

# Renewable Energy Co-ops

The Current Ontario Experience

TORC Renewable Energy Forum

November 7<sup>th</sup>, 2007

# Outline

- Overview of co-ops in Ontario
- Outline of renewable energy co-ops
- Success factors and challenges
- Questions

# Co-ops Overview

- Approx. 1300 co-ops in Ontario
- +19 billion dollars in assets
- Co-ops operate in many types of sectors:
  - Organic food
  - Child care
  - Social services
  - Financial services
  - Arts and crafts
  - Agriculture
  - Housing
  - Forestry
  - Renewable energy

# Legislation

- Co-ops have own legislation in Ontario
- *Co-operative Corporations Act*
- Outlines:
  - Definition of a co-op
  - How co-ops can conduct business
  - Requirements for financial and administrative management of co-ops

# Renewable Energy Co-ops

- Using co-ops or collaborative community ownership for renewable energy projects has been happening in Europe for many years
  - Particularly in Denmark, Germany, Netherlands
- Started in the 80s and 90s
- More recent in Ontario (post 2000)

# Benefits

- Co-ops allow citizens and organizations in a particular community to develop and own their own projects
- Communities can benefit financially
  - Local ownership can contribute more to local economic development than private developments (Iowa Policy Project)

# Co-op models

- Producer models to generate power has been the historic use of the model in Ontario over the last 5-7 years
  - Especially for wind and solar projects
- Consumer models are starting to become more popular
- Model is theoretically flexible, and can be used with other corporate structures to facilitate project development

# How's the producer model work?

- Group of individuals come together to build community-scale generation projects
  - WindShare turbine at Exhibition Place
- Investment in the co-op based on the household consumption of electricity
  - Energy Link Theory
  - Major challenge from the co-op point of view

# Producer model variations

- Landowners will come together to jointly develop a project on their land and share the revenue
  - In Ontario, many landowners are approached by private companies to lease land
- Val-Eo model is example

# Producer model: biofuels

- Biodigestion, biomass burning or biofuel (e.g. ethanol) have been gaining in popularity
  - due in part to government support and advances in technology
- Co-op model can be used to aggregate electricity/crop production or source fuel
- Can serve additional purpose of helping individual member-landowners to source equipment and expertise

# How's the consumer model work?

- Many homeowners, farmers or small business want individual applications of renewable energy projects
  - Wind turbines or solar panels on their home or farm that are only meant to offset their own usage
- People may also wish to purchase equipment to help them conserve or more energy efficient appliances and tools
- A consumer co-op could be formed that allows members to purchase energy generation equipment or energy efficient appliances

# Key success factors

- Need supportive government policies:
  - Long-term contracts (feed-in tariffs)
  - Tax benefits
  - Need for deemed business provision
- Supportive co-op environment
  - Are innovative co-ops allowed and encouraged?
- Access to financing
  - Do co-ops have access to raise their own capital or access to more financing

# Challenges

- Some renewable energy projects very expensive
  - can be difficult for co-ops to raise equity or finance the projects
    - Some projects easier to develop as co-op
- Capitalization challenges for producer co-ops (related to 50% rule) are unique BUT
- Other challenges are the same regardless of corporate structure:
  - Limitations of Standard Offer Program
  - Interconnection challenges (gov't pro nuclear focus)

# Thank you!

Jen Heneberry, Co-operative Developer  
Ontario Co-operative Association  
Guelph, ON

[www.ontario.coop](http://www.ontario.coop)

519.763.8271 x23

[jheneberry@ontario.coop](mailto:jheneberry@ontario.coop)