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Handbook on financing energy solidarity measures to mitigate energy poverty

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CEES
COMMUNITY ENERGY FOR ENERGY SOLIDARITY

Contents

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1. Introduction

This handbook provides a short overview of strategies for financing actions aimed at practising energy solidarity within ECs (ECs). Developed by the partners of the Community Energy for Energy Solidarity (CEES) project, it consolidates funding insights drawn from experiments conducted during the project's duration (2020-2024). It also incorporated feedback from ECs in Europe, gathered during a presentation in late January 2024, making it tailor-made for direct use by members of these communities.

This handbook serves as a complementary resource to the Energy Solidarity Toolkit: Practical Ways for Energy Communities to Tackle Energy Poverty crafted within the CEES project. For a deeper understanding of various funding avenues such as donations, grants, crowdfunding, etc., and their relevance to the financing aspect of this toolkit, please refer to it.

Energy communities engage in diverse activities, from energy production and consumption to awareness campaigns and energy efficiency services. Regardless of the activity, they can exhibit solidarity in energy matters within their communities. Given that addressing energy poverty is often less financially rewarding than other pursuits, it is crucial to adapt funding solutions to suit the unique nature of each EC. Understanding the local terrain, identifying potential obstacles and solutions and drawing inspiration from others are essential aspects. Our focus will primarily be on analysing funding opportunities, without delving into non-financial support such as the use of premises and skills sponsorship.

Still, a recurring problem that energy communities face is the time required to seek grants to sustain the organisation before even finding ways to finance individual projects.

Let's dive together to explore the funding possibilities available to you!

2. How to build a financing scheme to finance energy poverty alleviation

Energy communities, particularly when it comes to addressing energy poverty, often prioritise delivering social benefits over profitability. Where ECs are about to achieve a self-sustaining economic model, they can reduce their dependence on external actors and circumstances to ensure the longevity of their operations and initiatives. However, achieving this ideal is not always straightforward, and it often requires exploring alternative solutions and forging partnerships. Therefore, it is essential to thoroughly analyse each funding opportunity to determine its relevance to a given EC's goals and needs.

Scanning the environment

Ensuring the relevance of one's actions involves aligning with the local context and addressing existing needs. Political factors, both nationally (public policies) and locally (the impacts of energy poverty on communities shaped by the specific local context), can shape the availability of public funding for households facing energy poverty. Conversely, in times of reduced public expenditure, it becomes crucial to explore private financing and resourcing options such as sponsorship, donations, or crowdfunding, and to consider the value of in-kind contributions, such as volunteering.

Energy communities have the advantage of operating at the grassroots level, working directly with and for citizens. They often engage various stakeholders within the community and operate with limited profit motives. From a public standpoint, ECs fulfil several criteria of public interest, including citizen empowerment, territorial revitalisation, and a commitment to advancing the energy transition, which are likely to align with the objectives of local authorities.

Adapting communication strategies to targeted funders

When seeking funds, it is essential to customise communication and marketing strategies to highlight the positive impacts of your work and to underscore how donations can transform lives, rather than solely focusing on the social ramifications of energy poverty. This is particularly crucial, as energy-related subjects may not always pique broad interest and are often solely associated with utility bills. Indeed, emphasising the tangible benefits brought about by donations proves more effective in securing funding than evoking feelings of guilt for not contributing to addressing a challenging social issue.

Depending on the type of funding sought — whether public, private, individual, or otherwise — it is imperative to comprehend one's audience and adapt the approach accordingly, catering to the targeted stakeholders. When appealing to individuals, offering diverse and innovative donation options (such as micro-donations linked to their energy consumption) and presenting an optimistic narrative brimming with hope (for instance, highlighting the comfort of a secure home) can boost engagement. Moreover, accentuating the tax advantages of donations, where applicable, can serve as an additional incentive for action. It is crucial to remain mindful of societal shifts, exemplified by the decline in individual engagement following the 2023 energy price surge, with individuals increasingly prioritising their own bill payments over charitable contributions. Personal stories of people who have experienced energy poverty, and the positive impacts that donations have made in their lives, can also be relatable and compelling for individual donors.

