

## 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 energy 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.

This briefing provides a snapshot of the reality of community energy in Czechia and Hungary. It highlights the huge and largely untapped potential for community energy in both countries. It also shines a light on the important need to transpose the Renewable Energy Directive into national legislation. This would allow citizens and communities to deliver a just, swift and democratic energy transition to unlock the social benefits provided by community energy.

### Unleashing popular support for renewables

Europe urgently needs to transition to clean and safe renewable energy. To prevent the worst effects of climate change, this transition needs to be very fast. 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 that enhances, rather than undermines, public support. If Europe is to achieve a swift-enough energy transition, community energy must be centre stage. Community energy has the power to achieve an energy transformation more quickly, fairly and with added social benefits.

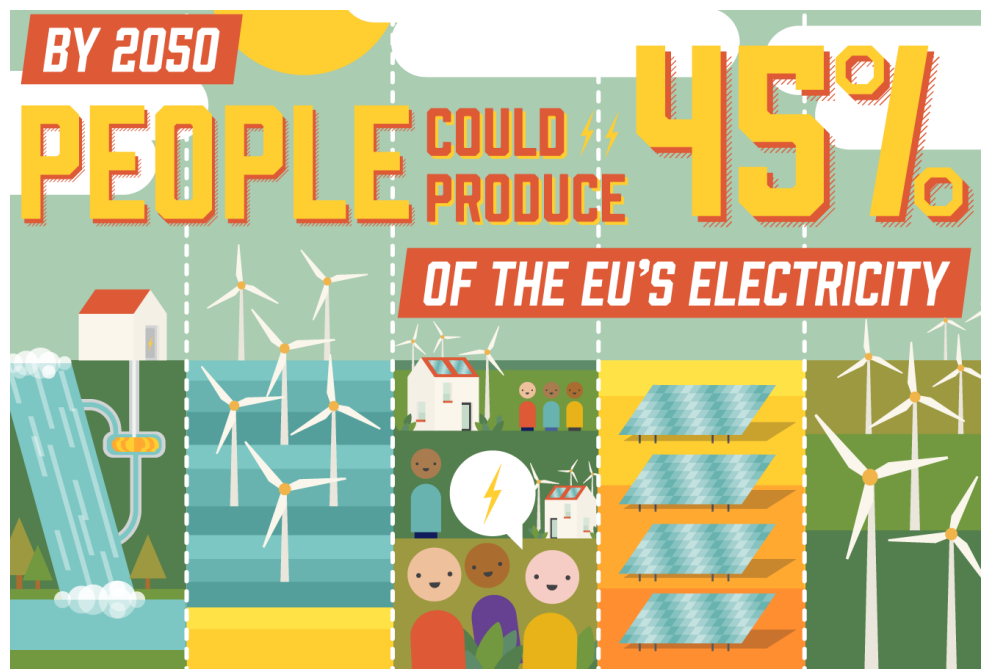


Figure 1. Source: CE Delft 2016: The potential of energy citizens [bit.ly/energycitizenstudy](https://bit.ly/energycitizenstudy)

### Community energy is ready to go BIG

Community and citizen owned energy is sometimes portrayed as small and parochial, however it is by no means a niche. There are many different models of people's involvement. Germany is a good example of this, where only 16% of all installed renewable capacity is owned by traditional large power companies (2016) [3]. By 2050 citizens and communities could generate 45% of the EU's energy needs (Figure 1) [4]. 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 energy [5].

## 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) which mandates member states to adopt new rights for people and communities to produce, sell and own renewable energy [1].

This is much needed as community energy has progressed very differently across member states. Countries such as Germany and Denmark are considered long-time pioneers for citizen-run renewables.

## Eastern Europe: waiting for take-off

Yet, other member states are still largely waiting for take-off – Central and Eastern Europe, where renewable energy has mostly been owned by large corporations, is especially 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 rates [2]. There is an urgent need to increase popular support for renewables here, and among national civil society groups there is a strong sense that citizens-governed energy production is the way to do this.

