COME RES

Legal and regulatory framework for RECs in PT

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Latvia Thematic Workshop and Policy Lab

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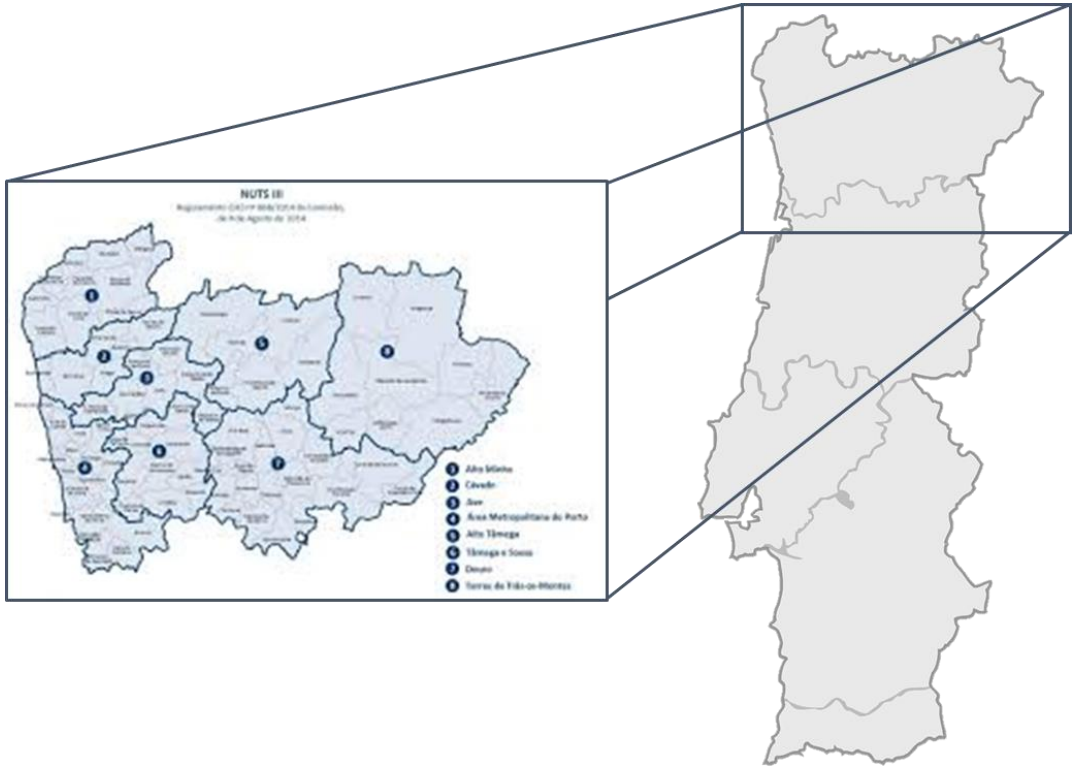
Advancing Renewable Energy Communities