An increasing number of private companies express a desire to participate in green energy initiatives to bolster their corporate social responsibility (CSR) efforts. Some allocate a dedicated budget for sponsorship to demonstrate their commitment. Since these funds present an opportunity to differentiate themselves from other organisations, and potentially accrue indirect benefits, it is recommended to engage communications that highlight positive impacts and stories work well (as for individual donors).

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Additionally, to attract interest from private companies, if feasible, mentioning tax exemptions for donations could be beneficial. Social endowment funds also contribute to private funding. It is advisable to carefully review their calls for projects to align with their specific criteria. The objectives of endowment funds vary, ranging from supporting specific topics to fostering small-scale initiatives. Often, some investigation is needed to identify appropriate funds for energy solidarity efforts.

It is crucial to distinguish between the motivations of each private actor, ranging from philanthropic considerations to entering new market segments. Private companies often prioritise broader goals and positive stories over quantitative results or key performance indicators (unlike public funding, particularly European grants).

Finally, for public stakeholders, particularly local governments and energy agencies, emphasis will be placed on the territorial, social, and overall public impacts of the undertaken actions, to integrate these activities into territorial strategies and plans. Naturally, initiatives that address specific, unaddressed issues or gaps, such as energy poverty in a particular area, are more likely to secure funding. Understanding the perspectives of local public stakeholders and their familiarity with ECs, including your own, is crucial for establishing trust and accessing potential funding. Collaboration with local authorities can also provide insights into the timing of funding opportunities offered by government entities.

Diversifying funding sources

Limiting an EC to a single type of funding would be restrictive. Many ECs actively seek to diversify their funding sources, often in response to constraints in terms of both financial contribution and duration, which may not fully cover the basic costs of their structures and activities. By embracing the necessary flexibility to access various funding sources, ECs ensure greater stability.

The availability of funding from both the public and private sectors can be channelled towards specific initiatives aimed at addressing energy poverty, as well as other endeavours undertaken by ECs. An EC that has already specialised in a particular activity (such as production, awareness-raising, or energy efficiency services) can seek to enhance this specialisation and incorporate an energy solidarity aspect into it.

Ideally, to enhance the sustainability of actions and prevent fund shortages, investing in an employee dedicated to fundraising efforts, either entirely or partially, is recommended. This will enable the EC to monitor European, national, and regional calls for projects and to convey a well-established and effective message to the private organisations contacted.

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3. National barriers and enablers while financing an energy poverty mitigation action

Energy communities are likely to encounter challenges and obstacles while implementing initiatives and securing funding. Fortunately, they will also discover solutions, some of which can be generalised while others are more tailored to national and local circumstances. This section outlines some of the difficulties faced and the solutions identified by CEES Partners operating in four countries.

Croatian barriers and enablers

In Croatia, the absence of a centralised government body dedicated to addressing energy poverty complicated the search for financing. This lack of centralisation necessitated discussions with various ministries and public authorities, compounded by limited knowledge of the issue within the country. CEES Partner ZEZ had to seek alternative funding sources, form partnerships with a foundation experienced in donation collection, and leverage its existing donor network from previous disaster relief efforts. Additionally, ZEZ engaged in direct contact to companies targeting socially responsible corporations, offering donation options and opportunities for employee involvement.

ZEZ successfully raised donations from socially responsible companies, existing partners, and citizens. To achieve this, ZEZ launched a public awareness campaign promoting donations through various channels, including their website, application, videos, social media influencers, and city tram stops. To facilitate easy and accessible donations, ZEZ integrated donation mechanisms into their processes, adding donation buttons and QR codes to their website, application (Sunči app), and the partner foundation's webpage.

On the side of energy suppliers, ZEZ encountered difficulties in collaborating with both national and private entities due to rigid and inflexible systems. These suppliers were unwilling to change their billing processes for just a year (the length of the initial pilot project) and found the necessary adjustments challenging. Additionally, they wanted to maintain low prices despite rising costs due to the energy crisis, and were hesitant to participate in donation campaigns due to concerns about reputation and financial risks.

