

COMMUNITY ENERGY IN HUNGARY AND THE CZECH REPUBLIC BRIEFING

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KEY POINTS

- ◇ Community energy is severely underdeveloped in both Hungary and the Czech Republic
- ◇ A poor legal framework prevents communities from establishing themselves
- ◇ Many communities are trying despite the challenging environment
- ◇ These projects are ready to flourish when Hungary and the Czech Republic put in place the right rules and transpose the EMD and RED II Directives strongly.

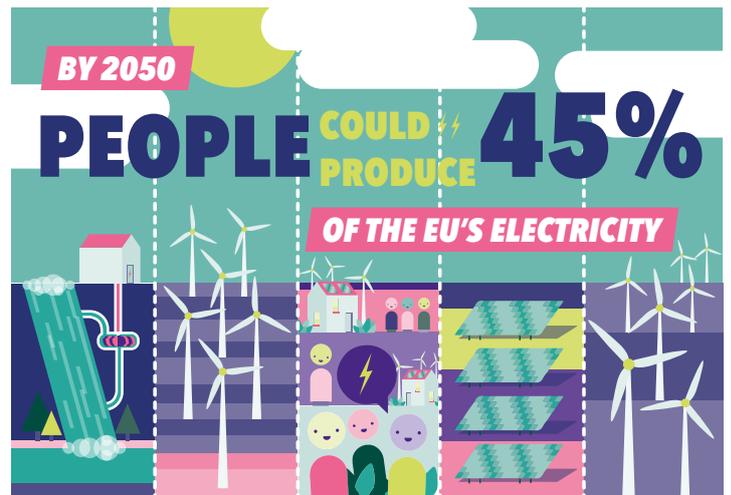


Figure 1. CE DELFT 2016: friendsoftheearth.eu/publication/ce-delft-the-potential-of-energy-citizens-in-the-european-union/



UNLEASHING POPULAR SUPPORT FOR RENEWABLES

Europe urgently need to transition to clean and safe renewable energy. To prevent irreversible effects of climate change this transition needs to be very fast while including everyone. However lack of public support is currently slowing down the Energy Transition.

Community and citizen-owned renewable energy is the only form of large-scale renewable development, which enhances rather than undermines public support. If Europe is to achieve a swift enough energy transition, community energy must be center stage. Community energy has the power to achieve an energy transformation more quickly, fairly and with added social benefits.

EUROPE'S LEAD

The EU has recognized the power of community energy in the Clean Energy for All Europeans Package and in particular in the Renewable Energy Directive (RED II) which mandates EU Member States to adopt new rights for people and communities to produce, sell and own renewable energy⁴.

EASTERN EUROPE:

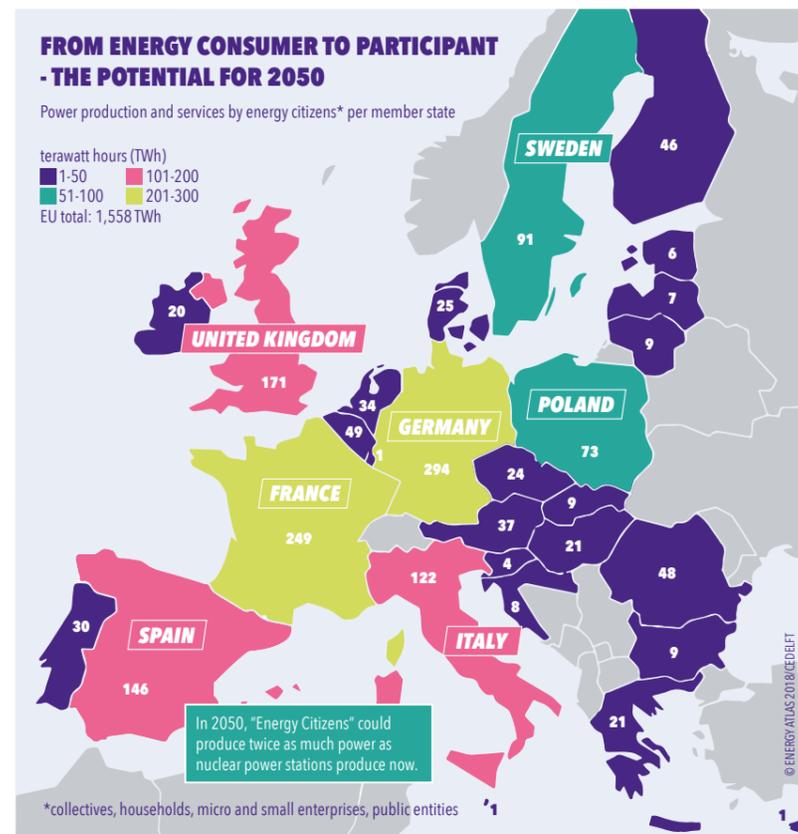


Figure 2. Source: Heinrich-Böll-Stiftung, 2018. The European Energy Atlas 2018, available at <https://www.boell.de/en/european-energy-atlas-2018>

