

# Legal, technical and financial challenges facing energy communities in central and eastern Europe



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Energy communities are pivotal to the clean energy transition in central and eastern Europe, yet significant barriers continue to limit their growth. Despite their importance, the proposed 2028–2034 Multiannual Financial Framework lacks dedicated funding for these initiatives. Establishing targeted financial support is essential to address the existing challenges facing energy communities and to unlock their full potential.

Drawing on questionnaire responses from the **Czech Republic, Estonia, Hungary, Poland and Romania**, this briefing identifies key bottlenecks holding back the progress of energy communities in the region. These include incomplete regulatory frameworks, delays in grid connections, high upfront costs, low public awareness, and the unreadiness of distribution system operators. For instance, in Romania, only 10 to 15% of renewable energy projects have commenced operations due to grid connection delays, while Poland's 304 energy cooperatives are struggling to navigate non-transparent agreements with distribution system operators.

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These challenges are largely due to the incomplete transposition of the second and third revisions of the EU Renewable Energy Directive (RED II and III), a lack of incentives, and a lingering post-socialist mistrust of ‘energy collectives’ in some countries. To overcome these barriers, national strategies – particularly the national energy and climate plans – must optimise public funding through EU-funded bridge financing alongside capacity-building measures like one-stop shops and targeted infrastructure upgrades for distribution system operators.

## Introduction

Energy communities are an increasingly important grassroots component of Europe’s clean energy transition. Beyond their role in decarbonisation and social inclusion, they are increasingly vital for strengthening local resilience and energy security.

This briefing does not seek to propose concrete solutions; rather, it highlights the legal, technical and financial barriers facing energy communities in five EU Member States – the **Czech Republic, Estonia, Hungary, Poland and Romania** – as they seek to integrate into their respective national energy systems. Drawing on insights gathered through targeted questionnaires and interviews conducted by Bankwatch member organisations in these countries, this briefing presents these national contexts in a comparative format.

The responses are gathered from a diverse range of stakeholders – including civil society organisations, managing authorities, and representatives of energy community initiatives – providing a grounded perspective on the real-world obstacles hindering progress. By mapping these bottlenecks, this briefing serves as a practical tool that can help policymakers, regional agencies and other relevant groups align national strategies with the latest iterations of the Renewable Energy Directive (RED) and identify opportunities for more targeted support.

## Legal and regulatory bottlenecks

Fragmented legal frameworks and the sluggish transposition of RED II and III are obstructing the establishment of energy communities in the five countries analysed. The common issues identified include a lack of any comprehensive assessment of the barriers and development potential for renewable energy communities, as required under Article 22 of RED II.<sup>1</sup>

These gaps have created regulatory uncertainty, characterised by permitting delays, restricted grid access and unclear registration processes. Stakeholder responses suggest these issues are compounded by political reluctance and the partial adoption of EU strategies. While recent legislative progress in Romania

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<sup>1</sup> European Parliament, Council of the European Union, [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 \(recast\)](#), 40–41, 11 December 2028.

and the launch of a promising pilot project in Hungary offer signs of hope, persistent implementation gaps continue to stifle the growth of community-led renewable initiatives.

## Limited assessments of barriers and opportunities

Governments across the five countries analysed have failed to conduct thorough, dedicated assessments of the barriers to, and development opportunities for, energy communities. This lack of analysis has led to unaddressed regulatory challenges and a failure to integrate these communities into national energy systems.

In **Romania**, the complete absence of any assessment reflects a broader lag in national policy prioritisation. **Hungary**'s attempt to adopt a more practical approach – which saw the government support 20 pilot projects between 2020 and 2021, tasking beneficiaries with identifying relevant barriers – ultimately stalled due to legal unpredictability and regulatory instability.

The situation in **Estonia** highlights a general lack of political commitment. Although energy communities are briefly mentioned in the national energy and climate plan, moving beyond rhetoric would require a fundamental revision of tariffs. Such changes are currently viewed as politically unfavourable as they could negatively impact the 70% of the population living in apartment blocks and impose additional costs on state-owned network operators.

**Poland** stands out for having developed a formal analysis of the barriers hindering the development of energy communities and energy cooperatives, published by the Ministry of Climate and Environment in 2024.<sup>2</sup> However, while the document identifies key barriers, it has not been followed up with a concrete action plan, and promised updates have yet to yield improvements.

