

CONSUMER RIGHTS IN ENERGY COMMUNITIES

A How-to Guide to Make Energy Communities Go Mainstream

Interest in energy communities has soared in recent times, and it's easy to see why. They can be a great way to secure self-sufficiency in renewable energy, build and develop communities, and actively participate in the energy transition.

The rights and responsibilities of renewable energy communities are defined in the Renewable Energy Directive, which states that "final customers, in particular household customers, are entitled to participate in a renewable energy community **while maintaining their rights or obligations as final customers**".¹

However, when joining energy communities, consumers enter agreements that can **alter their individual consumer rights**.² BEUC recently conducted research which showed that the vast majority of members are satisfied with their participation in energy communities, however, if they are to continue to grow, **energy communities must ensure they are in line with existing consumer protection legislation**. Below are some recommendations to ensure that can happen.



SIX THINGS YOU NEED TO KNOW

As a rule, and as per the Renewable Energy Directive, energy communities have to meet the same standards for consumer rights as traditional energy suppliers.

However, as energy communities can require high capital investment to set up, it makes sense that, when this is the case, there may be extra barriers to joining or leaving, such as requiring consumers to become investors in the community in order to be supplied with energy, and a waiting period before this investment is returned in the case of leaving.

In these cases, energy communities should clearly state these differing clauses on their websites and in their contracts.

However, for consumers to be comfortable in joining energy communities and for the communities' movement to flourish, it is important that some fundamental rights are guaranteed. Consumers should:

1. Have access to clear pre-contractual information
2. Be able to see energy community offers under price comparison tools
3. Have access to effective alternative dispute resolution schemes
4. Have the right to switch supplier and a guarantee that they will not be disconnected
5. Enjoy a higher standard of customer service
6. Be reassured that their data is treated in line with GDPR provisions

Ensuring equal rights compared to traditional energy supplier obligations is a win-win: Consumers benefit from their full consumer rights and energy communities benefit from making their products more attractive to consumers.

¹ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast). *OJ L 328*, 21.12.2018, p. 82–209.

² Arnould, J. and D. Quiroz (2022, December), *Energy Communities in the EU: Fulfilling consumer rights and protections*, Amsterdam, The Netherlands: Profundo. Pages 11-13.

1

PROVIDE CLEAR PRE-CONTRACTUAL INFORMATION & CREATE A STANDARD FOR ENERGY COMMUNITY WEBSITES



In many cases, energy communities are grassroots organisations which rely on volunteers to run the community, including building and maintaining their websites. BEUC research on energy communities showed that community websites vary greatly in the information they provide, as well as their ease of use and navigation. The best examples found included clear FAQ sections and copies of the various contracts a consumer could sign, while the worst examples provided very limited information for consumers, or websites that were difficult to navigate.

BEUC recommends that a **standard** or voluntary code of conduct should be created for energy community websites, a task which should fall to the energy regulator, to ensure all pre-contractual information and other relevant information be made available and easily accessible to consumers.

When it comes to the **precontractual information** itself, energy communities have the same obligations as energy suppliers to provide consumers with a clear overview of key information in the offer, including pricing, conditions for termination and conditions for tariff changes. A full list of obligations that BEUC proposes is available in [BEUC's 2022 paper](#) on the Electricity Directive revision.

2

MAKE ENERGY COMMUNITY OFFERS VISIBLE IN PRICE COMPARISON TOOLS



Energy communities make a valid energy offer to consumers in their region, but in many cases consumers are not even aware of these offers, because they are not always included in the first place consumers go to look for better energy offers: price comparison tools.

For the benefit of energy communities and consumers alike, energy community offers should be featured in price comparison tools, ensuring the information is accurate and up to date.

With the upcoming revision of the Electricity Directive, it should be ensured that independent databases including information on all available offers on the energy market be created by the national regulator or another body. Suppliers (and in this case, energy communities) should be obliged to provide up-to-date information on offers to these databases, and in turn, price comparison tool operators should be given free access to these databases.

When energy communities are not accepting members, they simply inform the relevant body, and the offer will be removed. This gives energy communities the chance to recruit new members, and better informs consumers about the best offers on the market.

3

ENSURE CONSUMERS KNOW HOW TO LODGE A COMPLAINT AND SEEK DISPUTE RESOLUTION



One of the most attractive aspects of being in an energy community is that members will often have more of a say and greater decision-making power than they would in a traditional supplier-customer relationship. When it comes to disputes, this means that there is often a tendency for disputes to be resolved internally (i.e., within the community).