To address these challenges, ZEZ diversified its campaigns by splitting the donation campaign into two parts to maintain donor engagement and maximise response rates. They learned from their experiences and adapted their approach, recognising the importance of micro-donation mechanisms and the advantages of being an energy supplier or bill issuer in facilitating such mechanisms.

Portuguese barriers and enablers

In Portugal, although the Long-Term National Strategy to Combat Energy Poverty was approved on 8 January 2024, effectively financing energy solidarity remains a significant challenge. EU funds within the Recovery and Resilience Plan (RRP) are available to support energy efficiency renovations in households, but the support programmes are slow to become effective. These RRP support

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programmes are more often closed than open. Due to a lack of human resources, the institution responsible for evaluating applications, Fundo Ambiental, is slow to respond and disburse funds.

The second edition of Portugal's Efficiency Voucher Program (EVP) (*Vale Eficiência*) was launched in November 2023 with several improvements. Now, families receiving a social tariff can apply for up to three Efficiency Vouchers (valued at €1300 + VAT each), compared to just one in the previous edition. Eligibility has expanded to include renters, not just owners, and a hierarchy of improvement measures prioritises passive ones. Additionally, the government established administrative and technical facilitator entities, with administrative facilitators under the responsibility of Parish Councils (participation is voluntary) and technical facilitators under the responsibility of Energy Agencies. Despite these improvements, the bureaucratic process remains difficult for vulnerable individuals, and the response time for applications is still very slow.

In short, while Portugal has public funding available, it is not easily accessible to those in need.

Regarding private funding, several other social issues compete with energy poverty alleviation. Another barrier is the general economic situation. In a context of rising living costs and low salaries, relying on crowdfunding and private contributions, even if they are microdonations, is difficult.

CEES Partner **Coopérnico** has a plan by which its members can invest some of their savings (in the form of a loan) to install PV systems on the roofs of Private Institutions of Social Solidarity (PISS) or SMEs. At present, only a small group of their 5 800 members do this regularly. The ideal scenario would be to allocate a percentage of the revenue derived from renewable electricity production to energy solidarity actions.

To find solutions, it is important to study ways to engage ECs, such as Coopérnico, to help people apply for EVP and other public programmes and to expedite public support processes. Additionally, it is crucial to bring private companies on board to sponsor energy solidarity actions.

Both PISS entities and ECs can also donate equipment, materials or money. Covered by patronage laws, PISS entities can issue donation receipts for money or goods donated, providing tax benefits to private donor companies.

UK barriers and enablers

In the UK, as in many other places, organisations carrying out charitable work, such as supporting vulnerable households in energy poverty, are traditionally funded through some combination of grants and/or donations. Charitable organisations often rely on a combination of grant funding streams (for example, CEES Partner **ALIenergy** typically relies on ~20 different funders at any one time). Grant funding sources are usually short term and donations are often one-off gifts, with donors unwilling to commit to the future. This creates a constant need to find additional funding to enable work to continue.

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Relying on multiple funders can present a complicated mixture of regional and demographic restrictions, project timelines, and reporting requirements, which are challenging to constantly manage and renew in order to maintain a consistent service. Often, funders are well aware of this challenge, but find it difficult to address, as funds they receive for disbursement are also decided on a short-term basis.

UK partners also faced difficulties implementing a micro-donation scheme with energy suppliers, prompting them to seek partnerships with other organisations.

To break out of the cycle of limited grant funding both, both ALIenergy and CEE's second UK Parter, [Repowering London] considered alternative models for long-term funding. These included creating revenue streams from renewable energy generation and engaging in profitable activities such as starting a charity shop or other social enterprises. They also drew on the experience of CEES partners with micro-donations, adapting this approach to raise donations from individuals through a small crowdfunding pilot. Communication strategies were tailored to engage local businesses, leveraging their CSR efforts to promote energy solidarity within the local territory.

