

## Contribution

08 December 2021

### **to the Public Consultation on the draft General Block Exemption Regulation (GBER)**

#### **1. About us**

The German Citizen Energy Alliance BBEn represents with its 250 members about 500 thousand energy citizens in Germany. Members are engaged as individuals, energy cooperatives, citizen energy communities as well as regional and nationally active associations and networks, aiming to push the energy transition and to fulfill a 100% renewable and decentralized energy autonomy by 2030.

BBEn aims at making citizen energy a main pillar of the energy supply supporting environmental and climate protection as well as the participation of local citizens. Citizen energy can be a successful path to achieve 100% RE in a socially just and affordable way till 2030. This is undertaken by dialogue processes, scientific research, education as well as networking of stakeholders. Citizen energy stands for a regenerative energy transition based on decentralized, autonomous structures, which corresponds to democratic, social and ecological values. This reflects our basic understanding that economic goals should be put in the service of social purposes.

#### **2. The missing alignment of the State Aid rules with the principles of the Green Deal**

Motivated by the same spirit, Europe's Green Deal (EGD) aims to put citizens at the heart of the energy transition by ensuring fairness and inclusiveness. The EGD points out the role of citizens and needs: "the clean energy transition should involve and benefit consumers". This follows the Clean Energy for All Europeans legislative package (CEP), which acknowledges 'active customers', 'renewables self-consumers', 'Renewable Energy Communities' (RECs), and 'Citizen Energy Communities' (CECs) as distinct market actors in the energy transition. Including the needs, rights, and talents of all citizens in their diversity the EGD will be a great instrument to realise a just and transformative energy transition.<sup>1</sup>

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<sup>1</sup> WECF (2021): Why the EGD needs ecofeminism, <https://www.wecf.org/de/why-the-european-green-deal-needs-ecofeminism/>.

Competition policy and State aid rules in particular need to contribute towards the delivery of the Green Deal. That is why, BBEn welcomes the inclusion of a specific regime for renewable energy communities (RECs) in the draft GBER.

However, it is therefore not understandable that the recognition of RECs are not reflected in the future Climate, Environment and Energy Aid Guidelines (CEEAG). The legal framework of the CEEAG should establish a basis on which RECs can grow at the national level. Alongside the CEEAG, the GBER needs to provide clear and positive guidance, so that Member States are able to innovate in designing renewables support schemes that can help jump-start community ownership of renewables production in their energy markets. In fact, this concern has taken the shape of the preamble (6) which cites the need to align to ensure coherency and the need to expand provisions on operating aid for RECs. We would nevertheless like to acknowledge that the draft GBER incorporates the definition of renewable energy communities from Article 2(16) of the Renewable Energy Directive. We support this reference.

Furthermore, the inclusion of a 1MW threshold in article 43 for exempting aid for RECs from a notification requirement would only exempt solar panels projects. Wind projects, which represent a significant part of RECs projects, are still excluded under this threshold and would be obliged to participate in competitive bidding to receive State aid.

All in all, we are convinced that the latest draft of the General Block Exemption Regulation (GBER) is not in line with the objectives of the European Green Deal. This is primarily due to the threshold in this draft.

### **3. Facts and Figures from Germany: Exclusion of Citizen Energy Communities**

Germany is one of the few Member States being experienced on what happens to Citizen Energy Communities when they are forced to compete for renewables support in competitive bidding procedures. Since 1st May 2015, competitive bidding procedures for ground-mounted PV installations (and later PV roof installations) with an installed capacity of more than 750 kW were introduced. From this moment on, the number of Citizen Energy Communities, often energy cooperatives, operating in the market has shrunk significantly. Statistics proof that there have been 24 rounds of tenders for solar plants with an installed capacity of more than 750 kW, with a total of 3.087 direct bids. Energy cooperatives have

participated with only 27 direct bids (0,9%). There has been a total of 930 direct awards. Energy cooperatives have received only seven of these direct awards (0,75 %).

Tenders for onshore wind energy plants with an installed capacity of more than 750 kW were introduced in May 2017. Since then, there have been only 13 direct awards (1 %) for energy cooperatives out of a total of 1.314 awards in 22 rounds.<sup>2</sup> Scientific evidence also shows the general decrease of citizen energy projects with open participation due to the change from feed-in tariffs to tenders. For commissioning up to 2016, a fairly broad diversity of actors was identified, with a share of at least 8 percent of citizen energy projects with open participation. During the analyzed tender rounds, regionally anchored actors clearly lost market share. In the 2018 and 2019 tenders, citizen energy projects with open participation only had a share of around 3 percent.<sup>3</sup> The introduction of auctions resulted in missing cost efficiency. After twelve auction rounds from 2017 to September 2019 there is a cost increase since 2018, the awarded price level has been above the statutory feed-in tariff, e.g. October 2018 was the remuneration for a 70% site 6,97 ct/kWh acc. old EEG, and 8,1 ct/kWh acc. auctions.<sup>4</sup>

