



ENERGY COMMUNITIES REPOSITORY

Estonia



OVERVIEW OF THE POLICY FRAMEWORK

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DISCLAIMER

The content of this document aims to establish an overview of the national legal developments in the context of the Clean Energy Package for the Member State mentioned above. **The document includes only final legislation which was published before the end of March 2023. It does not include provisions that are not yet applicable under law (i.e., currently drafted or discussed).**

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Overview

Estonia has implemented provisions on energy communities into two different concepts – Energy Communities (ECs) and Renewable Energy Communities (RECs) – in its national legislation through an amendment to its Electricity Market Act published on 15 March 2022, and an amendment to its Energy Sector Organisation Act published on 18 May 2022. The concepts are defined, and RECs and ECs benefit from certain rights and obligations and some core elements of an enabling framework.

1. Definition(s)

Estonia has defined RECs and ECs as two different concepts that are not related. ECs stand as the equivalent of Citizen Energy Communities as defined in the Directive 2019/944 on the internal market for electricity.

The Competition Authority is the dedicated authority to oversee their development. However, if no agreement is reached on matters pertaining to RECs, ECs or active users that fall under the Law of Obligations Act, these matters will be dealt with in light of the applicable provisions of the Code of Civil Procedure or the Consumer Protection Act.

1.1. Renewable Energy Community

In Estonia, a REC is a legal entity controlled by shareholders or members whose residence or registered office location are situated near the renewable energy projects owned or developed by the REC. REC's shareholders or members can be natural persons, small or medium-sized enterprises or local authorities. Their participation of any electricity enterprise¹ in a REC must not constitute its primary commercial or professional activity.

A REC's primary purpose is to provide environmental, economic or social community benefits for its shareholders or members or for the local areas where it operates, rather than financial profits.

The National Energy and Climate Plan (NECP) of Estonia states that under the current Commercial Code, a REC may be registered as a limited liability company or a public limited company. Local governments may form the REC but in this case, the only restriction is that the REC cannot be a general partnership or a limited partnership since local governments cannot be members of these legal entities.

Consumers are allowed to participate in a REC without any unjustified or discriminatory conditions.²

¹ An electricity enterprise is defined as a natural or legal person who is not a consumer and who engages in the generation, transmission, distribution, aggregation, consumption management, storage, sale and purchase of electricity

² Article 36-2 of the Energy Sector Organisation Act



1.2. Energy Community

In Estonia, an EC is a legal entity that is controlled by members who can be natural or legal persons.³ Participation in an EC must be open and voluntary. An EC may provide energy services to its members. Its principal aim is to provide environmental, economic or social benefits to its members or to the area where the community operates rather than a monetary profit.

1.3. Alternative definitions

Prior to developing a framework for energy communities, Estonia had already established energy associations and energy cooperatives. According to its NECP, energy communities and energy associations partially overlap. An energy association is a jointly acting group with the purpose of generating, supplying or selling electricity and heat that it generated to its members through their own equipment for covering self-consumption. In general, energy associations are developed in apartment buildings and public buildings without district heating or with a district heating covering only a small share of the consumption of the area.

Another similar pre-existing concept is public renewable energy generation, similar to an energy cooperative in other countries. It involves the generation of decentralised renewable energy for which the owners (at least 50% of the shares) are local operators or citizens, initiatives, communities, local governments, charities or NGOs, agricultural producers, associations or SMEs that create local value remaining in the region. Public renewable energy generation units are allowed to produce renewable energy.

2. Rights and obligations

2.1. Renewable Energy Community

A REC has a right to produce, consume, store or sell renewable energy.⁴ A REC also has the right to access all suitable energy markets directly or through aggregation.

A REC can share, within the community, renewable energy that is produced by production units owned by that community. The energy produced by REC can be shared, provided that the REC complies with the rights and obligations of the community's members as customers. Every energy metering point of a REC must use a dedicated remote-reading device to measure the energy that is consumed and shared.

³ Article 12-2 of the Electricity Market Act

⁴ Article 36-2(4) of the Energy Sector Organisation Act



2.2. Energy Community

An EC may provide energy services to its members⁵.

An EC is considered a market participant, it can hence participate in electricity markets. However, it is implicitly not considered as an electricity enterprise according to the law (i.e., a professional enterprise in the electricity sector – see footnote 1).⁶ This implies that when engaging in specific and regulated activities, the sector regulation and licensing apply.

An EC can share energy: it provides the electricity that it generates for the consumption of its members either by using EC installations or through a service that the distribution system operator (DSO) of the area provides. When an EC consumes electricity generated by itself, the EC is considered an active user of network services and relevant provisions apply.⁷

An EC, as market participant, has a balancing responsibility to exercise directly or delegate to a third party.

3. Enabling framework

3.1. Energy Community

EC must maintain members' rights and obligations under the Electricity Market Act as household consumers or as active users of energy services. A member deciding to leave an EC must resign with a notice of at least six months.⁸

ECs are entitled to benefit from services of the DSO similar to those provided to consumers and producers, including:

- Connection to the grid;
- Amendment and change to the grid connection;
- Access to the grid;
- Consumption and injection of electricity using the connection points to the grid;
- Installation of a metering device;
- Collection and processing of metering data;
- Any additional service directly related to the ones list above.

⁵ Article 12-2 of the Electricity Market Act

⁶ Article 6 of the Electricity Market Act

⁷ Article 12-2 (5) of the Electricity Market Act

⁸ Articles 12-2(3) and 12-2(4) of the Electricity Market Act



A DSO must cooperate with an EC to distribute any electricity that the community generates for the consumption of its members.⁹

4. Other provisions

4.1. Energy Community

The Competition Authority is in charge of ensuring that market participants do not create or represent any obstacles or limitations regarding the development of energy communities.

5. References

- Electricity Market Act of 11 February 2003 published on RT I 2003, 25, 153 amended by the Act of 23 February 2022 published on RT I of 10 March 2022, 2. Consolidated version: <https://www.riigiteataja.ee/en/eli/ee/526042022001/consolide/current>
- Energy Sector Organisation Act of 16 June 2016 published on RT I of 5 July 2016, 3 amended by the Act of 4 May 2022 published on RT I of 18 May 2022, 1. Consolidated version: <https://www.riigiteataja.ee/en/eli/ee/521062022001/consolide/current>
- Estonia's 2030 National Energy and Climate Plan (NECP 2030), 19 December 2019

⁹ Article 65-1 of the Electricity Market Act