Similarly, in the **Czech Republic**, the Ministry of the Environment is currently assessing projects as part of a call supporting the establishment of energy communities under the national recovery and resilience plan.<sup>3</sup> But while the call may eventually serve as a functional assessment, its impact remains to be seen.

Collectively, these omissions represent a failure to comply with the requirements set out in RED II. By neglecting to map local potential, these governments are perpetuating a cycle of inaction that continues to stifle local renewable integration, undermining local energy security and preventing communities from enjoying the social benefits of a decentralised energy transition.

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<sup>2</sup> Ministry of Climate and Environment of Poland, [Analiza barier utrudniających rozwój społeczności energetycznych i spółdzielni energetycznych zidentyfikowanych w trakcie programu wsparcia przedinwestycyjnego](#), 22 August 2024.

<sup>3</sup> Ministry of the Environment of the Czech Republic, [Výzva č. 7/2023 k předkládání žádostí o poskytnutí podpory na zakládání energetických společenství v rámci Národního programu Životní prostředí z prostředků Národního plánu obnovy | 2. aktualizované znění](#), 29 July 2024.

## Regulatory barriers to establishing energy communities

Regulatory hurdles – ranging from permitting delays and restrictive grid-access rules to narrow geographical limitations – dominate the challenges facing energy communities. These shortcomings often render projects ‘non-starters’ before they can even begin.

In **Romania**, grid-connection delays have been compounded by capacity allocation rules prescribed by the National Regulatory Authority for Energy (Autoritatea Națională de Reglementare în Domeniul Energiei, ANRE).<sup>4</sup> This regulation imposes heavy financial guarantees and auction requirements for projects under 5 megawatts (MW), effectively blocking small-scale communities. Underscoring the severity of this bottleneck, data indicate that only 10 to 15% of approved renewable energy community projects actually become operational.<sup>5</sup> A recent survey further revealed that just 2 out of 21 identified projects were active, primarily due to an absence of rules on energy sharing and storage.<sup>6</sup>

**Hungary** faces a similar crisis of scale. The country’s solar boom has led to massive waiting lists without any ‘fast-track’ provisions for communities. As an example, this disparity resulted in a one-time wind tender allocating over 600 megawatt peak (MWp) to private groups – a capacity far beyond the reach of community startups.

In **Estonia**, the main deterrents are disadvantageous grid tariffs and overly complex administrative procedures, such as planning permissions and environmental assessments. Additionally, municipal capacity is often limited, with existing networks ill-equipped to integrate local, decentralised generation.

**Poland** struggles with extreme regulatory fragmentation. Protracted grid connections have left one-third of the country’s 300 energy cooperatives non-operational due to balancing issues with distribution system operators. They are often left with no choice but to sign non-transparent, confidential agreements with operators that dictate unfavourable energy prices. Meanwhile, community-owned renewable installations are repeatedly ordered to reduce output due to grid constraints, preventing them from self-balancing. Additionally, legal ambiguities regarding procurement and VAT mean that municipal-based communities are often unable to include local businesses or individual citizens on their books.

In the **Czech Republic**, establishing an energy community is a highly bureaucratic process. Significant regulatory uncertainty remains over whether energy sharing constitutes an ‘economic activity’ that would subsequently trigger VAT or commodity taxes. Beyond tax concerns, the founding process involves

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<sup>4</sup> National Regulatory Authority for Energy, [ORDIN nr. 53 din 30 iulie 2024 pentru aprobarea Metodologiei privind alocarea capacitatii retelei electrice pentru racordarea locurilor de producere a energiei electrice, precum si pentru modificarea si completarea unor ordine ale președintelui Autorității](#), 2 August 2024.

<sup>5</sup> Mihai Nicuț, [Din zecile de mii de MW “pe hârtie” cu aviz de racordare, doar 10-15% se vor și realiza, estimează ANRE. Ce capacitate nouă în regenerabil se va instala în România în acest an și în 2025 și cum se schimbă regulile de racordare](#), Economica.net, 17 June 2024.

<sup>6</sup> Life COMET, [Evaluarea statutului național pentru dezvoltarea și funcționarea comunităților de energie](#), 10, 30 November 2024.

navigating lengthy property and contract regulations. Currently, many energy community models reliant solely on energy sharing fail to generate enough revenue to cover these high administrative costs.

