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# Citizen driven community energy for Moldova

Information about the project and the selection process for interested  
pilot municipalities

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# 1 Introduction

## **Ladies and Gentlemen, dear interested representatives of Moldovan municipalities,**

Within the project **Citizen driven community energy for Moldova**, dena provides political advice to the *Ministry of Energy* of the Republic of Moldova (MoE) and supports selected pilot municipalities in the preparation and establishment of energy communities through capacity building and dialogue on technical and regulatory issues.

Energy communities create opportunities for citizens to actively participate in the energy transition by collectively producing and consuming electricity. Moreover, citizens can participate financially in the energy transition. In Moldova, energy communities can make an important contribution to the security of supply and reducing dependence on energy imports. However, the increasing decentralisation of energy generation entails higher complexity and new challenges such as a greater need for coordination in the existing energy system.

We are delighted to extend an invitation to participate in our project and to present the selection process for pilot municipalities to benefit from our support and advice services on establishing an energy community.

Even though our project does not include financial incentives or funding options, we offer important capacity building measures such as technical and regulatory advice tailored to the requirements and needs of your municipality.

Specifically, we are offering participation in two capacity building workshops in Moldova and a study trip to a European country. In addition, our team of experts will support you in the development a ready-to-use implementation concept for an energy community, which will be finalized with the initiation of a Memorandum of Understanding (MoU) with the relevant distribution system operator (DSO).

In this document, we have compiled an overview of

- our project offer,
- the selection process, and
- the next steps waiting for you.

Furthermore, you will find a summary of the most important information about energy communities.

**Please submit your documents for the selection process by 24.05.2024.** If you have any questions or doubts, do not hesitate to contact dena's project coordinator Sina Gasde (Sina.Gasde@dena.de).

## 2 Background information

### 2.1 The German Energy Agency (dena)

The *German Energy Agency* (dena) is a federally owned organization established in 2000. Among other things, it serves as a catalyst for the transformation of the energy system in Germany, aiming to advance energy efficiency, renewable energy, and intelligent energy systems. It fosters innovation, provides consultancy and studies, facilitates dialogue among stakeholders and helps Germany meet its energy policy goals. In the context of this project and the German-Moldovan cooperation, dena aims to support the project stakeholders in strengthening their capacity to establish energy communities in Moldova - thus contributing to the country's policy goals of increased energy independence and resilience.



### 2.2 Project activities and support services

Since the Republic of Moldova and the Federal Republic of Germany have engaged in diplomatic relations, the two countries have collaborated in various areas such as politics, economics, and development. This cooperation has evolved over time through bilateral agreements, trade relations, and joint initiatives aimed at fostering mutual benefit and progress. Among other things, Germany's support comprises Moldova's EU accession by supporting the implementation of necessary reforms. This includes energy issues, economic stabilisation as well as strengthening civil society. Dena has been supporting Moldova in its energy transition since 2022.

The **Citizen driven community energy for Moldova** project was launched in March 2024 to support Moldova in its efforts to increase energy security and advance the energy transition with a focus on decentralisation of renewable energy supply solutions. The project is commissioned by the *Federal Foreign Office* through the *Climate Diplomacy Action Programme* implemented by the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) in the context of the *International Climate Initiative* (IKI).

Over the course of 24 months, dena will advise the *Ministry of Energy* at a political level on strengthening citizen energy. Moreover, within the project dena will assist municipalities and local authorities in establishing their tailor-made energy communities at a local level.

## The project provides

- Ongoing **advice on technical and regulatory issues**
- **2 capacity-building workshops** to support municipality representatives, DSOs and further stakeholders in the formation and management of energy communities. In concrete terms, these workshops will provide practical and specific guidance on technical and regulatory requirements. (Planned for September 2024 and June 2025)
- **1 Study trip** for relevant stakeholders to learn best practices of other energy communities in the European context (planned for February 2025).
- Support in the development of a **needs-based concept for an energy community in your municipality**. This includes considerations regarding central renewable assets and their connection to the grid, the definition of implications and challenges for the distribution grid, the identification of central steps for further specifications, as well as dialog and consultation formats.
- Assistance in the elaboration of a **Memorandum of Understanding** based on an agreement concerning the model to be selected between the municipality and the DSO

## Timeline of the project

- |  |                                 |
|--|---------------------------------|
| – <b>Deadline for submitting your expression of interest</b> | <b>24<sup>th</sup> May 2024</b> |
| – <b>Selection decision</b>                                  | <b>7<sup>th</sup> June 2024</b> |
| – <b>Workshop I</b> , Capacity Building in Chişinău          | <b>September 2024</b>           |
| – <b>Study trip</b> to a European country                    | <b>February 2025</b>            |
| – <b>Workshop II</b> , Capacity Building in Chişinău         | <b>June 2025</b>                |
| – <b>Energy community concepts</b> for pilot municipalities  | <b>by October 2025</b>          |
| – <b>Memorandum of Understanding</b>                         | <b>by February 2026</b>         |

## 3 Selection of municipalities

Please submit your letter of motivation and the required information (max. 5 pages) digitally by 24.05.2024 to [Sina.Gasde@dena.de](mailto:Sina.Gasde@dena.de).