Both Repowering London and ALIenergy have benefited from the Energy Redress Fund (UK), thanks in part to advocacy from community energy groups. This scheme allocates payments or fines from energy companies that have violated the rules of Ofgem (the UK energy regulator). Funding is accessible to charities, Community Interest Companies, and other charitable organisations through a grant application process. For Repowering London, this funding has facilitated the development of a new retrofit offering, which has the potential to become a reliable paid service and revenue stream over the long term.

Repowering London has also utilised Community Funds from rooftop solar projects to support small, one-off energy poverty initiatives. These funds are limited, however, and their allocation is at the discretion of local cooperative directors and members, who have various other priorities.

French barriers and enablers

In France, energy poverty has been increasingly recognised as a major social issue in recent years. Since 2010, France has had an official definition of energy poverty, along with established thresholds. The French government has implemented a wide range of policies to promote energy solidarity, such as the Social Funds for Energy Renovation and the Living Better Programme. Numerous social organisations are already addressing the issue, including the National Energy Poverty Observatory, which monitors and analyses the phenomenon and provides decision-making support, and the RAPPEL network, which unites actors combating energy poverty in housing.

While progress through laws enacted in 2013 (Brottes law), 2014 (ALUR law), and 2018 (massive renovation strategy) is laudable, energy poverty action in France remains fragmented and managed by multiple ministries (energy, housing, health, etc.). These efforts have resulted in better visibility and understanding of the issue and the allocation of dedicated funding. However, this funding has

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often been used internally, making it less available to private actors. Notably, the number of households affected by energy poverty has increased.

Nonetheless, this improved understanding of the issues has enabled the use of CSR initiatives by private companies to obtain donations, as seen with [Énergie Solidaire](). Specifically regarding ECs, although there are gaps they could fill, their role in tackling energy poverty has not been fully recognised, hindering their access to financing.

In France, the cooperative [Les 7 Vents]() carries out Shared and Supported Self-Renovation (3SR) schemes with households experiencing energy poverty. Due to its status as a cooperative, it is unable to offer tax deductions to donors, which is a major disincentive. As a solution, they directed donations to Enerterre, an association they collaborate closely with, which can issue tax receipts. Because their renovation actions are directly linked to energy savings, Les 7 Vents did receive funding through the Certificates of Energy Savings (the French implementation of the Energy Efficiency Obligation Schemes launched by the Energy Efficiency Directive of the European Parliament).

Les 7 Vents also attempted to implement an energy solidarity rounding-up mechanism (micro-donations) with private companies, including local shops and relevant artisans. These small businesses were not able to offer such a mechanism. In turn, Les 7 Vents approached larger retailers, such as Leroy Merlin (a large DIY and home repair company). They had such a round-up scheme in place, but funds collected were already committed to another campaign (Stop à Exclusion Énergétique), which they had been supporting for two years.

Setting up a rounding-up campaign requires a significant investment of time. For example, Cabestan, a cooperative organising solidarity renovation work in the Auvergne-Rhône-Alpes region of France, took two years to create a renovation fund and assist households in renovating their homes.

Énergie Solidaire, an endowment fund created by Enercoop, has proved its effectiveness with micro-donations from energy consumers, corporate donations and the donation of surplus energy. More information on this organisation is available below.

4. Best cases identified: what can we draw inspiration from?

Énergie Solidaire, innovative micro-donations

Énergie Solidaire is an endowment fund established with the backing of **Enercoop**, a French renewable energy supplier. It gathers funds from private entities to redistribute them to non-profit organisations addressing energy poverty in housing through a call for projects. A strong historical connection exists with Enercoop: as an energy supplier, Enercoop facilitates access to thousands of potential micro-donors and to energy donations from producers, creating a stream of regular donations. As described

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above, these micro-donations operate on a ‘rounding up’ model and are available to Enercoop's customers, but could potentially be implemented with any energy provider. This service allows energy consumers to contribute one cent (or more) per kWh consumed to Énergie Solidaire, depending on the donor's capacity and level of generosity. In return, Énergie Solidaire offers donors a tax deduction of 66% of the donated amount.

As these donations occur on a monthly basis, they provide Énergie Solidaire with relative stability in its funding streams. The endowment fund prioritises maintaining donor loyalty by organising meetings, providing information, and showcasing achievements from funded projects.

