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**RENEWABLE ENERGY COMMUNITIES  
AND ENERGY COOPERATIVES:  
ORGANIZATIONAL INNOVATIONS TO  
COMBINE DEMOCRACY AND  
SUSTAINABLE DEVELOPMENT?**

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## FACTUAL DESCRIPTION

### The present phenomenon

**An organization (legal entity) of a group of people (natural persons and/or legal entities) that carries out (only, mainly or secondarily) an economic activity dealing with renewable energy sources (RESs)**

**RES:** **sun** (the most important source, at least at the moment), wind, water, tides, (sea) waves, geothermal sources, biomass.

# EU DEFINITION ENERGY COMMUNITIES (1)

## Next legal definition

### Renewable energy communities (**RECs**)

**Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the promotion of the use of energy from renewable sources** (hereafter **Renewable Directive**). There is already an agreement within the EU Council. This proposal should be finally approved by the end of 2018. **Key points: article 22 and recital 55.** The following quotations come from the Renewable Directive (version: 21.6.18)

## **EU DEFINITION ENERGY COMMUNITIES (2)**

### **Possible members of the REC**

- “final customers, in particular household customers”
- “private undertakings, their participation does not constitute their primary commercial or professional activity”
- public authorities: according to the Renewable Directive, the national law should help them to participate in RECs

## **EU DEFINITION ENERGY COMMUNITIES (3)**

### **Possible economic activities**

- “generate, consume, store and sell renewable energy, including through power purchase agreements”
- “arrange sharing of renewable energy within the community that is produced by the production units owned by the community”;
- “access all suitable energy markets both directly or through aggregation in a non-discriminatory manner”

## **EU DEFINITION ENERGY COMMUNITIES (3)**

### **Organizational requirements (*i*)**

Member State may “choose any form of entity” for REC, but REC should have specific features:

- “acting in its own name, exercise rights and be subject to obligations” (recital 55)
- the participation in a REC “is accessible to all consumers, including those in low-income or vulnerable households”
- “rules to secure the equal and non-discriminatory treatment of consumers that participate (i.e. members)” in a REC
- “open to cross-border participation” (…)

## EU DEFINITION ENERGY COMMUNITIES (4)

### Organizational requirements (ii)

From recital 55: “To avoid abuse and ensure broad participation, renewable energy communities should be capable of remaining autonomous from individual members and other traditional market actors that participate in the community as members or shareholders, or who cooperate through other means such as investment [**democratic feature**]. Participation in renewable energy generation projects should be open to all potential local members based on non-discriminatory criteria [**open door**]”

## EU DEFINITION ENERGY COMMUNITIES (5)

### Grounds to promote RECs

From recital 54: "the participation of local citizens and local authorities in renewable energy projects through renewable energy communities has resulted in substantial added value in terms of **local acceptance of renewable energy** and access to **additional private capital** which results in local investment, **more choice** for **consumers** and greater participation by **citizens** in the energy transition. This **local involvement** will be all the more crucial in a context of increasing renewable energy capacity in the future."

## **PREDICTION ON EU ENERGY COMMUNITIES**

Considering the legal requirements laid down by Renewable Directive, it is possible to predict that many and likely (or hopefully?) most EU RECs will choose the coop legal form.

## **INFORMATION TECHNOLOGY AND REC**

### **IT can facilitate the activities and the organization of RECs**

- digital/ participation in organizational life of REC, even with many members (for example, assemblies or referendum via internet)
- software to check and to improve energy production/consumption/distribution/balance (for example, smart electricity meters or remote control of devices)
- software to transfer/exchange/buy/sell energy; opportunities offered by blockchain software (for example, to setup a minigrid among members of a REC)

## **SECOND TIER COOPERATIVES (1)**

### **6th ICA principle: *Cooperation among Cooperatives***

Cooperation among RECs is necessary: most of them are small or medium size enterprises.

Aims of these organizations:

1. representing the voice of citizens and energy cooperatives in the energy debates and lobbying with regulators;
2. fostering international collaborations and partnerships between RECs;
3. Providing services to the RECs;
4. Promoting the RECs business model.

## **SECOND TIER COOPERATIVES (2)**

Two important examples in the world

**In USA:** National Rural Electric Cooperative Association (NRECA) offers representation and services to about 900 USA RECs

**In UE:** REScoop.eu offers representation and services to about 1.500 UE RECs, whose memberships involve 1 million European citizens.

## **ENERGY DIVIDE AND SUSTAINABILITY (1)**

From International Labour Office (ILO), 2013:  
“**Access** to clean, affordable energy remains a major challenge in the world today, with **1.3 billion people** without access to electricity and 2.6 billion people without clean cooking facilities.”

**Vulnerable and low- to medium-income households** (especially those that live in multi-unit dwellings) face substantial **financial barriers** in adopting renewable energy or energy efficiency measures (on this point see art. 22 Renewable Directive).

## ENERGY DIVIDE AND SUSTAINABILITY (2)

### 7th ICA principle: *concern for community*

RECs, thanks for being **patron-driven** (and democratic), can:

1. increase **consciousness** as consumer and/or prosumer on economic and environmental aspects connected with energy;
2. reduce energy consumption, helping members to **save energy** (member interest is to spend less money for energy; the opposite, if RECs were **investor-driven** organizations) and to **improve** their **living conditions**;

## ENERGY DIVIDE AND SUSTAINABILITY (3)

(...)

**3.** help vulnerable and low- to medium-income households and those that do not own their dwelling, using nearby or onsite renewable energy installations as a **means to generate revenue**;

**4.** have more attention/care to the **place the business is located**, because it is the living place of its members.

## **PRIVATE-PUBLIC PARTNERSHIPS**

REC as a tool to improve public-private alliance in the energy sector (see Renewable Directive)

An example: **Coopem** set up in Mouscron (Belgium), a city of 57.773 inhabitants. The city owns a 15% share in coop, citizens of Mouscron own 55% stake and two companies own 30%. Expected yearly return on investment: at most 6% (**not speculative purpose; 3<sup>rd</sup> ICA Principle: "limited compensation on the capital subscribed"**). Coopem scope: helping households install solar cells on their roofs, offering them financial and technical access to solar energy investments.

# **FINAL**

Many thanks for  
your attention  
and  
your patience.

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