits under the EED Art. 8), and from financial support programmes targeting



SMEs. This should be urgently addressed given the contribution of local energy companies and their yet untapped potential in the implementation of the European energy and climate agenda.

- More than 90% of all renewable energy installations are connected to distribution grids. Yet, European policies often focus on transmission lines and interconnection. Against the background of a decentralising energy system and investments in local and regional energy networks being indispensable, CEDEC believes that a holistic approach to energy network development should be taken. An integrated methodology for distribution and transmission network development must be found for a reliable and efficient energy system.
- The deployment of smart distribution grids as a true backbone of a smart energy system should be recognised and supported by the EU. This can be done through facilitated and accelerated permission procedures as well political support and adapted regulatory frameworks for network operators, that recognise the changing needs for investments and incentivise investments in ICT and automation on equal footing with traditional grid extension. Support should explicitly also include small-scale projects by local actors creating local value and contributing to the overall goals of the Energy Union, next to cross-border initiatives.
- Local utility companies also play an important role in the transition of the heating and cooling systems towards a more energy efficient generation of heat/cold and power. As a locally based technology combined heat and power is an important instrument to advance the transition of the energy system on a local level. We therefore believe that any obstacles to combined heat and power –such as the auctions foreseen in the state aid guidelines– should be adapted. Also a non-discriminatory approach should be taken when addressing improvements in the energy efficiency of buildings. CHP is a technology that should be addressed without prejudice as one possibility among others to make buildings more environmentally friendly.
- Data will be the most important tool for efficient and smart network management as well as the provision of innovative consumer services, such as demand-side management. Therefore, sufficient data protection and privacy for consumers must be ensured. Only with consumers feeling sufficiently protected from data misuse will consumers engage. Consumer confidence can be increased by attributing data management and communication tasks to regulated DSOs instead of leaving it to purely commercial companies. Consumers know their locally based DSOs and surveys confirm that trust in local energy companies is very high.



- Strive for a fair, transparent allocation of system costs across all consumer and prosumer groups that use the energy system. Public infrastructures must be maintained, extended and operated while some prosumers use them less but continue to rely on them for security of supply.
- Encourage the exploitation of synergies across sectors, such as energy, water and mobility that are often integrated in local public utilities. Recognise the role that local public utilities play in the provision of public services to citizens in a non-discriminatory manner.
- Develop exchanges of best practices and knowledge through European vehicles such as the Covenant of Mayors.

### **Who is CEDEC?**

CEDEC represents the interests of local and regional energy companies from ten European countries.

CEDEC represents more than 1500 companies with a total turnover of 120 billion Euros, serving 85 million electricity and gas customers & connections, with more than 350.000 employees. These predominantly medium-sized local and regional energy companies have developed activities as electricity and heat generators, electricity and gas distribution grid & metering operators and energy (services) suppliers.

The wide range of services provided by local utility companies is reliable, environmentally compatible and affordable for the consumer. Through their high investments, they make a significant contribution to local and regional economic development.