TÉnergie Solidaire has also explored surplus energy donation schemes, by which a public authority can donate (for free) any excess energy production to a supplier, provided that neither party benefits commercially or financially. Enercoop then transfers the equivalent amount of money (from the sale of the renewable electricity) to Énergie Solidaire to support local programmes addressing energy poverty. Although promising, this mechanism currently involves a heavy administrative burden, as the supplier must contractually agree to each energy donation.

Énergie Solidaire chose to designate an employee exclusively responsible for fundraising and forming partnerships with organisations, as well as a communication manager tasked with developing a social media communication strategy aimed at individuals and organisations, targeting potential new partners and retaining existing donors. These efforts have allowed the organisation to operate in the realm of energy solidarity for over five years and to progressively increase its funding.

ALIenergy, funding sources diversification

ALIenergy
Argyll, Lomond & the Islands Energy Agency

ALIenergy is a community-based, not-for-profit, charitable organisation based in northwest Scotland that provides free energy advice services to vulnerable householders. In the UK, and particularly Scotland, rates of energy poverty are relatively high levels. To help identify those most in need, ALIenergy engages with other local organisations and provides ‘professional targeting training’ to help their staff watch for signs of energy poverty and learn ways to initiate dialogue. In this way, more entities can participate in filling the gaps in tackling energy poverty. The territory that ALIenergy covers has gradually expanded as it secured new sources of funding. They are now a well-known and recognised organisation in a large part of the country.

ALIenergy benefits from a diverse array of grant funding streams, mitigating reliance on any single source, although specific roles within the organisation may lean more heavily on particular grants. This variety of funders bolsters the organisation's resilience, ensuring consistent support and growth despite the ongoing challenge of managing multiple funding sources. Additionally, public funding offers the advantage of not requiring reimbursement.

To further diversify their financing sources and decrease dependency on grants, ALIenergy has pursued new strategies. They initiated a donation campaign, implemented a fresh marketing

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approach, and collaborated with a group of other local charities to open a new charity shop. Introducing a donations button on their website facilitated gift aid and boosted fundraising capabilities. Adjusting their marketing strategy enabled them to target both individuals and organisations, gathering enough money to broaden their reach across a wider geographical area. With increased visibility, they could then explore partnerships with larger corporations, investment opportunities in local renewable energy projects, and potential new collaborations in the future.

Coopérnico, loans and trust

Coopérnico operates as both a cooperative and an energy supplier in Portugal, maintaining full financial independence through reliance solely on member contributions. They have pioneered an innovative lending approach, allowing cooperative members to lend money to the cooperative to support the installation of solar PV panels on the roofs of charitable organisations. Through revenues earned from supplying electricity to these organisations, the cooperative repays these loans incrementally. Coopérnico has also devised a low-cost loan model among members, allowing them to invest in their own PV installations for self-consumption without incurring high borrowing costs (e.g. from commercial banks). This is yet to be implemented. Such mechanisms can only thrive in an EC in which trust among members is exceptionally strong.

Having been involved for years in the alternative energy sector, Coopérnico successfully secured funding from a local energy agency and a municipality to support the distribution of energy boxes in the context of implementing European project actions. This funding was secured due to Coopérnico's existing partnerships and collaborative efforts with these entities. Given Coopérnico's commitment to activities of broad public interest, the municipality and local energy agency were enthusiastic about supporting it financially.

5. Other innovative schemes ECs can draw inspiration from

Many organisations apply innovation to their endeavours to secure funding. While pursuing innovation at any cost can be somewhat risky, and it may not always align with the effectiveness of measures, it is valuable to draw inspiration from initiatives practised by ECs in particular.

Flexibility and energy saving mechanisms

In Italy, the electricity network manager provides compensation for entities that develop flexibility mechanisms or energy-sharing solutions. Some aggregators offer payments to businesses that temporarily reduce their electricity usage, utilising flexibility mechanisms — an area in which ECs can actively participate. The amount of compensation is directly linked to the size of the community, rendering it especially attractive for larger communities.