These facts indicate clearly that photovoltaic and wind tenders do not allow fair competition between large and small market players and does not lead to decreasing prices. Citizen Energy Communities are effectively excluded from the photovoltaic and wind market above 750 kW. This is due to the fact that Citizen Energy Communities are mostly micro or small enterprises with limited risk financial capacity and work force. That is why they are not able to spread the risk in tenders and therefore they have an extreme low chance of winning a bid.<sup>5</sup>

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2 The German Federal Network Agency has published all relevant data on their homepage: [https://www.bundesnetzagentur.de/DE/Sachgebiete/ElektrizitaetundGas/Unternehmen\\_Institutionen/Ausschreibungen/Solaranlagen1/BeendeteAusschreibungen/BeendeteAusschreibungen\\_node.html](https://www.bundesnetzagentur.de/DE/Sachgebiete/ElektrizitaetundGas/Unternehmen_Institutionen/Ausschreibungen/Solaranlagen1/BeendeteAusschreibungen/BeendeteAusschreibungen_node.html)

The German Federal Environmental Agency has published monitoring reports: <https://www.umweltbundesamt.de/themen/klima-energie/erneuerbare-energien/erneuerbare-energien-gesetz/akteursstruktur-beim-ausbau-der-erneuerbaren#Berichte>

3 See Katja Weiler, Andreas Weber, Katharina Grashof, Dr. Lars Holstenkamp, Moritz Ehrtmann, Study of the project "Development and implementation of a monitoring system for the analysis of the actor structure in ground-mounted photovoltaics and onshore wind energy" carried out by IZES gGmbH in cooperation with Leuphana University of Lüneburg for the "Umweltbundesamt", July 2021, pages 18-21.

4 WWEA and LEE NRW have published a study, May 2019: <https://wwindea.org/new-study-proves-community-power-is-increasingly-being-marginalised/>.

5 See Katherina Grashof, Johannes Kochems, Uwe Klann, „[Characterisation and opportunities for small players in the tendering process for onshore wind energy](#)“, carried out by IZES gGmbH for the "Fachagentur Windenergie" an Land, July 2015, page 25, 26; see Silvana Tiedemann, Fabian Wigand, und Corinna Klessmann, „[Actor Diversity Wind](#)

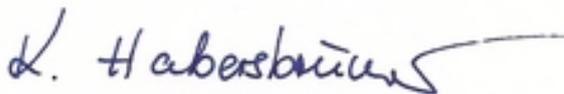
#### 4. Our Position

**We are convinced that increased thresholds are inevitable to prevent that RECs are further excluded from the market.** The German experience has already proven that competitive bidding in existing renewables markets has led to the decrease of participation in the market by small and non-commercial actors, while at the same time resulting in market concentration by larger actors.<sup>6</sup> So we need to exempt RECs and other small renewables production installations from having to participate in competitive bidding procedures. Article 43 paragraph 2a of the draft GBER proposes a 1 MW threshold for RECs which could be adequate for solar projects but does not respond to the requirements of bigger solar and wind projects. **We request that the GBER increases the general threshold to 10 MW and includes a discrete threshold for wind projects.**

**We recommend to align the thresholds** in the GBER with the requirements of the Renewable Energy Directive and the regulation in the future CEEAG. In order to take adequate account of the unique role that RECs play as non-commercial market actors in the energy market, the **GBER should exempt RECs** from having to participate in competitive bidding procedures for electricity generation from **wind energy projects up to six wind turbines with a total installed capacity of less than 36 MW.**

The state aid regulations needs to strengthen the 100% decentralized renewable energy path to avoid the risk to lose the important backbone of the European Sustainable Energy System.

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[Energy onshore - Challenges, Actor Definition, Special Regulations](#)“, Scientific Paper (Berlin: Ecofys, 24 May 2015), page 12, 13.

<sup>6</sup> See Katja Weiler, Andreas Weber, Katharina Grashof, Dr. Lars Holstenkamp, Moritz Ehrtmann, [https://www.umweltbundesamt.de/sites/default/files/medien/5750/publikationen/2021-06-28\\_cc\\_49-2021\\_monitoringsystem\\_akteursstruktur\\_wind\\_pv.pdf](https://www.umweltbundesamt.de/sites/default/files/medien/5750/publikationen/2021-06-28_cc_49-2021_monitoringsystem_akteursstruktur_wind_pv.pdf) carried out by IZES gGmbH in cooperation with Leuphana University of Lüneburg for the “Umweltbundesamt”, July 2021, page 30.

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