

Emerging regulatory framework in Croatia

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Citizen Energy Community (CEC) within new Electricity Market Act (to be adopted by the end of 2021)

- According to the given description within law proposal, **the CEC (internal market directive) is closer to the Renewable energy community – REC (as per RED II Directive), and REC is a narrower term than CEC.**
- The proposed CEC is **limited by spatial parameters** and defines that the members must be **connected to the same low voltage transformer station (10 (20) /0.4 kV).**
- CEC is defined as a legal entity established to realize the benefits of the **exchange of energy produced and consumed in a particular spatial area of the local community.** This significantly limits the CEC as internal market directive CEC should be a legal entity that can participate in production, including from renewable sources, distribution, supply, consumption , aggregation, energy storage, energy efficiency services or charging services for electric vehicles or provide other services to its members or shareholders, which is a much larger area of activity.
- The new law **should define the broader concept of CEC, and not unnecessarily limit it.**

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- CEC is an entity that **operates under the law governing the financial operations and accounting of non-profit organizations.**

It is unclear whether this definition requires an CEC to be established under the rules for non-profit organizations or only to conduct financial operations and accounting under the laws for non-profit organizations.

The internal market directive does not prohibit the creation of financial gain but is not the primary purpose. It is important to clearly define what the legal form of the ECG can be and how its business is conducted.

- It is **not clear how it will be controlled and who will control** whether all the conditions that the CEC as a legal entity must meet and are in a fact met, as well as how the ownership shares are disposed of. It is also important to define how it will be monitored whether there has been a change in the membership of the CEC, which would possibly stop meeting the conditions that the CEC should meet

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- CEC is **limited to participation "in the production of electricity for the needs of shareholders or members of the energy community of citizens."** This is a significant limitation, and participation in the production of electricity for the sale of electricity outside the community as well as in other activities in accordance with EU Directive 2019/944 Article 2, paragraph 11, point c should be allowed
- In general, CEC services should not be limited to members of the community, but can be defined as the primary, ie. majority activity of CEC.
- the **total connection power** in the direction of electricity transmission to the network at metering points of CEC members **may not exceed 80%** of the total connection power in the direction of taking electricity at those metering points. This is very limiting and puts the CEC at a disadvantage in the market compared to other actors..
- The connected power in the direction of power transmission for the EZG must be limited only by the technical characteristics of the network.

Renewable energy Community (REC) within new law on RES and high-efficiency cogeneration

- Defines „**Consumers of own energy from renewable sources**” and „**Consumers of own renewable energy who act jointly**” – a group consisting of at least two consumers of own renewable energy acting together and located in the same building or residential complex
- **REC definition is basic** - copy from RED II directive without any additional clarifications or guidelines.
Legal entities that meet the following conditions: which, in accordance with applicable national law, is based on open and voluntary participation, independent and effectively supervised by shareholders or members located in the vicinity of renewable energy projects owned or developed by that legal entity, whose shareholders or members are natural persons, SMEs or units of local or regional self-government, and whose primary purpose is to provide environmental, economic or social benefits to the community for its shareholders or members or for the local areas in which it operates, and not financial gain.

Renewable energy Community (REC) within new law on RES and high-efficiency cogeneration

Limitations:

- **the total connected power** of all production facilities at one billing metering point or several metering points on an apartment building or a REC in the case of several billing metering points **does not exceed 500 kW**
- **the connected power of the end customer** with its own production or the user of the self-supply plant in the direction of electricity supply to the network **does not exceed 80%** of the connected power of the end customer with its own production or the user of the self-supply plant in the direction of taking electricity from the network
- Law states the possibility consumer participation in support programs under equal conditions with other participants.
- Law mentions general options such as: provision of information, technical and financial assistance, the reduction of administrative requirements, including community-based bidding criteria, the setting of appropriate bidding periods for RECs or the provision of direct support to RECs through direct support **when they meet the requirements for small plants.**



Thank You !

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