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In many European countries, energy suppliers are mandated to promote energy savings among their customers through Energy Efficiency Obligation Schemes. Engaging with these suppliers and providing energy-saving solutions could also prove beneficial. Establishing partnerships and micro-donation schemes, akin to Énergie Solidaire's model, could also be implemented. Since the donation amount is tied to energy consumption, there is also a need for communications directed at clients who achieve energy savings. They could be reminded that, by agreeing to donate a certain amount, they are helping address energy poverty and encouraged to consider contributing more, given their reduced energy usage.

Volunteering

Engaging volunteers is another approach to reducing the cost of delivering energy solidarity actions. Volunteers can be trained to carry out actions and ECs can offer gifts to recognise their contributions. In France, for example, programmes exist in which students can rent apartments in social housing at a minimal cost, in return for committing to spend a certain number of hours per week delivering social services, including addressing energy poverty.

Fundraising

This document previously discussed the importance of innovating marketing strategies to highlight the local impacts of initiatives. To effectively engage both consumers and companies, it is crucial to underscore the local and global effects of donations, advocate for change, and provide various donation options, such as monthly or one-time contributions. It is essential to increase visibility and appeal to CSR opportunities by focusing on the tangible impacts on people's lives (rather than solely on abstract energy-related issues). ECs should present concrete solutions that genuinely improve people's circumstances while avoiding overly distressing narratives. Adopting an engaging and positive tone in messaging and actions can encourage financial support, as individuals and businesses are more likely to support initiatives they can positively endorse.

Drawing inspiration from Greenpeace's street fundraising approach is also worth considering. This NGO relies heavily on regular individual donations, which account for half of its funding. This model grants the organisation complete independence, without relying on any public or private funds. Adopting this approach, however, demands substantial organisational and training endeavours. Within such a framework, it may be beneficial to invest in a dedicated fundraiser, responsible for securing funds from the commercial sector.

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6. Policy recommendations for strengthening community energy actions to alleviate energy poverty

The recent revisions of EU climate and energy legislation, particularly under the Fit for 55 and REPowerEU programmes, place increased priority on social objectives, reflecting a stronger commitment to addressing societal concerns within climate and energy policy frameworks. These revisions also include wider recognition of the role of ECs across different areas, activities and objectives in the energy sector, including energy poverty alleviation through structural measures of empowerment and participation.

Although the Clean Energy for All Europeans Package already includes obligations for Member States to ensure that ECs can help reach low-income and vulnerable households, the dual goal of engaging in the energy market and being socially engaged remains a complex challenge. CEES Partners consistently found that acts of energy solidarity and energy poverty alleviation are resource-intensive and require many different skills. To leverage the role of ECs as vehicles for a just transition, Member States should actively support efforts to develop and deploy compelling business cases to do so. The CEES project has developed a number of policy recommendations, specifically with regards to de-risking and leveraging the social role of ECs through supportive financing schemes:

1. **Earmark resources:** At the EU level, additional resources should be earmarked towards social objectives in the climate and energy transition. The newly established **Social Climate Fund** is a welcome initiative; its size and scope, however, are unlikely to meet the challenge at hand. In turn, Member States should better leverage existing EU Public Funds for promoting ECs and boosting their accessibility to low-income and vulnerable households. As indicated in the **Financing Tracker** developed by REScoop.eu, CEE Bankwatch Network and the Climate Action Network, there is much room for improvement to better leverage major funds such as the Recovery and Resilience Fund and Cohesion and Regional Development Funds to promote ECs and their social impact.[1] The Commission's guidelines regarding the REPowerEU chapter of the Recovery and Resilience Plans, for example, specifically highlights ECs as vehicles to tackle energy poverty.[2] Some inspiring practices can be observed across Europe. In Greece, for example, a recent funding call for ECs in Just Transition areas focused on collective self-consumption projects to combat energy poverty. A similar approach is used in Lithuania, where funding calls are tied with broader strategies to tackle energy poverty, particularly by promoting collective self-consumption projects by municipalities.[3]

[1] REScoop.eu. Financing Tracker: https://www.rescoop.eu/policy/financing-tracker