Country desk
PORTUGAL

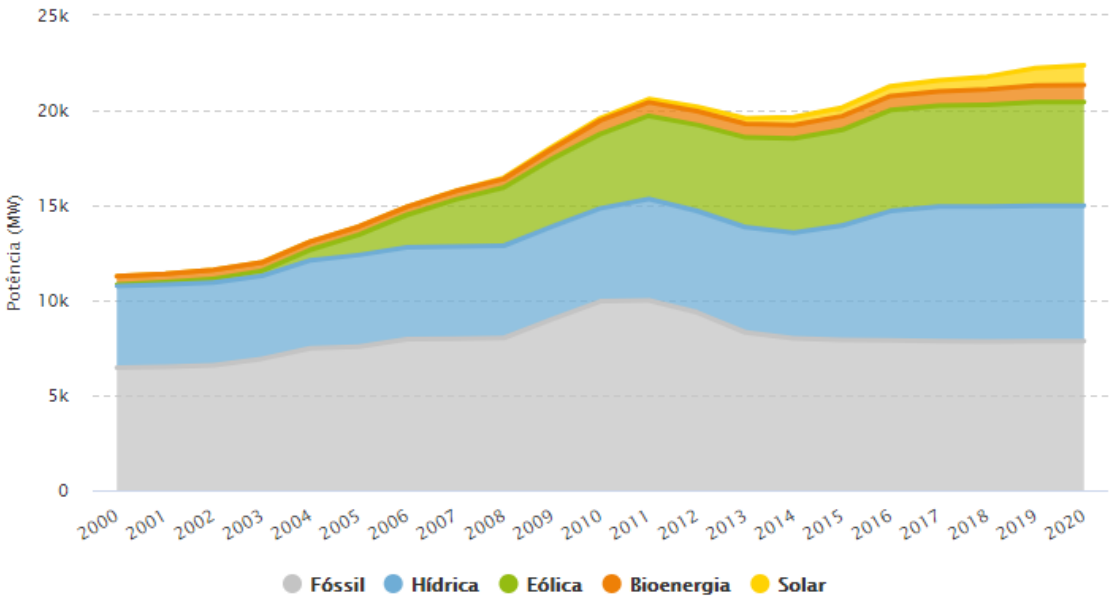
Target region:
Região Norte

Technologies:
PV and integrated solutions



Context

National power sector – installed capacity



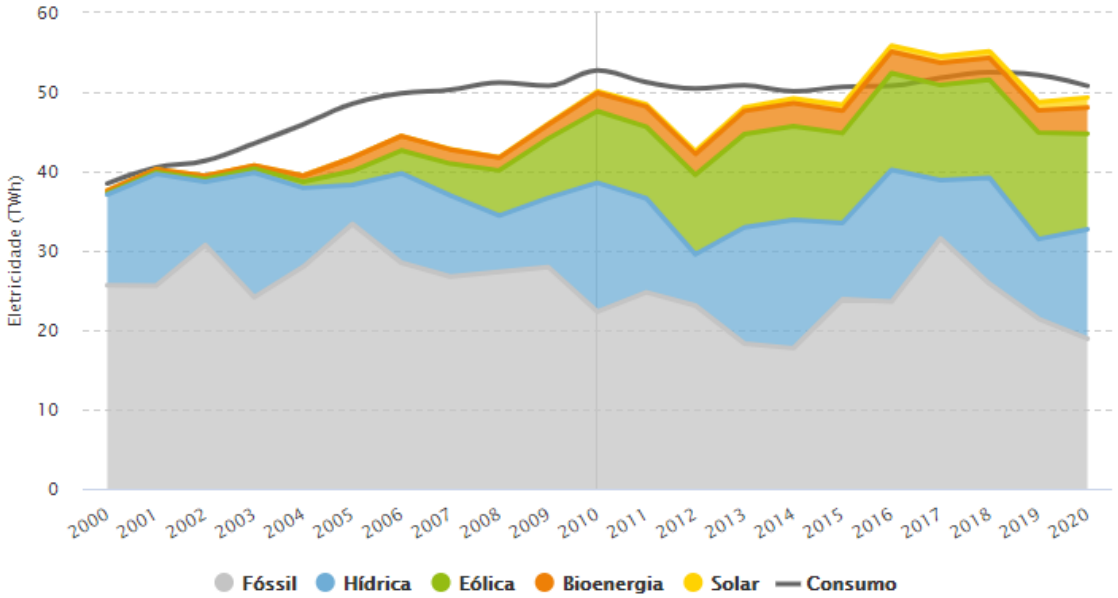
Source: https://www.apren.pt/pt/energias-renovaveis/potencia

2/3

installed capacity is from RES technologies (14 GW_p)