### 3.1 Required information

The letter should include the following information (if available):

- Name of the municipality
- Contact person and role
- Key data:
  - Population and location
  - Size of the municipal administration (employees)
  - Languages spoken
  - Minorities
- Energy data (if available):
  - Total final energy consumption
  - Electricity consumption (private, commercial and industrial usage/share)
  - Sources of electricity and heating generation
  - Share of RES generation (of gross electricity generation)
- Available local energy resources: Are renewable energies already being used in the municipal or private energy supply?
- Infrastructure: the current state of energy distribution and potential areas for improvement or expansion?
- Which distribution system operator is operating in your municipality?
- Do you have a local energy strategy or clean energy goals?
- Are there already approaches or projects for the local energy-supply?
- Community engagement: Is there expressed interest from local residents to establish community energy approaches, or are there comparable bottom-up-initiatives in other fields?
- Partnerships and collaborations: Do you have any experience in working with national or international funding programs/projects or initiatives?
- What are your concerns with regard to establishing an Energy Community?

At least two municipalities will be selected to participate in the project and receive support in developing an energy community. Depending on the size of the municipality, two to four representatives from the municipality will be appointed to facilitate the implementation of the initiatives, including a core group and specialist coordinators.

### 3.2 Selection criteria

The supported municipalities are chosen based on a comprehensive criteria grid. Each criterion is assigned a weight reflecting its importance in the selection process, and an in-depth analysis is conducted to assess the suitability of each municipality.

The following criteria will be considered in the selection process:

Criteria	Weighting
<p><b>Quality of the expression of interest</b> (comprehensibility, clarity, structure)</p> <p>This criterion evaluates the clarity, specificity, and commitment demonstrated by the municipality in expressing its interest to participate in the project. Factors such as the comprehensiveness of the proposal and the alignment with project objectives will be weighted.</p>	20
<p><b>Evidence of sustainability</b> (environmental, economic, and social aspects in the implementation of the energy community concept)</p> <p>Environmental sustainability includes considerations such as the municipality's commitment to renewable energy and carbon reduction goals. Economic sustainability involves evaluating the financial viability and long-term feasibility of the proposed projects. Social sustainability focuses on the inclusivity and equity of the initiatives, ensuring they benefit all community members.</p>	30
<p><b>Strengthening social participation</b> (existing formats and activities, credible representation of involvement of citizens, civil society, special relevance of disadvantaged individuals in rural areas or national minorities)</p> <p>This criterion assesses the extent to which the municipality actively engages community members and the potential for promoting gender equality in decision-making processes related to the initiative. Factors such as the level of community involvement, diversity of stakeholders engaged, and mechanisms for consultation and feedback will be weighted.</p>	30
<p><b>Proof of coherence</b> (implementation steps for renewable generation, e.g. identified site for installation, cooperation partners at DSO level, existing or potential cooperation with German or international donor organizations)</p> <p>Coherence refers to the alignment and consistency of the municipality's proposed initiatives with broader regional or national energy strategies and objectives. Evaluation will be conducted based on the degree of alignment with existing policies, plans and targets, as well as the potential for synergy and collaboration with other stakeholders.</p>	10
<p><b>Experience in accountability</b> (sufficient experience with capacity-building measures and subsequent reporting on national or international funding projects)</p> <p>Accountability evaluates the transparency, responsibility, and governance structures within the municipality related to the proposed initiatives. Factors such as the clarity of roles and responsibilities, mechanisms for oversight, and reporting will be weighted.</p>	10

In the selection process, careful consideration is given to ensure representation of both urban and rural municipalities, as well as individual municipalities and municipal associations, across both distribution network regions. We are pleased to receive applications from municipalities with very different starting conditions. The project will also consider municipalities with little previous experience and/or low RES capacities.

Recommendations for the selection of municipalities are communicated to the *Ministry of Energy* (MoE) and to the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ).

The application documents (the motivation letter and required information, max. 5 pages) should be submitted in **English or Romanian**.

Please send them to [Sina.Gasde@dena.de](mailto:Sina.Gasde@dena.de) until the **24.05.2024**.



## 4 Energy communities FAQ

### **Q: What are energy communities?**

A: Energy communities facilitate collective and citizen-led initiatives in advancing the transition to renewable energy and reaching a higher degree of energy independence. They play a vital role in enhancing public acceptance of renewable energy projects and facilitating private investments in clean energy initiatives. Energy communities serve as a catalyst for empowering citizens to spearhead the transition at the local level. This empowerment leads to tangible benefits such as improved energy efficiency, reduced utility bills, alleviation of energy poverty, and the creation of local green job opportunities.

These communities enable local residents to unite and (if possible) invest in clean energy projects. By functioning as a cohesive unit, energy communities gain access to various energy markets on an equitable basis alongside other market participants.

