

Community Energy Fund: How North Rhine-Westphalia is unlocking community energy projects

North Rhine-Westphalia, Germany

Population:
18 million

GDP:
789.7€ billion (2024)

Targets

Committed to become climate-neutral
by 2045.



The challenge with community energy projects

Community energy projects are renewable energy initiatives that are partly or fully owned and managed by local citizens, cooperatives, or municipalities. They produce clean energy while keeping economic and social benefits within the community.

The feasibility of these projects is usually decided during the early planning phase. It requires site surveys, technical and environmental studies, legal checks and permit applications – all of which cost time and money. Many projects don't make it past this stage, and the money spent on planning can be lost if the project is abandoned. Large companies can spread these losses across multiple projects, but small, local community groups often can't – cancelling a single project can threaten their whole initiative. Because of the high risk of sunk costs and uncertain returns, community actors sometimes avoid investing in early-stage planning.

In Germany, recent reform of the Renewable Energy Act (EEG) has improved recognition of community actors, but complex regulations and bureaucracy remain important barriers. These combined factors – upfront planning costs, uncertain grid access, regulatory complexity and limited access to affordable finance or expertise – explain why many community initiatives struggle to come off the ground.



The North Rhine-Westphalian Community Energy Fund has been well received by our local community energy initiatives. The number of applications shows that we are addressing an important challenge for community energy projects. Based on the very positive feedback received thus far, we are now expanding the funding program to include heat supply infrastructure.

Mona Neubaur, Minister for Economic Affairs, Industry, Climate Action and Energy of the State of North Rhine-Westphalia.



The solution: a regional fund acting as risk-taker

To address the high risks and costs during early planning, the government of North Rhine-Westphalia has established the Community Energy Fund. This regional programme supports community energy initiatives to carry out preliminary planning with reduced financial risk. Launched in January 2025, the fund grants a subsidy of up to € 300,000 for activities such as technical and environmental assessments, site surveys, grid connection studies, and permit applications for community energy projects.

A key feature is its conditional repayment mechanism. If the project goes ahead, the grant needs to be paid back; but if the project does not make it past the planning phase, the funding doesn't need to be repaid. This setup shifts the burden of risk away from small local actors while ensuring that public funds are returned if projects succeed.

As the government carries part of the risk, the programme lowers upfront financial and operational barriers for community and civic groups. It gives them room to test feasibility without fear of losing everything. The programme is funded by the state of NRW and is administered by [NRW.Bank](#), the state development bank. It receives technical and advisory support from [NRW.Energy4Climate](#), the State Agency for Energy and Climate Protection, which reviews proposals for technical plausibility.

Currently, the program supports wind solar, hydro and bioenergy projects for electricity generation. North Rhine-Westphalia will now expand the program to provide support for accelerating the heating and cooling transition by involving local stakeholders in district heating, renewable heat, and similar systems.



Impacts: € 3.8 million worth of projects

As of December 2025 (11 months after launch) the scheme has generated a lot of interest and impact:

- More than 40 civic energy initiatives have expressed interest in the programme and have taken advantage of relevant consultations.
- 21 applications have been submitted to the NRW.Bank.
- 17 applications have already been approved, for approximately € 3.8 million in funding.

These projects include more than thirty wind turbines with a total capacity of more than 300 megawatts, and seven solar farm projects with a total capacity of around 40 megawatts. So far, no applications have been submitted for hydropower and bioenergy plants.

Get in touch

To find out more about subnational green budgeting and Next Generation Budgets project, please visit our website.

Follow us:    

