

## RENEWABLE ENERGY CO-OPERATIVES

### *Introduction*

In 2002, the electricity market in Ontario was deregulated, which means that the Ontario government essentially removed the governmental control and ownership of the generation facilities and opened the market in Ontario. This allowed for new electricity generators to enter the market instead of being reliant on Ontario Hydro to provide the majority of the electricity in Ontario.

For many people and organizations, this offered the chance for smaller scale projects and new types of generation projects to be created. It also meant that renewable energy generation could potentially assume a more prominent role in the electricity market in Ontario. The European models that were based on primarily locally based and/or community owned projects provided a number of examples that groups in Ontario were able to use to start developing their own projects. Co-operatives are one form of organization that can be used to allow communities or groups to develop and maintain ownership and control of generation facilities.

In the last two years, the government of Ontario has introduced a Standard Offer Contract program, which is designed for smaller scale generation projects (under 10MW) and offers fixed-price, long term contracts to generators. This makes it easier for co-ops and other groups that are developing smaller projects to sell their electricity at a price that results in a financially viable project. Previously, the only options available to generators were to respond to a Request for Proposal that would be tendered by the government of Ontario, or to enter into an agreement with a third party purchaser that would agree to purchase the electricity produced by the project at a mutually exclusive price. Both options are still available to smaller-scale generators, but they often prove less attractive or unworkable. The RFP process has been designed for large scale projects where the proponent has a large amount of money available to navigate the process upfront. In both the

case of the RFP process or a third-party agreement, it can be difficult for the generator to get a sufficiently high price for the power because in order for the projects to be financially viable, the price must be higher to offset the lack of economies of scale that may exist with larger projects.

### *How do they work?*

Co-ops can be formed to create renewable energy generation projects of several different sizes and types. For example:

- Members can come together to pool their investment and collectively develop large scale projects like the wind turbine at Exhibition Place. The co-op earns revenue based on the sale of electricity to a third party or to the government. These types of co-ops may also choose to enter into partnership agreements to assist with the development and/or financing of the project.
- A group of farmers or landowners could form a co-op that would assist them in obtaining access to equipment like biodigesters that they would use on their farm. The individual farmers could then also sell their electricity generated from the biodigesters to the co-op. The co-op in turn could make arrangements to sell the electricity from all the farmers to a third party, or to the government.
- Many farmers and rural landowners are approached by large companies or developers to lease their land for the company to use to put up generation equipment like wind turbines. These projects tend to be quite large and often involve agreements with several landowners. The landowners generally receive a percentage of the revenue derived from the sale of electricity from the equipment sited on their land. One newer use for the co-op model is to allow landowners to come together and form a co-op that would negotiate with the company on behalf of the landowners. This provides additional bargaining power to the landowners and can ensure that all

# FACTSheet



participants get equal shares of the revenue produced by the project.

## Purchasing co-ops

Another type of co-op model available is a purchasing or consumer co-op. Members in these co-ops come together to obtain better rates on and access to energy generation or conservation equipment like compact fluorescent bulbs, high efficiency water heaters or other items that assist homeowners and business owners to conserve electricity.

## Why co-op?

The co-op model for renewable energy projects allows groups of citizens or farmers to own the generation projects in their communities, or to have a greater say in and influence over the projects being developed in their areas.

The co-op model allows groups to

- gather investment from members and the larger community
- exercise direct democratic control over the project and organization through the one-member, one-vote principle
- resist having the project taken over by private investors with large sums of money to invest in the project (which could occur in a traditionally

## FOR MORE INFORMATION, CONTACT:

### **The Ontario Co-operative Association**

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Get the full list of FACTSheets online at :

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

### **Le conseil de la coopération de l'Ontario**

435, boul. St-Laurent, bureau 201  
Ottawa, ON K1K 2Z8

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**Website:** [www.cco.coop](http://www.cco.coop)

More resources are available at:

### **CoopZone Network**

**Website:** [www.coopzone.coop](http://www.coopzone.coop)

structured private corporation where voting rights are tied to the amount of investment in the company)

## *Examples*

### Countryside Energy Co-operative

[www.countrysideenergyco-op.ca](http://www.countrysideenergyco-op.ca)

### Positive Power Co-operative

[www.positivepowerco-op.com](http://www.positivepowerco-op.com)

### TREC/WindShare Co-operative

[www.windshare.ca](http://www.windshare.ca)

## *Resources*

### ***Ontario Sustainable Energy Association (OSEA)***

The Ontario Sustainable Energy Association (OSEA) was established in 1999 and is an umbrella organization formed to implement community sustainable energy projects across Ontario. Full membership in OSEA is reserved for groups that are formally incorporated as a non-profit organization or co-operative and, subscribe to the mission of OSEA. The group may be planning or actively pursuing community sustainable energy projects.

[www.ontario-sea.org](http://www.ontario-sea.org)

### **Some Facts About Co-op in Ontario:**

- There are over 1300 co-operatives, credit unions and caisse populaires incorporated and operating in Ontario.
- The co-operative sector in Ontario represents \$30 billion in assets.
- Ontario co-ops employ and provide benefits to 19 000 people (greater than the total number of Ontarians employed in production of goods).
- 1.4 million Ontarians are members of a co-operative, credit union or caisse populaire (more than 10% of population)
- Over 10,000 board members are actively involved in governing and leading co-ops, credit unions and caisse populaires in Ontario.