MOTION FOR A RESOLUTION

further to Question for Oral Answer B7-0217/2013

pursuant to Rule 115(5) of the Rules of Procedure

on microgeneration – small-scale electricity and heat generation (2012/2930(RSP))

Judith A. Merkies
on behalf of the Committee on Industry, Research and Energy
The European Parliament,

– having regard to Articles 192(2) and 194 of the Treaty on the Functioning of the European Union,


– having regard to the Commission Communication entitled ‘Making the internal energy market work’ (COM(2012)0663) and the accompanying working documents (SWD(2012)0367 and SWD(2012)0368),

– having regard to the Commission Communication entitled ‘Renewable energy: a major player in the European energy market’ (COM(2012)0271),

– having regard to its resolution of 15 December 2010 on revision of the Energy Efficiency Action Plan5,

– having regard to Written Question E-010355/2011 to the Commission on microgeneration,

– having regard to Written Question E-011185/2012 to the Commission on civic partnership investment projects for solar power plants,

– having regard to Oral Question O-000074/2013 to the Commission on microgeneration,

having regard to Rules 115(5) and 110(2) of its Rules of Procedure,

A. whereas access to sufficient energy for a decent standard of living is a basic right for all and whereas energy prices have risen significantly in recent years;

B. whereas the European Union is increasingly dependent on imports from third countries for its energy supply and therefore change is needed if it is to secure its climate, energy and growth goals;

C. whereas the use of fossil fuels as an energy source has increased the levels of CO₂ in our atmosphere and thereby contributed to global climate change; whereas the EU has set targets for renewable energy generation for 2020 and is currently working on a framework for climate and energy policy for 2030; whereas provisions on small-scale energy generation (microgeneration) currently exist but are dispersed across various legislative and non-legislative initiatives such as the Renewable Energy Directive and the Energy Efficiency Directive;

D. whereas the EU’s leaders should be in the forefront of addressing the energy transition, taking into account the need for involvement of all EU citizens, regardless of income and wealth; whereas small-scale energy can help boost community cohesion, combat energy poverty, create new jobs and economic growth and result in a new approach to tackling the current economic crisis;

E. whereas small-scale and decentralised energy generation represents an opportunity for households and small and medium-sized enterprises, as well as for communities in both urban and rural areas, to work together to combat climate change by becoming energy producers; whereas consumers should acquire awareness of efficient ways to produce and consume energy; whereas empowering consumers to generate their own electricity and heat can lead to a more sustainable and participative society; whereas the Commission communication on the internal energy market addresses the issue of empowering such ‘prosumers’; whereas there are already many opportunities for consumers to engage actively in efficient energy production and consumption, but there are still challenges to be addressed;

F. whereas microgeneration of energy can also play a role at global level;

G. whereas incentives for small-scale energy and heat generation differ widely across Member States; whereas EU policies should be better implemented in order to tap the potential of small-scale energy generation across the EU;

Definition

1. Defines, for the purpose of this resolution, the term microgeneration as: 1) the small-scale generation of heating/cooling and electricity-delivering energy by individuals and SMEs in order to meet their own needs; and 2) different forms of grouped or cooperative small-scale production at community level existing to meet local needs; notes that microgeneration includes a variety of technologies (hydropower, geothermal, solar power, marine, wind, heat pump, biomass) having a specific focus on the renewable and sustainable dimensions;
Introduction

2. Affirms that microgeneration must be a vital element in future energy generation if the EU is to meet its renewable energy targets in the long term; recalls that microgeneration is contributing to the increase in the overall share of renewables in the EU energy mix and enables efficient electricity consumption close to the point of generation while avoiding transmission losses;

3. Recalls that the successful take-up of microgeneration is dependent upon numerous different factors, including: a well-functioning European internal energy market; the technical development of microgeneration units; the deployment of smart energy infrastructure, especially at distribution level; and effective short-, medium- and long-term policies and support schemes to incentivise microgeneration at European, national and local level;

4. Recognises the role of research and technology in improving the efficiency and reducing the costs of microgeneration;

5. Points out that specific barriers are limiting the larger-scale deployment of microgeneration technologies, among them being: the challenge posed by high up-front investment costs; the high level of administrative complexity associated with connection and access to the electricity grid; and lack of awareness regarding the energy and cost savings offered by different microgeneration technologies over their lifetime;

6. Points out that energy poverty is a growing problem; emphasises that facilitating microgeneration at the individual and community level can empower consumers to become active agents in the energy sector while gaining more control over their energy use and reducing the amount of energy they have to purchase, thus preventing energy poverty; stresses that microgeneration affords an opportunity to reshape society in a more sustainable, cooperative and equitable manner; calls for special attention to be paid to tenants, who are often deterred from making efficiency improvements and generating their own energy;