Context

National power sector – supply



Source: https://www.apren.pt/pt/energias-renovaveis/producao

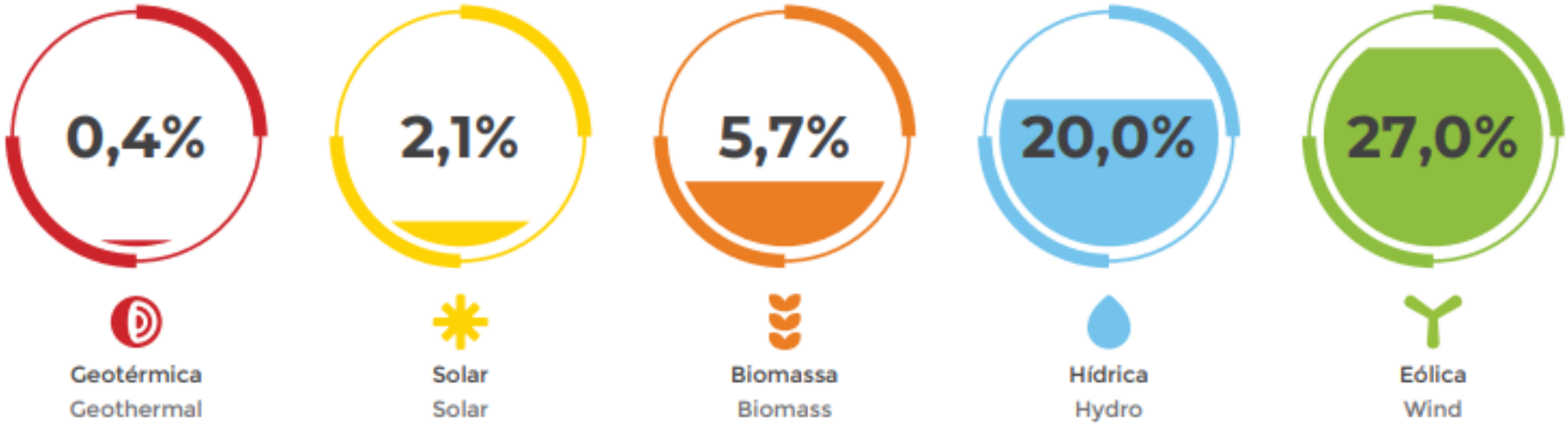
59%

RES electricity
in 2020

Context

National power sector – RES technologies

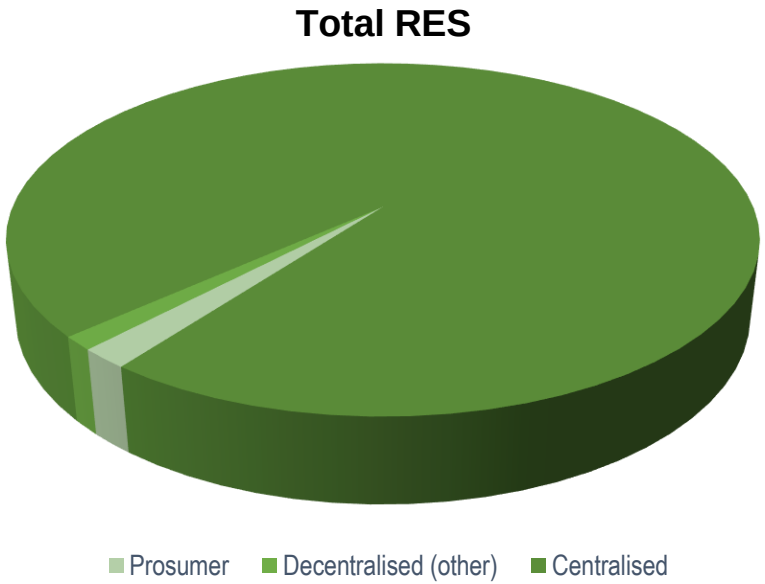
In 2019:

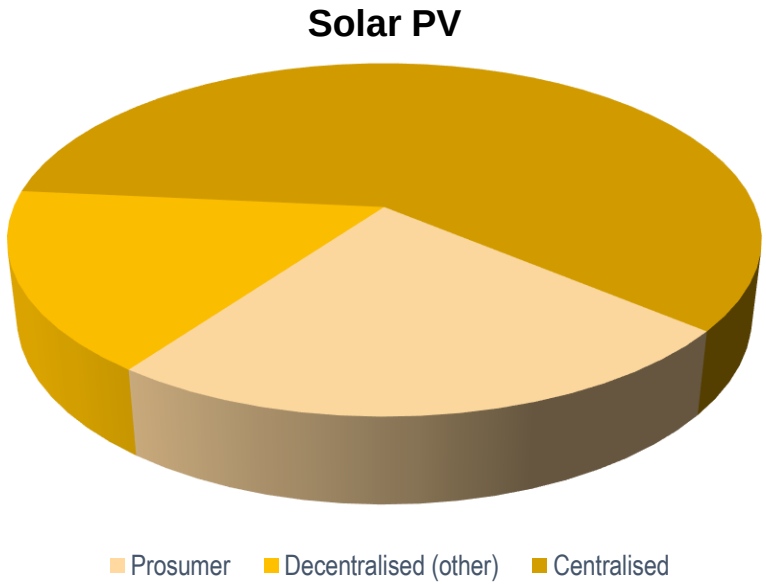


Source: https://www.apren.pt/contents/documents/aprenebook2020-2.pdf

Context

National power sector – centralised vs. decentralised





Source: https://www.dgeg.gov.pt/media/22eaof1k/dgeg-arr-2021-01.pdf

Historical view on RECs

Early 20th century: Energy community initiatives were frequent in the early 20th century, with small hydro power plants and distribution grids operating in small regions, usually associated with industries

20th century: Centralization of the power system became dominant.