In summary, the dominance of distribution system operators over grid access, coupled with a critical lack of standardised agreements, is exacerbating delays and heavily favouring large-scale and individual projects over community-led initiatives.

Country	Key barriers	Impact on projects
<b>Estonia</b>	Bureaucratic procedures; outdated networks	Limited municipal execution
<b>Czech Republic</b>	Complicated registration set-up; VAT/tax uncertainty	Administrative costs make small-scale projects unviable
<b>Hungary</b>	Long connection queues; no fast-track provisions for energy communities	Pilot projects failed; wind capacity inaccessible
<b>Poland</b>	Fragmented legal frameworks; non-transparent deals with distribution system operators	One-third of all cooperatives non-operational
<b>Romania</b>	Grid delays; lack of energy-sharing and registration regulations	19 out of 21 projects stuck in planning

## Transposition of EU strategies into national legislation

EU directives, including RED II and RED III, have been only partially transposed, with critical provisions often missing or inadequately implemented.

**Romania** has recognised energy communities in law but still lacks details on grid access, billing, incentives and monitoring.

Similarly, **Hungary** lacks a dedicated enabling framework for energy communities. Following the failure of previous pilot projects, national incentives continue to favour individual prosumers rather than energy-sharing collectives. While reduced tariffs and VAT exemptions for local energy sharing could enhance competitiveness, current fixed prices and price caps maintain the economic unviability of the energy community model.

**Estonia**'s regulatory environment remains contradictory. While the Energy Sector Organization Act technically allows market access, the Electricity Market Act often treats energy communities as network operators, imposing undue requirements that energy communities are unable to meet.

**Poland**'s landscape is currently in transition. While previous versions of the national energy and climate plan were widely criticised as outdated and inadequate, the Ministry of Energy recently released an updated

draft for governmental approval.<sup>7</sup> The new version acknowledges the strategic importance of citizen energy and significantly raises its ambitions, forecasting the establishment of 1,000 energy communities by 2030 – up from the previous target of 300. Yet implementation gaps remain; currently, no single form fully aligns with RED II requirements. For example, municipal and rural cooperatives are restricted from combining operations for biomethane, and existing exemptions remain incomplete.

In the **Czech Republic**, the main barrier to practical transposition is insufficient grid capacity. This technical limitation serves as a core gap that prevents the legislative intent of EU directives from being realised on the ground.

## Registration processes and one-stop-shops

Registration processes are characterised by a lack of clarity, simplicity and accessibility. The absence of widespread one-stop shops – centralised hubs designed to inform citizens and streamline administrative steps – remains a major barrier to entry for energy communities.

In **Romania**, procedures remain fragmented and lack a central coordinating body, leaving applicants in a state of administrative limbo.

In **Hungary**, some basic processes have been established, supplemented with occasional guidance from the Energy and Public Utility Regulatory Authority (Magyar Energetikai és Közmű-szabályozási Hivatal, MEKH). However, a dedicated, step-by-step guide and relevant registration forms are not expected until early 2026.

In **Estonia**, designating existing energy agencies as one-stop shops has been discussed, but the initiative has stalled due to the lack of an agreed-upon legal model for the energy communities themselves.

**Poland**'s system is highly bureaucratic, lacking a unified registration framework. Applicants must navigate a maze of disparate rules across different legal entities: energy cooperatives in rural areas face complex filing requirements, while citizen energy communities fall under separate oversight. Energy clusters are complicated by mandatory local government participation and a 30% renewable energy threshold, while tenant prosumers follow a different administration path entirely. This fragmentation, compounded by inconsistent reporting obligations, hides the true number of active groups and hinders national tracking.

## Strategic leadership and institutional support

Leadership in overcoming barriers varies by country, with local authorities and civil society organisations assuming most of the work. However, their efforts are hindered by the dominant control of distribution system operators over network access.

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<sup>7</sup> Ministry of Energy of Poland, [Projekt Krajowego Planu w dziedzinie Energii i Klimatu do 2030 r. z perspektywą do 2040 r. – wersja opracowana przez ME do zatwierdzenia rządowego](#), accessed 23 December 2025.

