So What is the Co-op Difference In Alternative Energy?

Réseau de recherche pour mesurer la DIFFÉRENCE COOPÉRATIVE

Measuring the Co-operative Difference

Research Network

Some Critical Reflections
Co-ops and the "Value" Difference

• Historically we can think of the difference as comprising three central features
• (1) Member ownership and control - Democracy
• (2) Limits on the power of Capital – People First
• (3) Positive Relationship with Community – “Stakeholder Value”
• Many different articulations of these values (e.g. Rochdale Principles, ICA Seven Principles of Co-operation), but these three remain the core
Alternative Energy and Co-ops

• Alternative Energy presents challenges to the Co-operative values
• Not much for members to "do"
• Capital intensive - requires members who can "invest" capital
• Has an impact on community which can be "seen", especially if done at scale
• Accommodations have been made to address these
The Role of the State

- For most of the twentieth century the "State" (Provincial or Federal) has been the monopolistic provider of energy.
- The Tennessee Valley Authority in the USA is a notable large scale exception - co-operative power provision but, interestingly emerged from the state out of the Depression.
- In Canada, this is not a realm of co-operative activity.
- The privatization of the sector is the contemporary context which cannot be ignored.
Neo-Liberalism and the Co-operative Sector

• For most of its history, the co-operative movement has worked as an alternative to strict capitalism - it is by its very structure mutualist and collective
• A new trend in the last number of years – privatization through co-operatives
• Social Co-operatives in Italy
• Cameron-Clegg Coalition
• GEA
Co-operation by Legislation

• We know that the long-term success of co-operatives is dependent on member "buy-in"
• Alternative is demutualization or failure
• Odd reality of GEA is it is a result of community (as opposed to member) activism for environmental action
• Co-op model is not clearly distinguished from community model or from the private profit model in most peoples minds
• GEA legislation has not created a co-operative advantage, but has been built on the discourse of community
The European Example

- There is a co-operative difference possible in alternative energy – Germany and Denmark
- They are not perfect
- They are the result of community activism and progressive legislation, but they are in scale and organization the result of state logistics
- Tax benefits facilitate purchases
- Has been a revival of community spirit
- Has fostered export of technology, but local control remains
The Co-operative Difference Redux

• The difference therefore lies in the fact that co-operatives offer a different set of values for economic activity
• But like Rochdale, innovation in co-operation can't come from the top
• TREC is unique in the Ontario landscape because it was created by members to serve a need
• However the legislation restricted the form it could take
Co-operative Innovation

- There are examples of innovation, like TREC or the Danish and German models, which exist and, more importantly, can be created anew.
- Innovation requires regulatory support, but, like the FIT community premiums, also requires activism for a co-operative agenda in legislation and education.
- A return to the three features of co-operative difference.
Democracy

- There needs to be innovation around member involvement and buy-in for co-operative forms in alternative energy.
- Simple structures for "member investor" profit does not serve the co-op model if it does not also include a meaningful democratic component even if it serves an environmental goal.
- Perhaps a community fund distributed by members is an answer.
People First

• Innovation is required to think through how the capital requirements of alternative energy can be met without prioritizing that capital
• In Ontario, those with capital are "winning" because they are getting to production and capacity first
• Hard to do with a state controlled grid
• Innovation in collective sales (like Bullfrog) and co-operation amongst co-operatives are possible answers in Canada
Positive Relationship with Community

- There has been community fear over alternative energy from health concerns to costs
- The co-operative movement is ideally placed to resolve or at least mitigate these
even Wind Concerns Ontario has in the past supported small scale co-operative power
- Cost concerns can be alleviated through collective ownership
- Innovation around the seventh principle has been lacking so far
Conclusions

• There is a co-operative difference in the alternative energy but it requires:
  • (1) regulatory support
  • (2) a co-operative movement to influence regulation
  • (3) organizational innovation to forefront co-operative values
  • (4) meaningful member financing and control
  • Opportunity for leadership in the sector
Thank You!

• Questions?
• jmcmurtr@yorku.ca