Late 80s: Independent power producer regulation and rules of operation were established.

Nowadays: Development of energy communities is limited in Portugal, with some joint investments in PV projects. Shared management of energy and active participation of the community in the energy system are still lacking.

+++ - well developed, large experience
++ - partly developed, medium experience
+ - developing, selective experience, elements in place
- - not developed, no experience

CARACTERIZATION OF THE STARTING CONDITIONS

		BE	DE	IT	LV	NL	NO	PL	PT	SP
Market Deployment of Community Energy	Community wind	++	+++	+	-	+++	-	-	-	+/-
	Community PV	+++	+++	++	+	+++	-	+	+	+
	Community storage	-	+	-	-	+	+	-	-	-
	Integrated / hybrid solutions	-	+	++	-	+	-/+	+	-/+	-
Community Energy legal forms	Cooperatives	++	+++	+	-	+++	-	+	+	++
	Ltd partnerships, ltd companies or hybrid forms		+++	+ +	-	+++	-	-	-	+
	Civil law partnership	++	+++	+	-	-	-	+	-	-
	Other legal forms	+	+	+	+	-	-	-	-	-

National targets

RES-electricity

In 2030:

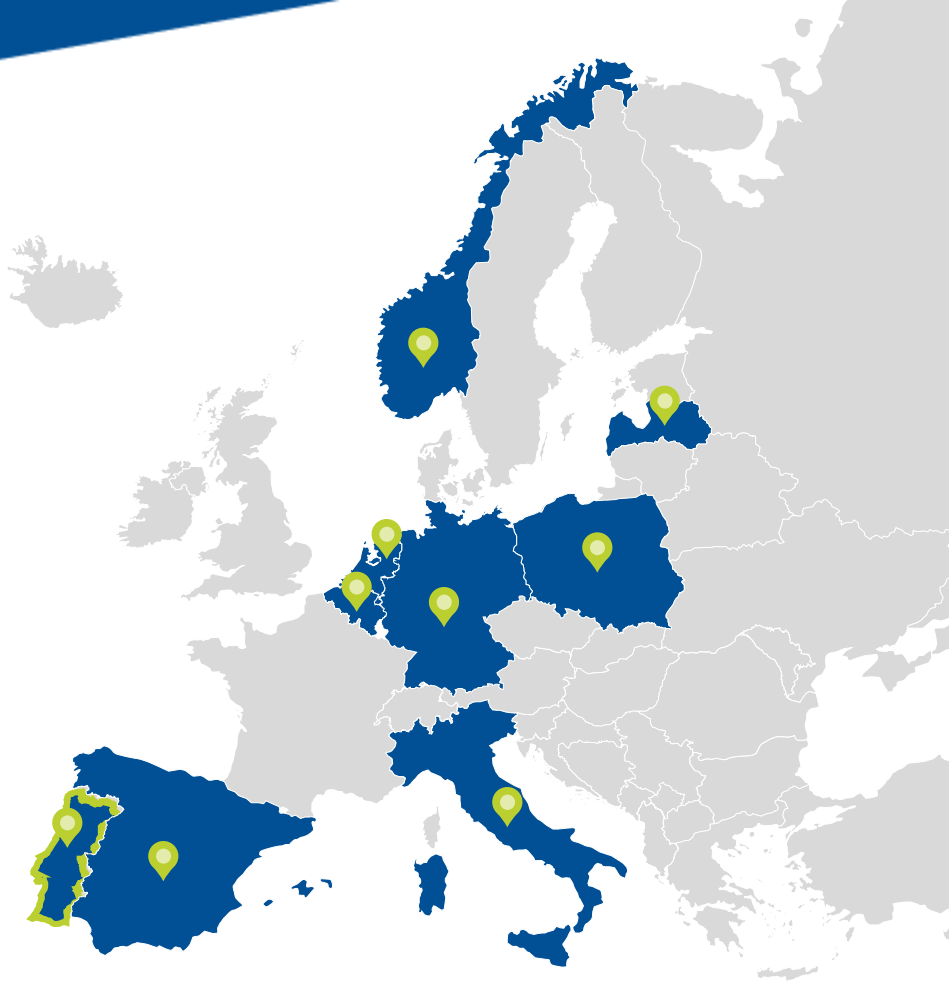
- 80% share of RES in electricity
- 7% of installed capacity as decentralised PV (4x current installed capacity)