In **Romania**, while the Ministry of Energy and the National Regulatory Authority for Energy shape the primary legislation, actual progress depends on whether distribution system operators allow projects to connect. Civil society organisations currently bridge this gap by providing the technical support citizens need to get projects started.

In **Hungary**, the early pilot projects were primarily led by energy companies, but the gradual phase-out of net metering has shifted leadership towards local governments and prosumers seeking to optimise energy use at the local level. Currently, the Hungarian Energy and Public Utility Regulatory Authority, the Independent Energy Data Centre (Független Energetikai Adatközpont Zrt., FEAK), and distribution system operators are tasked with developing the data systems required for local energy sharing.

In **Estonia**, network operators primarily act as executors of public policy, but with limited flexibility. Interest from public agencies, municipalities and local communities is growing, and non-governmental organisations are increasingly proposing practical solutions.

In **Poland**, municipalities and entrepreneurs are the most active participants, while citizen involvement remains limited by a lack of technical capacity. Strategic support is provided by financial agencies, such as Mazovia Energy Agency, which offers dedicated funding instruments. In tandem, non-governmental organisations bridge the gap by providing the necessary education and networking opportunities to navigate the country's fragmented legal landscape.

In the **Czech Republic**, municipalities and local action groups have emerged as proactive coordinators, leveraging their technical expertise. While private enterprises typically own the energy sources and distributors enable energy flows, regional agencies offer advisory support. Citizen participation, however, remains low due to high upfront costs. Administrative complexity, regulatory unpredictability and low economic incentives continue to hinder both the establishment and long-term management of energy communities throughout the country.

Despite these obstacles, a number of initiatives have demonstrated that the energy community model is feasible. Projects such as Energy Coop Hnutí DUHA – the first nationwide energy cooperative in the Czech Republic – and Enerkom Slovácko show that persistence can yield results. However, their experience confirms that ongoing management remains exceptionally challenging without strong institutional backing and external funding.

Effective leadership in the region is currently driven by a mix of local governments (**Hungary**, **Poland** and the **Czech Republic**), non-governmental organisations and citizens (**Romania** and **Poland**), and regional agencies (**Estonia**). Crucially, national coalitions – comprising stakeholders from civil society organisations to local authorities – have become essential players. These coalitions, such as those supported by the Life

COMET project, are now operating at both national and EU levels to advocate for the systemic changes that individual groups cannot achieve alone.<sup>8</sup>

To unlock the potential of these energy communities, national support must be tailored to specific regional needs: **Romania** requires clear regulations, **Estonia** needs direct grants, and the policy priorities under **Poland**'s national energy and climate plan must be revised. While policy-maker capacity is generally limited, it is improving slightly. Progress is most visible in **Romania**, driven by EU pressure, and the **Czech Republic**, where awareness is reaching a 'medium' level of maturity. Conversely, progress in **Estonia** remains incremental, while **Hungary** and **Poland** remain largely stagnant as state interests continue to favour centralised energy control.

These bottlenecks underscore the urgent need for harmonised transposition of EU directives and simplified registration processes. Critically, the transition depends on the mandated cooperation of distribution system operators and assigning them clearly defined obligations. Without empowering local leaders, energy communities will remain a marginal part of central and eastern Europe's energy transition rather than a cornerstone of its success.

## Technical, digital and institutional barriers

Given the context of diminishing investment capacity, distribution system operators must engage energy communities and the wider private sector as strategic partners to collaboratively address challenges more rapidly and flexibly within specific grid areas. Distribution system operators should also procure local flexibility services to incentivise energy communities and make future-proof investments that benefit both the energy community and the grid.

Currently, the core issue revolves around asset ownership and the resulting regulated tariff rates. Distribution system operators are primarily incentivised to maximise internal capital expenditure – often described as 'investing in their own iron' – rather than seeking external collaboration. To resolve this issue, network operators should establish clearer and more reasonable terms for leasing low-voltage distribution networks to energy communities.

The technical challenges facing the region are closely linked to issues with grid integration, digital tools and infrastructure limitations, compounded by institutional gaps in capacity and awareness. Stakeholder responses reveal common bottlenecks like insufficient grid capacity, delayed smart metering, and inadequate demand-response mechanisms, as outlined in RED III. These issues hinder the scalability of energy communities, particularly in rural areas, where high costs and outages exacerbate problems.

