The changing regulatory landscape of household self-consumption

Summary

On 10 May, 2024 the REKK Foundation hosted an online webinar related to the research on the changing regulatory landscape of household self-consumption in the EU and the Energy Community, focusing on how compensation mechanisms have evolved to meet the requirements of the Internal Electricity Market Directive and the Renewable Energy Directive. After the greetings of **László Szabó**, Director of REKK, **Katalin Varga**, Senior Research Associate at REKK, gave an overview of the main features of the compensation mechanisms applied in the EU countries. Although two of the countries analyzed in the study (Netherlands and Greece) are still in the process of switching to a new scheme from net-metering, they also meet the EU regulatory requirement that prosumers contribute adequately to electricity system costs. The requirement to allow prosumers to sell their surplus electricity at a rate reflecting market prices is not yet being met in all countries, nor is the possibility for demand response to contribute to grid flexibility.

In her presentation, **Naida Taso**, Renewable Energy Expert at the Energy Community Secretariat, provided an overview of the development of self-consumption regulation in the Energy Community Contracting Parties (CP), highlighting that despite the fact that the amendments to RED3 have not yet been adopted, almost all countries that previously had net metering have already moved to net billing, with the exception of Bosnia and Herzegovina and Serbia in the case of household prosumers. She also underlined that CPs are expected to set targets for self-consumption and to outline the related policies in their National Energy and Climate Plans (NECPs), which they are currently finalising. The main challenges for deployment in the Energy Community are network constraints, lack of pricing mechanisms that would encourage adaptation to intra-day price fluctuations, contribution to balancing responsibility, fair allocation of network costs, as well as the lack of a regulatory framework for energy storage, which is linked to the fact that the Internal Electricity Market Directive has not yet been adopted by many Contracting Parties. The EnC has developed recommendations to help CPs address these issues.

During the panel discussion, **Agime Gerbeti**, Staff Director General at the Ministry of the Environment and Energy Security in Italy, spoke about the latest changes in the Italian compensation scheme, highlighting that the new separate metering and billing system, called “Dedicated Withdrawal” provides incentives to adapt to the market price, while also ensuring fair distribution of grid costs. To ensure a return on investment, collective self-consumption and energy communities are promoted through specific rules, and investment grants still play an important role. **Michael Sorger**, Senior Expert for Renewable Energy and Energy Efficiency at the Energie-Control of Austria, also pointed to the important role of investment subsidies and

said that the real problem with deployment is the scarcity of grid capacity and the speed of grid expansion. Discussing the pros and cons of separate metering and billing versus net-billing, he pointed out that the former gives prosumers the practical choice of having only one contract with one supplier from whom they buy and sell electricity (such as in case of net-billing) or having two different contracts, allowing them to find another contracting partner on the market to sell their excess electricity to. **Ján Karaba**, Director of the Slovak Photovoltaic and Renewable Energy Industry Association (SAPI), explained that in Slovakia there is no specific self-consumption scheme laid down in the legislation. Compensation is settled through supplier contracts in the market, either at a fixed price or via a virtual storage service, which is similar to net metering but does not cover variable system costs. Grants covering a smaller proportion of investment costs are also occasionally available. **Agime Gerbeti** raised that the auctions organized under the EU's Renewable Energy Financing Mechanism could perhaps in some way provide an opportunity also for small investors in countries where investment funds and support mechanisms for self-consumption are not available. **Naida Taso** noted that in addition to the challenges listed in her presentation, the low end-user price for households and industrial consumers is another concern, making self-consumption less profitable. At the same time, energy poverty is a serious issue, reaching 30% in some Contracting Parties, so it is important for governments to map poverty and provide targeted investment subsidies.

The recording of the webinar is available on REKK's website.