In 2050:

- 100% share of RES in electricity
- 24% of installed capacity as decentralised PV

Renewable Energy Communities

- Seen as playing an important role in decarbonization
- In 2050, 20% of e-generation with the participation of energy generation cooperatives and energy communities



Legal and policy framework for RECs

Timeline

Oct.2019 – Decree-Law No.162/2019
Partially transposes RED II, establishing the legal definition for RECs, scope of action and regulatory procedures

Mar.2020 – Regulation No. 266/2020
Establishes temporary provisions for self-consumption applicable to prosumers and RECs

Mar.2020 – Directive No. 5/2020
Regulates the tariffs applicable to RECs associated with access to the grid

Jun.2020 – Order No. 6453/2020
Establishes the regime that (total or partially) exempts RECs and prosumers from specific levies

May.2021 – Regulation No. 373/2021
Establishes the provisions for self-consumption and storage applicable to prosumers (individual and collective) and RECs (and substitutes Regulation 266/2020)

Legal and policy framework for RECs

Definition

Renewable energy community is defined as…

*… a **collective person**, profit or non-profit, based on **open and voluntary participation** of its members, partners and shareholders (who may be natural and/or collective persons, public or private), **autonomous** and **effectively controlled by its members** as long as:*

- *members or participants are located in the **proximity** of the renewable energy projects or develop activities associated with the renewable projects within the local community;*
- *renewable energy projects are **owned and developed** by the community;*
- *the primary purpose is to **provide to its members and the local community environmental, economic and social benefits**, rather than financial profits.*

Legal and policy framework for RECs

Definition

Legal form:

- No restrictions in adopting specific legal forms
- Restrictions may derive from the nature of the participants (e.g. municipalities)

Participants:

- Members or shareholders may include (**but are not limited to**) natural persons, SMEs and/or local authorities
- End-users, including households, are entitled to participate in a REC, maintaining its rights and obligations as final consumer

Proximity:

- Not fully defined by the Decree-Law, should be assessed on a **case-by-case basis**
- Needs to guarantee the **physical and geographical continuity** of the project and the REC participants
- Possible criteria: voltage level and connection to substations

Legal and policy framework for RECs

Scope of action and operation

Renewable energy communities **are entitled to**:

- Produce, consume, store and sell renewable energy
- Share, within the community, the renewable energy produced by the production units owned by the REC
- Access to all (adequate) energy markets, directly and/or through aggregation

Renewable energy communities **are responsible for:**

- Any deviations that their operation may cause to the national power system
- Providing information to the relevant authorities, including data on e-generation from the production unit
- Costs associated with connection to the grid and metering

Legal and policy framework for RECs

Licensing requirements and operation procedures

In general, similar to the regime applicable to **collective prosumers**.

RECs are exempt from communication, registration, certification and licensing procedures/requirements, depending on the generation capacity of the installation.

P ≤ 350 W	No prior control
350 W < P ≤ 30 kW	Prior communication (promotor and production unit characterization)
30 kW < P ≤ 1 MW	Prior registration for the installation and the operating certificate Positioning of the system operator, when connection to the grid exists.
P > 1 MW	Licensing for production and operation. Capacity reserve, when connection to the grid is higher than 1MVA.