While some EU-funded upgrades are underway, distribution system operators are not fully prepared and typically not obliged to fulfil their duties due to legislative shortcomings. To address these issues,

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<sup>8</sup> Life COMET, [Support to energy communities](#), accessed 3 December 2025.

investments must prioritise smart technologies and flexible contracts to enable reverse flows and real-time management.

## Technical barriers to establishing energy communities

Grid connection capacity, voltage stability, storage integration, and smart-meter compatibility pose significant hurdles, often stalling projects at the implementation stage.

In **Romania**, limited capacity and voltage issues are delaying suburban photovoltaic cooperatives and rooftop solar pilot projects. Storage integration is also a challenge due to high costs and compatibility gaps.

In **Hungary**, connection restrictions at medium- and high-voltage levels are widespread, forcing pilot energy communities to wait years in connection queues. Voltage instability is a particular problem in suburban areas with high rooftop photovoltaic penetration, where some low-voltage circuits have been closed, despite development continuing elsewhere. Smart-meter deployment remains at an early stage (just over 10% in 2024), limited by distribution and transmission system operator data capacities. These deficiencies are being partially addressed through EU grants from the Recovery and Resilience Facility and the European Regional Development Fund.

In **Estonia**, energy communities face complex connection requirements for both generation and consumption, regulatory restrictions on direct lines and closed distribution networks, and high upfront costs.

In **Poland**, distribution system operators are required to issue connection conditions within 100 days for registered cooperatives, but there is no deadline for completing actual grid connections once entities are listed in the official energy community register run by the National Support Centre for Agriculture (Krajowy Ośrodek Wsparcia Rolnictwa, KOWR). Smart meters are largely absent, and data delays prevent real-time self-consumption. While ENEA, a regional distribution system operator, is leading smart-meter deployment, the country's largest operator, PGE – serving most cooperatives – lags behind.

Though the situation in the **Czech Republic** is less clear, issues such as grid capacity shortages imply similar constraints.

These bottlenecks underscore outdated infrastructure ill-suited to decentralised generation, often leading to project abandonment or underperformance.

## Digitalisation under the Renewable Energy Directive III

The Renewable Energy Directive III (RED III) emphasises the necessity of smart metering, real-time data sharing and demand-response mechanisms to empower energy communities. However, implementation remains sluggish due to a combination of technical, regulatory and economic barriers.

In **Romania**, the deployment of smart meters is limited, and fragmented data access – combined with high costs and incomplete regulations – is undermining the core objectives of RED III. In **Hungary**, the situation is further complicated by household price caps that block essential demand-response price signals. Additionally, the cross-financing of grid and energy costs discourages transmission and distribution system operators from investing in infrastructure, while a lack of oversight from the government and the Hungarian Energy and Public Utility Regulatory Authority fails to justify fees, effectively stifling digital progress.

**Estonia** has successfully established data availability and processing frameworks but still lacks flexible connections and efficient asset utilisation, such as sharing via substations. This restricts the digital benefits of RED III, as existing smart applications remain overly dependent on specific manufacturers.

In **Poland**, the challenges are even more fundamental. The near-total lack of smart meters makes real-time data and demand-response impossible, leaving consumers with monthly invoices based on outdated consumption patterns.

The **Czech Republic** faces significant digital bottlenecks that challenge its alignment with RED III. Progress on smart-meter deployment is slow, and the functionality of the Energy Data Centre – financed under the Recovery and Resilience Facility – is currently ill-suited for energy sharing, hampered by difficult access, an absence of application programming interfaces, and a lack of dynamic allocation methods. As a result, flexibility mechanisms remain difficult for energy communities to implement, both technologically and administratively.

Overall, political taboos, such as household price caps and delayed infrastructure rollouts, continue to hinder the digitalisation provisions of RED III. These barriers severely limit the flexibility and operational efficiency of energy communities, preventing them from responding to real-time market signals.

On a positive note, the EU's newly published Grids Package offers a potential way forward. This initiative proposes simplified and accelerated permitting processes specifically for smaller projects. The Package also highlights social acceptance and benefit sharing as key components for accelerating the deployment of renewable energy sources.<sup>9</sup>

## Additional bottlenecks in rural and remote areas

Rural and remote regions frequently amplify existing grid issues due to sparse infrastructure, excessive maintenance costs, and a heightened vulnerability to disruptions.

