

## POLICY PAPER

### *TOWARDS A DEMOCRATIC ENERGY UNION CITIZENS NEED TO BE INVOLVED*



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***Brussels, 10 December 2014***

On 15 July 2014, president-designate Jean-Claude Juncker presented his priorities for the next five years. One of them is to build "A Resilient Energy Union with a Forward-Looking Climate Change Policy". Amongst the various means of actions outlined in his pledge, president Juncker expressed his intention to make the Energy Union "the world number one in renewable energies". At the same time, he declared being "in favour of an ambitious, binding target" on energy efficiency.<sup>1</sup>

#### ***How to make it happen?***

On 17 November 2014, Vice-President Šefčovič presented his first ideas about an Energy Union articulated around five pillars:

1. Security, solidarity and trust
2. Completion of the competitive internal market
3. Moderation of demand
4. Decarbonisation
5. New technologies

Unfortunately, this agenda is **too weak on energy efficiency and renewables**. The reason is that the vision promoted by vice-president Šefčovič lacks one dimension: **citizens** shall be at the heart of a democratic, resilient Energy Union.

In order to fill this gap, **I propose that the Energy Union includes a sixth chapter, entirely dedicated to citizens, SMEs, and local communities**, empowering them to decide themselves about their energy production and consumption. Cities and local governments should also be fully involved, notably through initiatives such as the Covenant of Mayors. When referring to citizens, I also think of these residing in **neighbouring countries**: the Energy Union shall not stop at the borders of the European Union.

This can be done if the Energy Union promotes **decentralised energy generation systems** based on RES where citizens become energy producer either themselves or through local cooperatives. I also propose that the completion of the **internal energy market** takes fully into consideration this new reality by boosting the roll-out of smart meters and demand-response mechanisms. Finally, I invite the European Commission and the Member States to mobilise all financial resources available, including the Juncker Investment Plan and the structural funds to **invest in the energy transition**.

Placing citizens, SMEs and local governments at the centre of the game is the only way to build the Energy Union we want!

The objective of the Energy Union is to actively and democratically address the most important challenges of our time and to become a world leader in renewable energy, delivering benefits for the citizens. For doing so, we need to ensure the strong involvement of enterprises of all size, trade unions, local and regional governments and civil society organisations in the energy decision-making process. Across the Union, communities and municipalities are already engaged in producing energy in cost-effective and locally sensitive ways. At EU level, protection from energy shocks both in terms of price and supply is best served by a strong, flexible, decentralised energy system. Overall, citizens' commitment to and support for the energy transition must be rewarded and its full potential realised.

The Energy Union should implement ambitious, stable long-term policies designed to foster innovation and green investment to the benefit of all EU citizens including vulnerable populations, in a context where millions of people are directly affected by unemployment and energy (or fuel) poverty. This concerns notably the energy retail market: we should provide more information and access to new technologies for consumers to benefit from a smarter system with demand-side management mechanisms, to achieve greater energy savings and to become decentralised energy producers themselves at home or through the development of cooperative models in their region. Such developments should be accompanied by simple, reliable and transparent information provided to customers and overseen by national regulatory authorities.

In our intention to bring the EU closer to the citizens, the EU should take the following demand- and supply-side steps to achieve a democratic, inclusive and resilient Energy Union:

- Explicitly recognise the role that communities and citizens can play in the shift to a decentralised energy supply system based on renewables, and encourage Member States to set objectives for community- and locally-owned energy.
- Reform the retail energy market to empower consumers to take better control of their energy production (from renewables) and consumption (savings), to promote massive roll-out of smart meters which provide a benefit of the consumers without infringing privacy (by attributing data tasks to regulated market parties), and to reflect price reductions already achieved in the wholesale market to end-consumers.
- Facilitate the development of a more participatory energy system through cooperative or similar private and public models with citizens/consumers becoming citizens/producers ("prosumers") jointly investing in energy efficiency refurbishment and small- to large-scale decentralised energy generation systems based on renewables; guarantee the rights of these "prosumers"; ensure a fair, transparent allocation of system costs across all consumer and "prosumer" groups using the system; and ensure priority access to the grid for such projects.
- Encourage municipalities and cities to go ahead with investments in projects on energy efficiency and renewables through the 300 bn€ Investment Plan, technical assistance, the use of structural funds, and other funding sources; encourage the exploitation of synergies across sectors, such as energy, water and mobility.
- Create jobs in our rural and island areas with energy self-sufficiency projects (energy production based on renewables and energy extraction based on waste) as part of an energy inclusive territorial approach.
- Establish targeted citizen and cooperative training and education programmes, and support the creation of new jobs in a sector that is on the rise; encourage local community-led education to reduce energy demand and produce renewable energy.

- Take a holistic approach to network development, creating an integrated methodology for distribution and transmission networks.

#### Key actions for 2015-2016

- [Policy/Legislative] Communication on the electricity and gas retail market opening a broad public consultation followed by a legislative initiative on the subject to promote local decentralised energy systems (Arias Canete, Oettinger, Moedas)
- [Legislative] Adapt the Regulation on the Statute for the European Cooperative Society (Arias Canete, Bienkowska)
- [Policy] Ensure financial technical assistance under the European Investment Plan, structural funds, Horizon 2020 and other programmes and funding sources (such as the Common Agricultural Policy) to support local energy communities and ease access to small bottom-up investments (Katainen, Sefcovic, Moedas, Cretu, Hogan)
- [Policy] Education and training programmes on energy and climate (Arias Canete, Navracsics, Thyssen)
- [Policy] Collaborate on a regional level with transition towns, Covenant of Mayors, Climate Alliance, International Council for Local Ecological Initiatives, cooperatives and other community players (Sefcovic, Arias Canete)
- [Policy] Adopt a European strategy for heating (Arias Canete)
- [Legislative] Revise criteria for Projects of Common Interest to enable smart grid projects on distribution level to profit from priority status (Sefcovic, Arias Canete)
- [Policy] Recommendations to Member States on how to promote the deployment of smart distribution grids through innovative and cost-reflective regulatory frameworks (Sefcovic, Arias Canete, Bienkowska)
- [Policy] Develop programmes on energy efficiency in buildings for low-income population (Sefcovic, Arias Canete, Thyssen, Cretu)
- [Regulatory] Ensure that state aid policies do not penalise local and decentralised energy systems based on energy efficiency and renewables (Vestager)

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<sup>i</sup> [http://ec.europa.eu/priorities/docs/pg\\_en.pdf](http://ec.europa.eu/priorities/docs/pg_en.pdf)