Legal and policy framework for RECs

Existing incentives

Simplified licensing and regulatory procedures for the establishment of RES community energy projects

- Exemption from communication, registration, certification and licensing responsibilities
- Online platform for licensing and registration to be used by prosumers and RECs

Tax exemption of specific levies applicable to production and consumption units

Pilot projects to promote innovation and test novel regulatory options

- Possibility to request the derogation from some norms of Self-Consumption Regulation, to allow the testing of innovative procedures and technologies
- DSO is required to submit a pilot project proposal on the application of more complex sharing models

Legal and policy framework for RECs

Next steps

Study on Potential and Barriers for the implementation and development of RECs in Portugal

(expected by the end of 2021, being updated every 3 years)

Implementation of **measures and incentives** to promote and facilitate the development of RECs (NECP 2030):

- information and support programme for implementing self-consumption projects and energy communities
- support programme for establishing self-consumption in partnership with municipalities, which assists both technically and with a view to obtaining financing
- incentive programme for the distributed production of energy, particularly to local production of electricity using solar energy
- reinforcement of the Electronic Production Units Registration System
- implementation of an electronic information portal on distributed production, self-generation and energy communities

Legal and policy framework for RECs

Progress in transposing the REDII

Is there a legal definition of REC?	
Is the definition compliant with RED II?	
Are final customers (incl. households) entitled to participate in a REC?	
Are RECs legally entitled to produce, consume, store, sell and share (within the REC) renewable energy?	
Does the national/regional government assess the existing barriers and potential for development of RECs?	
Does the government provide an enabling framework to promote and facilitate the development of RECs?	
Does the government take into account RECs specificities when designing support schemes?	

Challenges

Result from Country Desk discussion (Jan.2021)

01 **REGULATORY BARRIERS**

Concepts and scope of action associated with RECs need to be clarified (incl. legal forms and organisational models, share of energy between community members, relation and coordination with DSO)

02 **RELATION WITH SYSTEM OPERATOR**

The relation and cooperation with the DSO may raise several challenges to RECs operation and current revision of contractual terms for concession of distribution network operation may be seen as an opportunity to overcome some of the issues.

03 **TECHNICAL CHALLENGES**

There are still technical issues that need to be solved, including smart meters installation, share of information and data and decentralised management of the network

Challenges

Result from Country Desk discussion (Jan.2021)

04

FINANCING CHALLENGES

Financing issues associated with the additional risk associated with community-based initiatives. Need for a new financing structure and dissemination of existing opportunities targeting the main interested parties

05

LACK OF INFORMATION

Access to clear information on RECs to ensure the large-scale adoption of this type of solutions by the individual citizen: criteria for the establishment of RECs, key points to include in internal contracting rules, support mechanisms available, etc.

RECs implementation

First experiences

Name: Asprela + Sustentável

Location: Porto

Main partners/promotors: Coopérnico (Energy cooperative) + AdEPorto (Local energy agency)

Funding: 1M€

Concept: REC as a solution towards an inclusive and just transition (energy poverty)

Energy community implemented with over 180 households from social housing and a primary school, with two PV generation installations, storage and EV charging points. Several tools, including gamification, will be tested to balance demand and supply.

RECs implementation

First experiences

Name: Compile – Pilot site Lisbon

Location: Lisbon

Main promotors: Coopérnico (Energy cooperative)

Funding: H2020

Concept: REC in a residential neighbourhood

Energy community involving 8 buildings, with 150 apartments, with 9kW of installed capacity and 2 private EV charging points. The goal is to form a REC in order to provide a better management of the local energy system and increase the benefit of the members (condominium) resulting from the RES investment.

RECs implementation

First experiences

Name: EnergyRing – supporting municipalities in the establishment of energy community initiatives

Location: n.a.

Main promotors: Cside (ESCo) + Local authorities

Concept: Municipalities and local authorities as the promotors of RECs

Several municipalities have been collaborating with an ESCo company in the planning and implementation of 60 RECs involving public buildings managed by the local authority (warehouses, fire stations, public swimming pools, offices, schools, etc.) and industrial parks with different industrial companies.

The main goal is to promote the joint investment in RES, and reduce energy bills from public and private consumers.

Main conclusions

Progress on the transposition of the RED II is significant in Portugal

The **study on the potential and barriers** for RECs implementation will be a good starting point for the development of a more effective enabling framework, as well as the feedback from pilot projects which are currently undergoing.

Further work is needed regarding the **implementation of policies and measures** to promote the development of RECs, in order to tackle the multiple challenges identified by the national stakeholders.

Support schemes currently in place aim at promoting RES-e, not being specific to RECs, not fully tackling the barriers to the implementation of energy community initiatives.

First experiences in REC implementation are emerging, however it is still not clear what are the main barriers and what will be the most appropriate models and concepts for their implementation in Portugal.

Additional information

D2.1 Assessment report on technical, legal, institutional and policy conditions

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Available in the COME RES website (link)

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