

Draft Law on Energy Communities

July 10 2017 | Contributed by [Rokas Law Firm](#)

Draft law Comment

In conjunction with the inclusion of energy communities, for the first time, in the European Commission's proposal to amend the directive on common rules for the internal market in electricity and the directive on the promotion of the use of energy from renewable energy sources (RES) (the so-called 'Winter Package' of November 30 2016), in Greece, such communities are also being introduced and publicly discussed.

Draft law

On June 7 2017 the Ministry of Environment and Energy launched a public consultation on the draft Law on Energy Communities. The consultation closed on June 26 2017.

While the European Commission's proposal distinguishes between local energy communities and renewable energy communities and applies different requirements to each, the draft law proposes only one type of community, which in its general and specific scope of operations, encompasses both types of EU community.

More precisely, the draft law defines 'energy communities' as civil law partnerships with the exclusive aim of:

- promoting the social economy;
- encouraging solidarity and innovation in energy;
- responding to energy needs;
- promoting energy sustainability in the production, storage, self-consumption, distribution and supply of energy; and
- increasing energy efficiency in final consumption on the local and regional level.

Energy communities must engage in one of the following activities:

- the production, storage, self-consumption or sale of electricity or heating or cooling from renewable energy sources or high-efficiency co-generated heat and power (CHP);
- the management of raw material for the production of electricity or heating or cooling from biomass, bio-waste or biofuel;
- the procurement for energy communities of appliances and installations with increased energy efficiency, as well as electric vehicles and vehicles that use natural gas, biofuel or liquefied gas for energy;
- the distribution of electricity or heating or cooling on a local level;
- the supply of electricity and natural gas on a local level;
- the management of final electricity consumption;
- the development and the management of fuelling stations for electric vehicles, CNG, liquefied natural gas, liquefied gas or biofuel, as well as management of their transport on the local level; or
- the management of desalination of water through RES.

While the EU draft directives do not require energy communities to be non-profit organisations, the

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draft law generally requires energy communities to be non-profit organisations, with the exception of RES energy communities which may either be small and medium-sized enterprises or non-profit organisations. That said, they are entitled to distribute profit if they have at least 15 members, 50% of which are individuals.

According to the draft law, individuals, public and private law legal entities and local authorities (municipalities) of the seat of an energy community or its plant may be members of the energy community. The minimum number of members is as follows:

- five public or private law legal entities or individuals;
- three local authorities; or
- three members, if at least two are local authorities.

At least 75% of the members should be legally connected to the place of the energy community's seat (eg, a member should have real estate, residence or citizenship within the territory).

Under the EU proposal, RES energy communities may not have installed more than 18 megawatts of renewable capacity for electricity, heating and cooling and transport as a yearly average in the previous five year. The existing version of the draft law envisages no capacity limitation for RES produced by energy communities.

The draft law provides financial incentives for energy communities, including:

- a guaranteed tax rate for five years;
- exemption, under certain conditions, from paying part of the RES tax payable to local authorities;
- exemption from paying the annual tax for maintaining RES and high-efficiency CHP licences;
- priority in processing applications for connection to the grid and approval of the environmental conditions for RES and high-efficiency CHP production units;
- a 50% reduction the guarantee payment; and
- a 10% reduction in the minimum capital required to obtain an energy supply licence.

The following incentives may be introduced with respective ministerial decisions:

- an exemption from auctions on RES feed-in-premiums or participation under special regime and conditions; and
- a reduced in the fees of the provider of last resort.

Comment

This draft law has raised considerable attention in Greece, primary by energy market stakeholders, but also interested individuals. Thus, the response to the consultation has been considerable. Given the large range of activities that the draft law proposes for energy communities and the aforementioned incentives, these communities may become an important vehicle for developing business activities and increasing energy efficiency in local communities.

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