COMMUNITY ENERGY IS READY TO GO BIG

Community energy is sometimes portrayed as something small and parochial, however citizen and community ownership is by no means a niche. There are many different models of people's involvement and Germany is a good example of this. In Germany in 2016 only 16% of all installed capacity is owned by traditional large power companies¹. By 2050 citizens and communities could generate 45% of the EU's energy needs (Figure 1)². All over Europe, the energy revolution is gaining momentum as individuals, communities, cities and local authorities increasingly set up, control and produce their own renewable energy³.

WAITING FOR TAKEOFF

Yet, other EU Member States are still largely waiting for takeoff, and especially Central and Eastern Europe, where renewable energy have mostly been owned by huge corporations, is behind in the development of community energy (Figure 2). Many countries in this region have in recent years seen stagnant or even decreasing renewable energy rates⁵. There is an urgent need to increase popular support for renewables, and among national civil society groups, there is a strong sense that citizens-governed energy production is the way to do this.

CZECH REPUBLIC: UNTAPPED OPPORTUNITIES

Czech civil society and local municipalities see community energy as a crucial opportunity for cities and rural communities. Kněžice is a village and municipality in the middle of the Czech Republic. It is also the first Czech "Energy Independent" municipality. It is a living testimony to how community energy can lower consumer bills, promote local businesses and reduce environmental impacts (see below). Today, these opportunities remain largely untapped, as the lack of legislative support prevents municipalities from following the example of Kněžice. In fact, community energy in the Czech Republic is limited to a number of municipalities run renewable energy projects, which were all developed before support for renewables was cut in 2013. There are currently no renewable projects governed directly by citizens.

LEGISLATIVE FRAMEWORK

The Czech Republic more than doubled their renewable energy capacity between 2004 and 2013 [5]. However, when feed-in-tariffs and other support for renewable energy were discontinued in 2013, it halted the development of renewables, including community energy. Today, there is no support for either renewables or for citizen's ownership of their energy supply, with the exception of limited investment support for small rooftop PVs. In fact, the current legislative framework does more harm than good as renewable energy projects face a myriad of permitting issues – for example, despite increasing interest from citizens, wind turbines are not allowed in proximity to military facilities nor villages in certain regions.

WHAT NEXT FOR COMMUNITY ENERGY IN THE CZECH REPUBLIC?

The transposition of the Renewable Energy Directive provides hope for community energy advocates in the Czech Republic. A coalition of communities, municipality associations, mayors and civil society are now mobilizing to ensure that the transposition of relevant directives will remove administrative barriers and allow projects to go ahead.

"I HOPE THAT THE APPROVAL OF NEW LEGISLATION IN THE COMING MONTHS WILL OPEN MORE OPTIONS. IF THE STATE IS TO START SUPPORTING RENEWABLES AGAIN, THE BEST INVESTMENT IS IN MUNICIPALITIES"

MILAN KAZDA, MAYOR OF KNĚŽICE



CASE: ENERGY INDEPENDENT VILLAGE KNĚŽICE: BOOSTING LOCAL BUSINESSES AND REDUCING CARBON FOOTPRINT

By relying on locally sourced biomass, Kněžice do not have to pay for imported coal, and can instead channel these funds into local businesses. Several years of operation has now confirmed that the project has boosted the local economy and reduced CO2 emissions.

But the project faces numerous legislative challenges. Instead of selling electricity directly to their inhabitants, the municipality must sell to the grid - from where villagers then have to buy it at five times the price the municipality is paid⁶. This hinders other villages from developing similar local energy systems, and has also stopped Kněžice from going further – they want to install PVs on municipal buildings, but it is not possible under the current legislation. In Kněžice, as in towns and villages all across Eastern Europe, communities are ready and waiting to be part of the solution to climate change but national barriers stand in their way.