In **Romania**, mountainous areas face considerable hurdles, including distant connection points, low network capacity, and the logistical difficulty of transporting heavy equipment. Strategic priorities for these

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<sup>9</sup> European Commission, [European grids](#), accessed 12 December 2025.

regions must include the development of microgrids, local storage solutions, and targeted network reinforcements to bridge the gap.

In **Hungary**, remote farms across the Great Hungarian Plain have the option to install off-grid photovoltaic systems with battery storage through dedicated grants. However, capacity remains limited, suggesting a need for expanded support for hybrid systems combining various renewable energy sources.

Similarly, **Estonia**'s islands and rural zones suffer from exhausted generation capacity and a lack of flexible connection options. Though the availability of land aids development, the lack of seasonal energy storage remains an obstacle. Prioritising flexible grid agreements could significantly mitigate these capacity constraints.

**Poland**'s rural grids are notably expensive to maintain, and higher distribution fees often fail to recoup the necessary costs. This leads to a stark urban–rural divide in reliability: while urban repairs are relatively swift, outages in rural areas following natural disasters can last for up to two weeks. A EUR 1 billion modernisation project, financed under the national recovery and resilience plan, is currently underway to address these infrastructure gaps, though progress has been slow and requires urgent acceleration.

Though no specific rural data was provided for the **Czech Republic**, general capacity shortages across the country point to similar logistical strains.

Mitigation efforts across the region must focus on EU-funded upgrades, flexible connections, and resilient network designs to ensure the energy transition does not leave remote communities behind.

## Readiness of distribution system operators

Distribution system operators across central and eastern Europe are unprepared for the integration of community-generated renewables. National grids lack the essential tools for managing reverse power flows and accurate forecasting, while national legislation often remains vague regarding the specific obligations of operators.

In **Romania**, distribution system operators are considered only partially ready. While the legislation defines their duties, there is a distinct lack of enforcement regarding timely grid access – specifically the two-week response times and two-month metering deadlines.

**Hungary** currently lacks any specialised rules for energy communities, and while these groups theoretically hold 'balanced' contract positions, this remains untested as infrastructure upgrades focus on general grid maintenance rather than decentralised support.

**Estonia** serves as a call for a paradigm shift: distribution system operators must transition into partners that procure services. However, current asset ownership models incentivise internal investment over such collaboration. To resolve this issue, reasonable low-voltage leasing terms must be established.

In **Poland**, distribution system operators are largely unprepared for bidirectional networks. Regulations mandate that connection conditions be issued within 100 days, but the lack of further deadlines and the prevalence of monthly metering significantly hinder real-time operational planning.

The **Czech Republic** displays a starkly varied landscape of readiness. For instance, the Central South Moravian Procurement Agency (Centrální jihomoravský zadavatel, CEJIZA) rates the readiness of distribution system operators at only 1 out of 5 due to persistent capacity and transparency issues. In contrast, Tábor's municipal housing and energy manager (BYTES Tábor) rates readiness at 4 out of 5, citing active connection renovations despite ongoing difficulties with data access.

Czech legislation currently prevents distribution system operators from cancelling unused capacity reservations and enforces a 'first come, first served' rule that fails to prioritise strategic projects like battery storage solutions and energy community initiatives. Amending these laws to include capacity 'amnesties', strict project milestones, and flexible tariffs is essential.

Clearly defining the obligations of distribution system operators through legislation aligned with RED III is critical for the effective integration of energy communities. Key reforms should include the prioritisation of strategic projects and the implementation of compensation mechanisms for supply limits.

The European Association of Local Energy Distributors (Groupement Européen des entreprises et Organismes de Distribution d'Énergie, GODE), as outlined in their February 2025 fact sheet,<sup>10</sup> have called for a shift from passive management to active facilitation. This involves fostering collaboration through coordination centres and appointing energy-sharing facilitators to handle onboarding and complex data flows. Additionally, operators must leverage smart grid technologies to enable real-time monitoring and flexibility services to address congestion and voltage issues.

## Public funding

Public funding in central and eastern Europe remains underutilised for energy communities due to institutional gaps, low awareness, and misaligned national strategies. As highlighted by stakeholder responses and independent monitoring,<sup>11</sup> existing initiatives are severely limited. The number of operational communities varies significantly across the region – from a mere handful in **Romania** to 304 in **Poland** – yet even the most established energy communities are often constrained by regulatory hurdles.