However, disputes can and do still arise. The Electricity Directive requires energy suppliers to participate in alternative dispute resolution when requested, as well as guaranteeing consumers the right to access simple mechanisms for out-of-court settlements, such as an energy ombudsman. Research for this study showed that more than one in four respondents did not know how to file a complaint with their energy community.

As consumers in energy communities are legally entitled to the same consumer rights as non-members, the same rights to redress and dispute resolution as in traditional supplier-customer relationships should be proactively enforced in energy communities. Such information should be made readily available to consumers on the community's website, in their contract and on their energy bills, and energy communities acting as suppliers should have to participate in alternative dispute resolution processes when necessary.

4

MAKE CONSUMERS AWARE OF CHANGES IN THEIR SUPPLIER RELATIONSHIP AND POTENTIAL FOR LOCK-IN



One of the less-discussed aspects of energy communities is how the relationship between the energy supplier and the consumer differs from a traditional supplier-consumer relationship. On the one hand, members maintain their supplier-customer relationship which provides them the legal right to switch suppliers under the Electricity Directive.

On the other hand, energy community members simultaneously enter a "member/investor" relationship, which are bound by laws of corporate governance. The up-front investment required by a member may act as a deterrent from switching suppliers, and it may also be subject to limitations on the withdrawal of the investment to protect the long-term health of the energy community itself. Similar to withdrawing investment from a company, in some cases energy communities may impose minimum delays on investment withdrawal, which effectively reduces the ease of switching suppliers.³ While this does impact consumer rights, it is understandable that such protections may be needed to ensure the economic sustainability of the community. However, energy communities should clarify this situation in their contracts and pre-contractual information, including on their websites.

Another concern regarding the right to switch suppliers is technical lock-in. CEER (the Council of European Energy Regulators) has highlighted examples of energy communities that are both energy distributors and suppliers (e.g. heat grids⁴ or communities managing electricity grids). If those energy communities decide to remove a member due to non-fulfilment of obligations, this would also mean disconnecting the consumer from the energy network.

³ Arnould, J. and D. Quiroz (2022, December), Energy Communities in the EU: Fulfilling consumer rights and protections, Amsterdam, The Netherlands: Profundo. Page 12.

⁴ Council of European Energy Regulators (2019) *Regulatory Aspects of Self-Consumption and Energy Communities*, Brussels, Belgium: Council of European Energy Regulators, p.21.

In those cases, communities are bound by the same rules that apply to DSO or district heating operators, which do allow disconnections under certain conditions.⁵ BEUC has been calling for stronger consumer protections to ensure such disconnections do not happen - at the very least during winter months - to protect consumers' health and well-being.

5

ENSURE HIGH STANDARDS OF CUSTOMER SERVICE



As mentioned above, energy communities are often run by volunteers, and many issues are routinely resolved internally, with a high level of democratic governance. However, with the growth in energy communities, it raises the question of what level of customer service members can reasonably expect.

A former member of a Belgian energy community recently informed BEUC that their energy community had informed them by email when they decided to stop offering energy supply to members. Having invested €1,000 in the community, they were understandably anxious to find out how quickly they could recover this money. They had to chase them for this information, which they finally received by email – but over six weeks later.

The quality of customer service is also an issue of common complaint in traditional energy supply services. However, as electricity is an essential service, energy communities should, like responsible energy suppliers, ensure a satisfactory minimum standard of service.

6

ENSURE GDPR COMPLIANCE IN DATA COLLECTION



BEUC also found evidence of energy communities using tools to collect member information, whose terms and conditions are not in compliance with GDPR provisions. Consumers in the EU enjoy very high levels of protection for their rights to personal data protection and privacy. BEUC recommends that energy communities should only opt for GDPR-compliant services.⁶

⁵ The Electricity Directive requires suppliers to provide household customers with adequate information on alternative measures to disconnection sufficiently in advance of any planned disconnection, such as sources of support to avoid disconnection or prepayment systems (art.10.11), and recommends that Member States not disconnect vulnerable consumers in critical times.

⁶ As an example, the Belgian energy community Energie2030 was collecting consumers' information using Google Forms, whose terms and conditions are not in line with the GDPR. An overview of the assessment of Google terms and conditions is available on this link: <https://tosdr.org/en/service/217>.