

Renewable Energy Co-operatives



History

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. The total number grew to over 70 incorporated RECs in Ontario, many with successful projects.

Ontario's REC sector is organized informally and through OCA, 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

Agrisolar
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 Solar 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

Renewable energy co-operatives are those co-ops whose articles of incorporation restrict the activities of the co-op to generating or selling electricity produced from one or more renewable sources. **However, with recent changes to the Act, it is no longer necessary for a co-operative with renewable energy projects to be restricted to owning and operating them.**

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.

Invest

Looking for a renewable energy co-op to invest in?

Community Power Northumberland is a grassroots organization working to harness the power of community, literally and figuratively. We want to encourage community commitment to sustainability, and we want to tap into our members' passion for a cleaner, greener future

SolarShare is Canada's leading renewable energy co-op who has over 2,000 members investing over \$65 Million into community-owned solar power projects across Ontario through SolarShare. Join them!

CED Co-op invests in renewable energy projects, generating revenue by selling the electricity these projects produce to the grid through the Feed-In-Tariff (FIT) program. With 20-year electricity generation contracts, this revenue is stable and safe, delivering predictable returns for our investors. In 2015 the first CED Co-op Offering Statement, generated over \$9.6 million of investment in solar energy projects. Following that success, they raised \$100,000 through their Bonds Series N1-5. Don't miss out on the latest opportunity for community minded, professional investment!

FOR MORE INFORMATION, CONTACT

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More resources are available at:
CoopZone Network
coopzone.coop

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