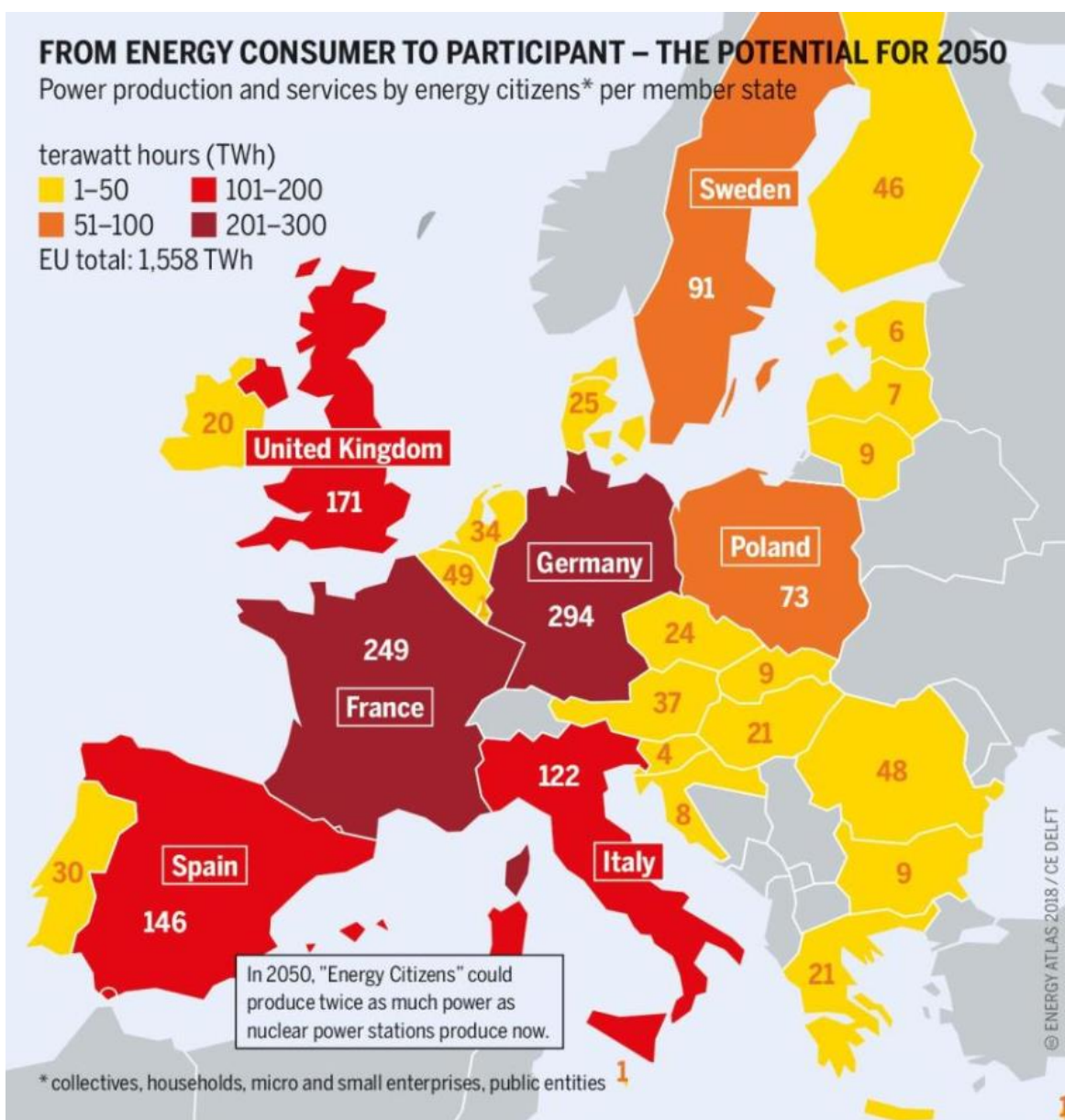


Figure 2. Source: Heinrich-Böll-Stiftung, 2018. *The European Energy Atlas 2018*, available at <http://www.foeeurope.org/energy-atlas>

## Czech Republic: untapped opportunities

Czech civil society and local municipalities see community energy as an important opportunity for cities and rural communities.

Kněžice is a village and municipality in the South 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 other municipalities from following the example of Kněžice. In fact, community energy in the Czech Republic is limited to only a number of municipal-run renewable energy projects which were all developed before support was cut for renewables in 2013. There are currently no renewable projects governed directly by citizens.

### Legislative framework

Czechia more than doubled its renewable energy capacity between 2004 and 2013 [2]. However, when feed-in-tariffs and other support for renewable energy were discontinued in 2013, it marked a dead-end for renewables, including community energy. Today, there is no support for either renewables, nor for citizen's ownership of their energy supply. 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 the directive will remove administrative barriers and allow projects to go ahead.

### **Case: Energy Independent Village Kněžice – boosting local businesses and reducing carbon footprint**

By relying on locally sourced biomass, Kněžice does 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.

#### **The Kněžice bioenergy system**

- Heats nearly all homes and produces more electricity than the village uses [6]
- A biogas plant and a biomass plant sources various forms of local waste and biomass
- Annually saves more than 8.000 tons of CO2 [7]
- Is fully operated by the municipality and employs 6 villagers

Nevertheless, 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 paid [8]. This deters other villages from developing 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.

*“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



# 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. 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

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

All community energy projects 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 allowed to use that excess energy in another municipal building, nor to sell it to a neighbour. 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 kilometres 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 Czechia, 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 materialise and spark a wave of community energy projects.

## Case: Pilisborosjeno Community Energy – solving mobility needs with solar

Magyar Természetvédők Szövetsége (Friends of the Earth Hungary) is currently facilitating a pilot community energy project in Pilisborosjeno, a village in the hilly suburbia of Budapest with 3.000+ inhabitants. The project is still in its infancy, but includes plans to develop PV-systems on municipal roof tops and brown-field, combined with e-mobility solutions such as an electric minibus to service school children and elders. The project will include local citizens and SMEs and with the right legislation, there is significant potential to scale-up the initiative to neighbouring municipalities.

The project highlights that even in a highly unwelcoming legislative environment, citizens, civil society and municipalities are keen to get involved in the energy transition. Hungary and other member states now 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.

## References

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