[2] European Commission (2023, 1 February). Guidance on Recovery and Resilience Plans in the context of REPowerEU: https://commission.europa.eu/document/download/3ccfc38a-2c0c-4923-ac0d-45d27a6a41cb_en?filename=C_2023_876_1_annexe_EN_0.pdf

[3] REScoop.eu (2024, January). REPowerEU Briefing: https://www.rescoop.eu/toolbox/repowereu-the-seeds-are-planted-now-the-persistent-gardening-begins

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2. **Increase transparency and ease of access to funding:** Lack of transparency regarding available funding resources is another problem, as are highly complicated application procedures. This has been flagged by ECs searching for support to increase their social impact and by households themselves. Different CEES Partners found that energy poverty alleviation measures were often ill-targeted and failed to structurally help people in need. Policy makers at both EU and Member State levels should ensure accessibility of and clarity around application procedures. Especially with regards to promoting the social role of ECs, such procedures should be transparent, easily understandable and accompanied with guidance on their implementation.

3. **Support one-stop shops for energy solidarity**: Linked with the above point, the concept of 'one-stop shops' (OSS) is picking up steam across European policymaking. In fact, the value of establishing such digital/physical spaces where citizens can access all necessary information about the energy transition (e.g. installing heat pumps and/or PV panels; renovating housing; energy efficiency advice) is highlighted in the revised Renewable Energy Directive and the Energy Performance of Buildings Directive. Czechia, Spain and Portugal are some of the countries dedicating funding from their Resilience and Recovery Plans[4] to support the creation of such OSS. In fact, Spain is also supporting ECs to directly (co-)manage some OSS, creating a climate of trust and horizontality.

4. **Encourage social dialogue:** To ensure effectiveness of current and future financial instruments and public support schemes, policy makers should ensure that social dialogue is at the heart of any such initiative. This should be the case from design and implementation through to monitoring and evaluation of results. In fact, one of the most effective ways to design appropriate financing calls for ECs is to partner with national community energy federations. One of the most successful financing schemes, the Development Fund in the Netherlands, was developed in tandem between the Dutch Government and Energie Samen, the Dutch federation of energy communities. Such national federations have the appropriate know-how to target ECs that are genuinely cooperatively governed, and whose projects are producing strong social impacts (e.g. by including energy vulnerable households).[5]

5. **Generate innovative financing schemes:** Beyond grants, innovative financial tools should be explored, as showcased by various examples above. Building on the ALIEnergy example, a permanent solidarity tax on fossil fuel companies and private electricity suppliers could feed into a 'Community Energy Fund' that regularly puts out funding calls for projects with proven social impact. Such funds could also be built up by redirecting fossil fuel subsidies, which remain sky-high in Europe.[6] The Commission must use the European Semester Country Specific Recommendations process of 2024 to explicitly instruct Member States to present

[4] https://www.rescoop.eu/policy/financing-tracker

[5] The LIFE COMET project is currently helping set up community energy federations in various EU countries. Denmark, Czechia, Greece, and Poland are just some of the countries that in the last year alone have constituted such a legal body, helping with national advocacy, networking, and capacity building.

[6] https://caneurope.org/content/uploads/2024/06/EU-Fossil-fuel-subsidies_2024.pdf

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plans (in their annual budgets) for the phase out of fossil fuel subsidies. Revolving grants-to-loans schemes, such as the CARES system in Scotland, also ensure structural longevity. Banks should also be encouraged to create green (low interest) loans, tied to energy performance benchmarks.

6. **Improving targeting of available funds:** Finally, the success of any financing scheme designed to mitigate energy poverty or support ECs more broadly depends entirely on whether it allocates available funds to the right people and initiatives. This requires a correct and complete transposition of EU provisions on ECs, safeguarding principles (such as open and voluntary participation), autonomy and effective control. This is currently lacking in many Member States, which risks 'corporate capture' of available funds. To make sure that support reaches the right people, each Member State should assess households in energy poverty and ensure a comprehensive analysis and monitoring of the distributional impacts of the climate and energy transition.

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