Capacity-building programmes are currently sparse, relying heavily on isolated EU projects or regional efforts rather than a systemic national approach. National energy and climate plans typically mention communities only minimally, lacking any actionable targets.

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<sup>10</sup> GODE, [GODE FACT SHEET | Energy Communities: A DSO Approach](#), February 2025.

<sup>11</sup> REScoop.eu, [Cohesion & Regional Development funds tracker](#), accessed 3 December 2025.

Beyond the technicalities, social barriers such as scepticism and a historical mistrust of collective structures further impede growth. However, targeted education and strategic policy adjustments could significantly enhance the environmental and social contributions of these communities, particularly with regard to reducing carbon emissions and alleviating energy poverty.

Optimising the funding landscape requires targeted measures, such as the provision of bridge financing, VAT exemptions, and increased opportunities for stakeholder dialogue. There is also a critical need for the greater involvement of financial institutions. For example, commercial banks should be incentivised to provide tailored loans and credit facilities to energy communities, ensuring equitable access to the energy transition.

## Operational energy communities and planned initiatives

Only a few operational energy cooperatives exist, with the majority still in the early planning stages or pilot implementation.

In **Romania**, there are very few active entities, with the pilot projects that are underway highlighting a critical need for clear regulatory frameworks, guaranteed grid access, and more robust community engagement strategies.

In **Hungary**, there are currently 18 registered energy communities, most of which operate as not-for-profit entities, with only one established as a formal cooperative. A pending amendment to the Cooperative Act could ease existing barriers by removing restrictive member ratios while retaining the democratic ‘one-member, one-vote’ principle.

In **Estonia**, local initiatives, such as a project in the village of Savala in Ida-Viru County<sup>12</sup> – part of the broader Green Communities (Rohelised kogukonnad) scheme – demonstrate the effectiveness of community-led technical solutions. Here, carbon-intensive boilers in multi-apartment buildings have been replaced with air-to-water heat pumps. However, regulatory limitations currently force such projects to operate via a single connection point.

**Poland** anticipates a surge in registrations by mid-February 2026, following the National Support Centre for Agriculture relaxing self-consumption requirements from 70% to 40%. While this has catalysed a boom beyond the 304 currently registered energy cooperatives, growth is expected to stabilise after the 31 December 2025 application deadline. The spike partly reflects a lack of awareness, as many cooperatives already met the previous higher threshold.

The **Czech Republic** continues to see growing momentum, aided by the efforts of the Union of Community Energy (Unie komunitní energetiky, UKEN) – a national coalition that supports the sector through capacity

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<sup>12</sup> Põhjarannik, [Kui maja on nagu sõelapõhi ja küttää ei jaksa, siis pole muud valikut kui renoveerida](#), Põhjarannik, 27 September 2025.

building, advocacy and financing. It draws practical lessons on sharing structures from established municipal projects, such as those managed by BYTES Tábor.

## Capacity-building and support programmes for municipal collaboration

Capacity-building support programmes for municipal collaboration remain limited and predominantly driven by EU initiatives rather than national schemes.

In **Romania**, there is a marked absence of dedicated government programmes, leaving non-governmental organisations to navigate fragmented EU funding streams.

Similarly, **Hungary** relies on EU projects such as LIFE, Danube Interreg DECA, ENERCOM and Life COMET to promote community activities, though these frameworks do not specifically mandate or formalise connections between energy communities and local government authorities.

In **Estonia**, potential for this type of collaboration exists under the Green Communities framework, though institutionalised national support remains in its infancy.

In **Poland**, rare examples of structured support include the Polish Green Network's Social Climate Plan pilot project, which integrates educational components. Additional support is provided through regional EU funds in Małopolska, Mazovia and Lower Silesia.

Meanwhile, in the **Czech Republic**, regional agencies operate with high autonomy, typically funding their activities through municipal or regional means independent of national institutional aid.

## Role of regional agencies

Regional agencies play important advisory and awareness-raising roles, but their overall impact remains limited and would benefit from stronger national support.

In **Romania**, regional agencies are viewed as essential for scaling the sector by providing technical training, access to funding, practical tools, data provision and guidance.