According to EU regulations, energy communities can adopt various legal structures, including associations, cooperatives, partnerships, non-profit organizations, or limited liability companies.

### **Q: What are financial advantages for members of energy communities?**

A: Lower energy cost: By collectively investing in renewable energy projects, members can benefit from lower energy costs over time compared to traditional energy procurement. Additionally, the community hedges its members against electricity price volatility, by producing its own energy or purchasing it collectively. It therefore provides stability and predictability in energy costs.

Access to incentives and subsidies: Energy communities may be eligible for government incentives, grants, or subsidies for renewable energy projects, which can reduce the financial burden on members.

Return on investment: Members may receive dividends or returns on their investment in the energy community's projects, providing a source of passive income.

Energy savings: Through energy efficiency initiatives and local energy generation, members can reduce their energy consumption and consequently lower their utility bills.

Job creation and economic development: Energy communities can stimulate local economic growth by creating green job opportunities within the community, contributing to overall financial well-being.

### **Q: What are the main financing approaches for energy communities?**

A: There are several ways to finance an EC. While financing an EC through a single source of funding is possible, it is encouraged to consider a blend of different funding sources to increase the prospects of accessing the necessary financing sources. A municipality could for instance consider a combination of public funding, private investment, grants from international organizations, as well as crowdfunding to develop its energy community. Moreover, partnership with local utilities or energy companies could provide access to financing and other resources. Additionally, it could be considered to explore the potential of setting up incentives such as tax breaks or different kinds of support schemes to further incentivize participation from individuals, businesses, and municipalities.

Support schemes: To enable ECs to compete fairly for financial support alongside larger entities, unique characteristics of ECs must be considered when formulating support schemes. For example, small-scale

installations and pilot projects may be exempt from competitive tendering requirements. In other words, projects fully owned by SMEs or RECs could be exempted to participate in competitive bidding processes.

***Incentives.*** To encourage citizen engagement and participation, various financial and non-financial incentives could be explored. For example, dividends paid to members, could be considered as a community's cost prior to taxation therefore fostering citizen investments.

***Crowdfunding.*** Various forms of crowdfunding exist, including donation-based, equity-based, and peer-to-peer lending (crowdlending). In donation-based crowdfunding, contributors provide funds without expecting financial returns. Equity investment entails investors becoming members, granting them decision-making rights and dividend entitlements. Lastly, investors can opt for crowdlending, lending money with the expectation of repayment along with specified interest.

***Loans and Grants.*** Germany has devised a grant-to-loan scheme allowing communities to obtain grants for preparatory activities prior to plant construction, with the provision that the grant converts into a loan if the community proceeds with the project, therefore facilitating the start of EC projects.

**Q: Why are smart-meters essential for energy communities?**

A: Smart meters enable real-time monitoring of energy consumption. They facilitate demand response programs, allowing for adjustments in energy usage to balance supply and demand, particularly important for integrating renewable energy sources. They further ensure transparency and accurate billing. Smart meters also enable remote management of energy systems and provide insights into energy generation and consumption patterns, supporting grid stability and resilience. Overall, smart meters empower energy communities to optimize energy usage, integrate renewable energy, and contribute to a more resilient energy system.

**Q: What is the legal basis for energy communities in the European Union?**

A: In 2019, the EU incorporated the concept of energy communities into its legislation through the Clean Energy for All Europeans Package (CEP). It differentiates between Citizen Energy Communities (CEC) and Renewable Energy Communities (REC). The legal frameworks for CECs and RECs were established by the Internal Market for Electricity Directive (EU) 2019/944 (IMED) and Renewable Energy Directive (EU) 2018/2001 (RED II), respectively.

**Q: What is a Renewable Energy Community as defined in article 2 paragraph 16 of RED II?**

A: RECs are legal entities whose renewable energy generation facilities are collectively owned. In addition to natural persons, small and medium-sized enterprises as well as public institutions can also be part of a REC. If companies participate in a REC, this must not be their primary business or professional activity. RECs must be located in close proximity to the project sites.

**Q: What is a Citizen Energy Community as defined in article 2 paragraph 11 of IMED?**

A: CECs are a legal entity, with a participation on voluntary basis. Eligible participants include natural persons, local authorities, and small businesses. Scope of activities include energy generation, while also engaging in energy efficiency services, charging services for electric vehicles, or other energy services for its members. Spatial proximity to the generation facilities is not required for a CEC.

**Q: In other words, what are the main differences between both types of energy communities?**

A: Differences between both types include organizational aspects such as membership eligibility, governance structures, technologies used, and undertaken activities. RECs have stricter membership and governance

requirements, focusing on renewable energies, with a localized approach and a well-developed regulatory framework. CECs have a broader range of activities and can utilize various technologies, including fossil fuels, but solely for electricity generation. Additionally, CECs have the potential to operate nationally, enabling efficient governance without requiring physical proximity to installations.

## 5 The dena team



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