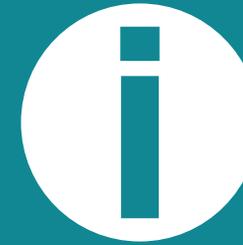


Renewable Energy Co-operatives



Introduction

In 2002 the Ontario electricity market was partially deregulated. Government controls regarding the ownership of power generation facilities relaxed, allowing new electricity generators to bid for contracts to deliver power. Smaller power producers began to emerge, especially in the renewable energy sector, and a few were driven by the prospect of community ownership.

Ontario's *Green Energy and Economy Act* of 2009 introduced a Feed-In Tariff (FIT) program that expanded available opportunities for renewable energy power producers. Feed-in Tariffs (FITs) offer fixed-price, long term contracts to power generators and are calculated to provide a reasonable rate of return for feasible projects (roughly 10%). Because the price is known at the outset and the application for contracts is open to a diversity of players, FITs make it easier for smaller projects to participate in the electricity market.

The Green Energy Act also established a new form of co-operative, the Renewable Energy

One of the earliest community power projects in Ontario was the WindShare Energy Co-operative (incubated by TREC), which erected a 660 kW wind turbine at Exhibition Place in Toronto in 2002. The co-op, with more than 400 community members, owns the turbine jointly with Toronto Hydro.

Co-op (REC), which differs from other co-ops in that:

1. The business of the co-operative is limited to generating and selling electricity;
2. The co-operative is not required to conduct 50% of its business with members (since directly connecting an individual's investment to electricity usage is a cumbersome and costly process in Ontario);
3. The surplus of the co-operative is to be distributed to members in accordance with the by-laws (rather than in proportion to the business they do with the co-op).

A number of co-ops incorporated during or even before the first round of the FIT program in 2009 (TREC/Windshare, LIFE, OREC), however, a second round of the FIT program was announced in late 2012. FIT 2.0 led to an explosion in the number of RECs in Ontario, as both local communities and project developers sought to take advantage of the new rules surrounding renewable energy projects and community participation. Under FIT 2.0, 15 co-ops were offered contracts to build and operate generation projects. Today, there are over 70 incorporated RECs in Ontario, many of which are now pursuing projects.

Ontario's growing REC sector has formed several associations to aid the sector as a whole. These organizations lobby for appropriate policy, share best practices and speak collectively for the sector.

Different Types and How They Work

Renewable energy co-ops can take several different forms. Many in Ontario generate electricity from renewable energy sources and are incorporated as RECs, but there are

Examples of RE Co-ops

Solar

SolarShare
solarbonds.ca

Ottawa Renewable Energy Co-op
ottawarenewableenergycoop.ca

Local Initiative for Future Energy (LIFE) Co-op
lifecoop.ca

Options for Green Energy
optionsforgreenenergy.ca

Wind

WindShare
windshare.ca

Biogas

ZooShare Biogas Co-op
zooshare.ca

Other Green Energy Co-ops

Agris Solar
agrissolar.coop

Everpure Biodiesel
everpurebiod.ca

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other ways that co-ops can participate in community energy initiatives.

In some co-ops members come together, pool their investment and collectively develop large project portfolios on their own (like the SolarShare Co-op, which has a project portfolio approaching \$10 million and over 500 members). Others pursuing this model include Green Energy Co-op, Ottawa Renewable Energy Co-op and Northumberland Community Power Co-op. In these cases, the co-op earns revenue by selling electricity to a third party distributor, and then distributes the profits from sales to its members.

Not all co-ops seek to own and develop their own projects. Some are created to partner with developers (or landowners) and take a minority share in projects to earn priority points under FIT 2.0.

Other co-ops have formed as developers of RE projects for private or industry use. For example, Agris Energy Co-op works with farmers to develop small solar energy systems on their land. They have reduced the cost of systems through bulk purchasing and turn-key installation solutions.

Rural landowners can also form a co-op for the purposes of organizing and maximizing bargaining power. Developers often approach these landowners with lease agreements for large generation

Fit 2.0 offers 3 “priority points” to projects owned 15% or more by a co-operative. FIT 2.0 also introduced a “set-aside” that reserves a portion of the contracts for projects owned 50% or more by co-op and aboriginal groups. In addition, co-op projects over 50% pay lower Application Security fees, and are eligible for grant funding from the Community Energy Partnership Program.

projects (such as wind turbines). The co-op model enables landowners to strategically negotiate their collective interests and ensure that all participants receive an appropriate share of resulting revenue. To date, this possibility has been underutilized in Ontario.

RECs vary in size and structure; they can be either for-profit or not-for-profit, operate with or without share capital and manage one project or a whole portfolio. Regardless of differences, all RECs work to meet the needs and interests of their members, are democratically controlled and aim to put some decision-making power about energy back into the hands of communities.

Resources

Community Energy Partnership Program (CEPP) communityenergyprogram.ca

The CEPP provides up to \$500,000 funding for community power and renewable energy education projects.

Federation of Community Power Co-operatives (FCPC) fcpcoops.ca

An umbrella organization for community power co-ops in Ontario. It keeps the sector informed on key issues, facilitates the sharing of best practices and pushes for policies and programs that support REC growth.

Ontario Sustainable Energy Association (OSEA) ontario-sea.org

An umbrella organization with an incredibly diverse membership of individuals, manufacturers, installers, developers, municipalities, First Nations, farmers, co-ops and other community organizations. OSEA's mission is to provide accurate and timely information and an unparalleled network of community and commercial supporters.

TREC Renewable Energy Co-operative trec.on.ca

A service co-op to the renewable energy sector. Since its inception in 1998, TREC has incubated, managed and administered the development of several RE co-ops in Ontario and has been at the forefront of community power policy discussions in this province and beyond.

FOR MORE INFORMATION, CONTACT

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ontario.coop

More resources are available at:
CoopZone Network
coopzone.coop

This is one of a series of FACTSheets created by OCA providing general knowledge, best practices, and sector-specific information.

Get the full list of FACTSheets online at ontario.coop/documents_downloads