In **Estonia**, regional agencies provide support by raising public awareness and assisting with pilot projects and policy proposals. However, there is a clear need for enabling measures such as special tariffs and frameworks that allow distribution system operators to procure local flexibility services.

In **Poland**, regional agencies are essential for navigating financing, particularly Mazovia Energy Agency, the Eastern Fund, the Małopolska Regional Development Agency, and Tarnów Regional Development Agency.

In the **Czech Republic**, regional energy agencies provide broad support to local initiatives, focusing on subsidies to ensure economic viability comparable to that of large-scale projects.

**Hungary** remains an outlier, with no regional agencies currently offering support.

## Inclusion in national energy and climate plans and strategic documents

Energy communities receive general mentions in national energy and climate plans, reflecting low political priority rather than concrete commitment.

In **Romania**, energy communities are treated as a policy objective, but without accompanying measures, reflecting the transposition of EU legislation.

In **Hungary**, energy communities receive specific mention in the national energy and climate plan. It is expected that at least one energy community, regulated by independent aggregators, will be operational in each of the country's 175 microregions by 2030.<sup>13</sup> While this represents an ambitious governmental vision for decentralisation, there is currently no detailed, step-by-step guidance to help energy communities.

**Poland**'s original national energy and climate plan omitted energy communities entirely. However, the revised plan introduces citizen energy as a strategic objective and projects the creation of 1,000 energy communities by 2030, up from 300 in the earlier draft following the advocacy of civil society organisations.

In the **Czech Republic**, the national energy and climate plan highlights community energy as a tool to increase public acceptance around renewable energy and to combat energy poverty, with plans for legislative and financial support measures once key barriers are identified.

## Conclusions

Energy communities represent a strategic yet still underutilised pillar of the energy, social and economic transformation in central and eastern Europe. This briefing demonstrates that, despite growing interest at the local level, development continues to be constrained by persistent legal, technical, institutional and financial barriers. These challenges are not isolated or purely national in nature, but rather reflect structural shortcomings in how decentralised energy solutions are prioritised and supported across the region.

At a critical moment for the EU, with discussions on the post-2027 Multiannual Financial Framework intensifying, the future of energy communities must be firmly anchored in EU budgetary priorities. Current proposals risk overlooking the transformative potential of community-led energy initiatives by failing to provide dedicated, predictable and accessible funding streams.

Without clear earmarking and tailored instruments, energy communities will continue to compete unevenly with large-scale projects, despite delivering disproportionately high social, economic and regional benefits. Supporting these initiatives through the next Multiannual Financial Framework would directly contribute to EU cohesion policy objectives, reduce regional disparities, and strengthen local ownership of the energy transition.

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<sup>13</sup> Together for 1.5, [Energy communities low on the agenda](#), 29 May 2025.

Beyond climate objectives, energy communities are increasingly relevant from a security perspective. By fostering local renewable generation and collective self-consumption, they reduce dependency on imported fossil fuels and enhance resilience against external shocks. In a region exposed to energy insecurity, price volatility and geopolitical pressures, strengthening community-based energy systems contributes directly to higher standards of energy security. At the same time, such models can stabilise local energy costs, mitigate energy poverty and contribute to reducing energy poverty across central and eastern European countries.

Our findings show that the energy transition cannot be pursued in isolation from its social dimension. Energy communities function as vehicles for fostering social innovation and building trust and engagement in post-socialist nations where collective action has been historically undermined. Continued investment in the just, inclusive and participatory nature of the transition is therefore essential. As EU funding priorities change, the energy and social transition must remain among the core investment areas in the region, alongside infrastructure and competitiveness.

Looking ahead, aligning regulatory reforms, grid modernisation and public funding with the needs of energy communities will be crucial. A stronger role for these initiatives in the national energy and climate plans, combined with dedicated financial support under the next Multiannual Financial Framework, could unlock their full potential. Addressing the pervasive legislative barriers identified across the region is necessary to ensure energy democracy.<sup>14</sup> In doing so, the EU would not only accelerate decarbonisation but also reinforce energy independence, social cohesion and long-term security in central and eastern Europe.



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<sup>14</sup> REScoop.eu, [Energising the Semester: How the European Semester could further energy democracy in the EU](#), 10 September 2025.