7. Stresses that microgeneration technologies such as micro-CHP and small-scale renewables make it possible to have zero-energy and positive-energy buildings which feed into the grid surplus electricity generated on the premises;

8. Notes the importance of promoting local renewable energy cooperatives in both rural and urban areas in order to increase public support for renewable energy and citizens’ awareness of and participation in energy production on a small scale, improve access to renewable energy, and generate investment; notes the importance of promoting local and regional aggregators that would enable secure and efficient citizen participation in the electricity market, guaranteeing fair prices to the prosumer for the services provided to the power system; notes that local authorities have an important role in promoting and incentivising microgeneration among citizens, SMEs and stakeholders;

9. Takes the view that there is little awareness among EU citizens of the benefits of microgeneration, and calls on the Commission and the Member States to take steps to publicise microgeneration solutions and best practices in this field;
10. Notes that little information is available on the capacity and future potential of microgeneration in the EU; believes better knowledge would allow it to play a crucial role in climate, energy and industrial policy;

11. Observes that, in order to promote microgeneration of electricity, there is a need for smart electricity meters which can calculate the electricity used for the producer’s own purposes and the share to be fed into the grid, as well as thermal energy meters to monitor the heat entering and leaving a property that is part of a heating network, so that thermal energy produced can be credited;

12. Observes that it is frequently viable to feed the combined heat and power which have been produced to plants, even in the context of microgeneration, because this often substantially improves energy efficiency;

13. Notes that large-scale uptake of microgeneration represents an important step in the transition from the historical centralised energy system to a more decentralised and flexible system that is needed to achieve the EU’s energy and climate objectives; emphasises the importance of promoting microgeneration now, while addressing in a fair manner issues relating to distribution network operators, including cost-sharing and the need for investment in smart technologies; stresses that the positive impact of ancillary services provided by microgenerators and contributing to secure system operation should be properly defined and fairly treated; stresses, therefore, the need to take the right decisions and adopt the right objectives now and no longer to postpone the appropriate investment and ambitious regulation;

14. Points out that it may prove very costly to increase microgeneration capacity in the EU, and that increased investment in microgeneration by individual prosumers will also make other investment necessary at different levels of the energy system, e.g. in distribution and transmission systems that facilitate the use of microgeneration; stresses that this must not undermine full security of supply or artificially increase energy prices; agrees with the European Council that the EU’s energy policy must ensure security of supply for households and companies at affordable and competitive prices and costs;

Regulatory framework

15. Calls on the Commission to draw up recommendations, based on best practices for regulators and system operators, on how to shorten and simplify the administrative procedures involved in operating and connecting microgeneration units to the grid, with a particular focus on setting up one-stop-shop procedures; stresses the need to promote the ambitious implementation of existing guidelines such as the provisions on micro-cogeneration units in the Energy Efficiency Directive;

16. Notes that the energy produced by microgenerators, when instantaneously and locally consumed, helps prevent energy flows and related losses in the system and increases prosumers’ sense of ownership; calls, therefore, on the Commission and the Member States to develop specific mechanisms in order to encourage self-sufficiency, in conjunction with an overall reduction in consumption;

17. Calls on the Commission and the national regulators to develop regulatory frameworks
defining the roles and responsibilities of all actors in relation to distribution grids, with a particular focus on the conditions permitting an uptake of aggregation, given its future crucial role in the active participation of microgeneration in the system;

18. Notes the increasingly important role of distribution system operators (DSOs) in a more decentralised energy network, in providing security of supply and stable and reliable network operation while securing data privacy for consumers; calls on the Commission and the national regulators to recognise this role and facilitate DSOs’ investment in the distribution system, with a view to improving the overall efficiency of the energy system; calls, in addition, for a more clearly defined role for DSOs in organising balancing and other ancillary services;

19. Believes that effective coordinated action on small-scale energy generation across the EU is needed as part of the creation of the European internal energy market;

20. Notes that different Member States have differing aims and structures for their fiscal and legal provisions on microgeneration, and that this can be an impediment to the widespread uptake of microgeneration; calls on the Commission to identify budget lines under the Intelligent Energy Europe (IEE) programme and to work together with the Member States to remove existing barriers in national laws on access to finance for individual and cooperative microgeneration projects, create new targeted financial instruments (e.g. microcredits), and disseminate best practices regarding these activities;

21. Calls on the Member States to take the specificities of microgeneration into account when designing and reviewing national incentives and support schemes to ensure that they are suited to small-scale energy generation;