THE KNĚŽICE BIOENERGY SYSTEM

- Heats nearly all homes and produces more electricity than the village uses⁶
- A biogas plant and a biomass plant sources various forms of local waste and biomass
- Annually saves more than 8.000 tons of CO2⁷
- Is fully operated by the municipality and employs 6 villagers

HUNGARY: WAITING FOR THE GREEN LIGHT

Hungarian municipalities have pioneered self-consumption by providing clean and affordable energy to their own buildings via thousands of renewable energy projects. But the potential for community energy in Hungary goes beyond municipality owned projects. Right now, groups of citizens are getting together to setup their own energy projects, but their efforts are blocked by an unwelcoming legislation, which not only fails to provide the needed frameworks but also places unfair and troublesome burdens on communities planning to develop renewable energy.

LEGISLATIVE FRAMEWORK

To date, there is no legislation with reference to community energy in Hungary, and initiatives face numerous structural and administrative barriers, which hinders their development.

Those small community energy initiatives that do develop are confined to self-consumption, as the price for feeding electricity into the grid is so low that there is no incentive to produce more than you consume. To make matters worse, they are not allowed to be energy suppliers. So if the solar panels on a municipal building happen to produce more energy than that building consumes, it is not possible to use that excess energy in another municipal building, nor to sell it to a neighbor. Instead, it must be sold to the grid at a very low price. Installing new wind power is practically forbidden as regulation prohibits turbines within 12 kilometers of any settlement, even if local residents agree to the turbine. This ban basically covers the whole country.

WHAT NEXT FOR COMMUNITY ENERGY IN HUNGARY?

Hungarian civil society groups are very aware of the need to transpose EU community energy legislation into national laws and reduce administrative and financial barriers. As in Czech Republic, a coalition of progressive municipalities, communities and civil society, led by Magyar Természetvédők Szövetsége (Friends of the Earth Hungary) are now gathering momentum to demand better rules for community energy ownership. For them, it is key that community energy has equal access to the energy market (i.e. receives a fair price) and to renewable energy support schemes. At the same time, people are also struggling to develop real community energy projects on the ground. Several projects are already in the pipeline, and with a proper transposition of the Renewable Energy Directive, they could quickly materialize and spark a wave of community energy projects. While the transposition process started, wrong translations and poor definitions hinder a strong transposition into national law.

CASE: GÓLYA COMMUNITY HOUSE - CROWDFINANCING A ROOFTOP PV SYSTEM

Magyar Természetvédők Szövetsége is currently facilitating a pilot community energy project with the Solidarity Economy Centre in the 8th district of Budapest. Gólya (Stork) Cooperative plans to build a 30 kWp PV system on the roof of their community house that hosts several grassroots initiatives including a nursery, a ceramic workshop, a workout room, a pub, a radio studio, an editorial room of an online portal and more. Their clients are willing to crowd-finance the PV system. Gólya is lucky that they receive the power from the private grid of the Ganz Industrial Park, so they can use the grid much easier and cheaper than in other places in Hungary with stricter rules.

The project highlights that a regulatory sandbox is key for testing the inevitable changes of an unwelcoming legislative environment. Citizens, civil society and municipalities are keen to get involved in the energy transition. Hungary and other EU Member States need to develop laws that support rather than undermine community energy ownership. When they do, we can expect a burst of community energy development across Hungary and Eastern Europe.

ENDNOTES

- ¹ Heinrich-Böll-Stiftung, 2018. The European Energy Atlas 2018, available at www.boell.de/en/european-energy-atlas-2018
- ² CE Delft, 2016. The Potential for Energy Citizens in the European Union, available at bit.ly/energycitizenstudy
- ³ REscoop, n.d. Map, available at www.rescoop.eu/community-energy-map
- ⁴ Friends of the Earth Europe, 2018. Europeans gain new rights to produce their own energy, available at <https://bit.ly/35pmoIN>
- ⁵ Eurostat, 2019. Share of renewable energy in gross final energy consumption
- ⁶ 100% RES COMMUNITIES, 2013. Energy self-sufficient village Kněžice, available at <https://bit.ly/2rYVR7v>
- ⁷ CEE Bankwatch Network, n.d. Pioneering self-sufficiency, available at www.localeconomies.eu/pioneering-self-sufficiency/
- ⁸ The ENERGY ACTION Project, 2019. Cold at Home, available at <http://www.coldathome.today/energy-diary/category/Czech+Republic>



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