



IN FOCUS

SOLAR POWER FOR TENANTS



The Landlord-to-Tenant Electricity Act of 2017 expanded the range of funding programmes aimed at boosting solar electricity in Germany. Tenants in residential buildings with rooftop solar installations can now get electricity directly from these systems at a reduced cost. The Solar Package I further improves the framework conditions for switching to solar power.



Solar panels on residential buildings in cities will soon no longer be a rare sight. (Source: Canetti/Shutterstock)

Making use of the solar energy potential of multi-family homes

In the past, single-family homeowners were already able to benefit from decentralised electricity generation and the option of using electricity generated by their own solar installations. Yet for the many people living in rented accommodation and homeowners' associations, especially in German cities, these benefits were virtually out of reach. However, since the adoption of the Landlord-to-Tenant Electricity Act in 2017, tenants can now get their electricity directly from solar installations on the rooftops of their blocks of flats. This is an attractive option for tenants and homeowners' associations because it allows them to save on costs normally included in the price of electricity. For example, they do not have to pay grid fees, as the electricity goes from rooftop to flat without passing through the public grid. Setting up the required metering plan and living up to the responsibility of supplying tenants with electricity

at all times can cause additional costs to be incurred by the landlords or the companies commissioned by them when using the scheme. However, these costs can be offset via the landlord-to-tenant supply premium set out in the Renewable Energy Sources Act. Any surplus electricity from the solar PV installations which cannot be consumed in the building directly or a building in the same neighbourhood and is instead fed into the public grid is eligible for the usual remuneration under the Renewable Energy Sources Act. When the sun is not shining, the tenant's electricity provider procures the required residual electricity.

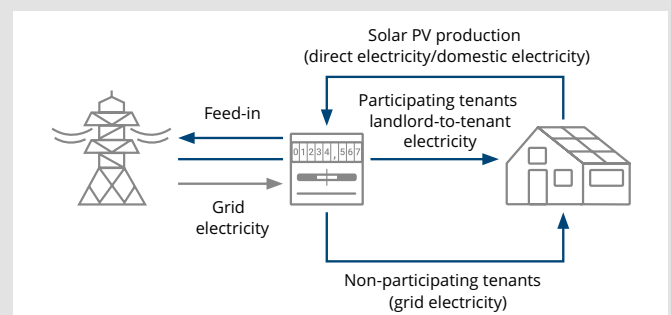


Figure 1: Setting up a landlord-to-tenant electricity installation (Source: BSW Solar)

Who benefits from landlord-to-tenant electricity?

The rules on landlord-to-tenant electricity have advantages for tenants and homeowners' associations, the real estate industry, landlords and municipal energy providers. They help to increase public participation in and acceptance of the energy transition.

The Landlord-to-Tenant Electricity Act aims not only to give tenants and homeowners' associations a greater role in the energy transition, but also to make it financially worthwhile for them. In this way, users benefit from favourable electricity tariffs. This creates no new dependencies for tenants, because they themselves decide whether or not to conclude a landlord-to-tenant electricity contract, ensuring that tenants are still free to choose their electricity supplier.

The Solar Package I extends the scope of the landlord-to-tenant electricity supply scheme. In future, this scheme can be used not only for residential buildings, but for all types of buildings. This means that the tenants of com-

mercially used buildings, such as shopping centres or restaurants, can also be supplied with landlord-to-tenant electricity.

Landlord-to-tenant electricity in the context of the energy transition

The landlord-to-tenant electricity scheme contributes to the energy transition in Germany by boosting the expansion of photovoltaic installations, increasing the use of rooftop spaces, particularly in urban areas. Generating solar electricity at low cost and close to the point of consumption, in conjunction with digitalisation, allows for the creation of new business models and services.

IN BRIEF

What is landlord-to-tenant electricity?

Landlord-to-tenant electricity is electricity generated by solar installations on the rooftops of buildings and supplied directly to the tenants and homeowners' associations of that very building or neighbouring buildings. Any surplus electricity can be fed into the public grid or placed in temporary storage. In practice, landlords will not necessarily invest in a solar installation or supply electricity themselves. Instead, they can commission third parties such as municipal utilities to undertake these tasks.

Who is eligible for funding?

Operators of solar installations with an output of up to 1 megawatt peak (MWp) can receive the tenant electricity surcharge from their grid operator for every kilowatt hour (kWh) supplied under the scheme. At times when they cannot supply enough or any solar electricity, it is possible to draw electricity from the public grid. This additional electricity is not eligible for funding under the scheme.

How much funding is available?

The landlord-to-tenant supply premium as provided for by the Renewable Energy Sources Act is calculated based on the size of the installation. In addition to the premium, suppliers of landlord-to-tenant electricity also receive revenues from selling electricity to tenants. Tenants pay no grid fees or grid surcharges and pay lower taxes on solar power supplied directly by their landlords, which is in turn reflected

in a favourable landlord-to-tenant electricity tariff. Any surplus electricity will be fed into the public grid and operators will be paid the feed-in tariff pursuant to the RES Act. To protect tenants, a price cap applies to the landlord-to-tenant electricity tariff, which means that the landlord-to-tenant electricity tariff may not be higher than 90% of the basic service tariff of the local utility supplier.

What's new to the 2023 Renewable Energy Sources Act?

The recently introduced Solar Package I extends the use of landlord-to-tenant electricity models to buildings that are used for other purposes, for example commercially used buildings. In addition, the possible initial term of landlord-to-tenant electricity contracts will be extended from one to two years. However, the notice periods are subsequently shortened (to adjust them to the rules under 'other contract law'). In addition, the Solar Package I introduces a new scheme for the on-site supply of electricity from solar plants in the same building, so-called 'shared building supply', as a less bureaucratic alternative to landlord-to-tenant electricity.



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