**Infrastructure, products and standards**

22. Demands, without delay, the full implementation of the third energy package, and notably the EU metering legislation, in order to facilitate prosumers’ activities on the grid, as well as effective distribution management; requests that it be made possible to transfer energy between producer and consumer on a small scale as well, for example in a neighbourhood or cooperative; calls on the Member States, where it is shown in the cost-benefit analysis to be in the consumer interest, to speed up the rollout of smart meters in order to help households acquire accurate data and full value for the energy produced on their premises;

23. Suggests that the Commission investigate the possibility of introducing microgeneration systems into urban planning projects; believes this could lead to increased efficiency and cost reductions for the development of the small-scale transmission and distribution of renewable energies;

24. Notes that standardisation is key to the further deployment of the mass-production equipment used for microgeneration in a streamlined and cost-effective form; calls on the European standardisation bodies to accelerate their standardisation activities;

25. Recalls that small-scale generators interact with the distribution network in different ways from their large-scale counterparts and should therefore be treated differently in future legislation;
26. Is aware that a significant uptake of microgeneration will give rise to challenges in the management of distribution networks, linked to the matching of energy demand and supply and necessitating innovative investment in an upgraded distribution network; notes the importance of smart technologies in achieving this; calls on the Member States to facilitate access to the grid for microgenerators while addressing the issue of network costs related to small-scale energy production and maintaining efficient network management; calls on the national regulatory authorities to incentivise innovation and investment in local distribution grids;

27. Notes that it has been shown that ownership projects enjoy better levels of acceptance and should therefore be facilitated; recalls that, while aggregators could play an important role in facilitating such projects, their role has so far been unclear in the relevant EU legislation; calls, therefore, for the swift and ambitious implementation of the demand response provisions contained in the Energy Efficiency Directive;

28. Encourages the Commission to look into the possibility of supporting crowdfunding models, i.e. long-term investment systems in which investors and entrepreneurs are in direct contact through a platform, in order to create opportunities and encourage people to build microgeneration cooperatives;

29. Notes that public attention is increasingly focusing on the possibility of financing projects through open appeals addressed to the wider public (crowdfunding); calls on the Commission to promote the possibility of co-ownership of local projects and thereby improve the mobilisation of local support;

30. Calls on the Commission, in addition, to study the extent to which EU rules such as the Prospectus Directive (Directive 2003/71/EC), the MiFID (Directive 2004/39/EC) and the E-money Directive (Directive 2009/110/EC) already allow certain projects to be implemented on the basis of co-ownership of local structures;

31. States that any initiatives in the field of microgeneration should be in line with network codes; notes that the objectives of secondary electricity legislation, such as the network codes, can be better and more cost-effectively achieved by establishing standards at EU level for most types of microgeneration technology; calls for an active form of distribution system management based on close cooperation between DSOs and transmission system operators (TSOs) and other elements (generation, consumption and storage units) in the grid authorities in order to incentivise innovation and investment in local distribution grids;

32. Calls on the Agency for the Cooperation of Energy Regulators (ACER), the European Network of Transmission System Operators for Electricity (ENTSO-E), the Commission and national governments to pay particular attention to decentralised renewables in the current drafting and negotiation process regarding the network codes;

33. Notes that new forms of production, ownership and consumption such as the leasing society could play a crucial role in the uptake of microgeneration, since many elements enabled by this approach are positive in that field, e.g. lower upfront cost, cost transparency through fixed prices for product-services combinations, the solution to an important financing problem for lower-income prosumers, optimal quality of installation,
and better maintenance and thus a longer lifecycle on the supplier side;

Specific actions

34. Calls on the Commission to carry out a comprehensive assessment of the potential capacity for microgeneration, and to examine best practices within the EU and the potential impact of a large-scale uptake of microgeneration on the European internal energy market and infrastructure;

35. Calls on the Commission and the Member States to ensure that microgeneration is eligible for financing under EU funds, including the Structural Funds, from the 2014-2020 period onwards;

36. Calls for research, development and innovation funding to be invested in microgeneration in order to develop appropriate technical solutions and installations;

37. Recognises the importance of EU leadership in the field of climate and energy policy, and states that microgeneration should contribute to meeting our long-term objectives; calls, therefore, on the Commission and the Member States to improve implementation of the strategies for small-scale electricity and heat generation contained in the existing EU policy framework, thereby recognising the importance of microgeneration and facilitating its take-up in the Member States;

38. Calls on the Commission to take account of the role of microgeneration in future EU energy legislation, particularly in the context of the Union’s forthcoming (2030) climate and energy package;

39. Calls on the Commission, together with the Member States, to look carefully at the existing cost structures in the energy network and to provide guidance on means of facilitating permission and grid access for, and operation of, microgeneration units;

40. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.