



## Expanding the Role of Ontario's Renewable Energy Cooperatives to achieve greater community investment in clean energy and efficiency

### Briefing Paper for Ontario Minister of Energy

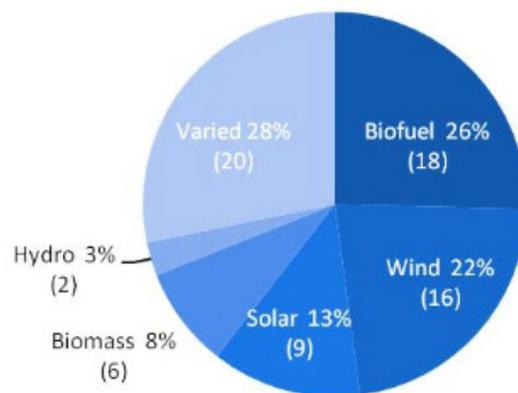
#### Background on Ontario's Renewable Energy Cooperatives

In 2011, the Canadian Co-operative Association published a report, *Co-operatives Fueling a Green Economy*<sup>1</sup>, summarizing the involvement of co-operatives in the renewable energy sector across Canada and the challenges facing continued growth. At the time, there were about 200 collectively managed alternative energy projects in Canada. The study found that there were 71 co-operatives involved in various forms of renewable energy (RE), from biofuels to hydro power (see Figure 1 for a summary of the diversity of the co-operative sector).

Ontario's Green Energy and Economy Act (2009) created the province's feed-in-tariff (FIT) program and made it easier to form energy co-ops. The Act exempted RE co-operatives from the "business with members" rule in the Co-operative Corporations Act which cleared the way for the members of RE co-ops to invest unlimited amounts in the generation and sale of electricity to the grid.

We estimate that there are now at least 80 Ontario co-operatives involved in renewable energy. These RE Cooperatives are working to develop over 180 projects totalling 194 MW of new renewable energy. Most of these co-ops have at least 50 members while the more advanced ones are reaching 500. Here in Ottawa, OREC owns 125 KW of new solar power that was financed with close to \$1 million in investments from over 90 residents. Ontario's renewable energy cooperatives are uniquely positioned to leverage additional community investments to support the Province's energy efficiency and clean energy goals within a democratic and community-controlled framework. They are also optimum partners in the development of innovative renewable energy facilities including methane digesters, cogeneration facilities and renewably-powered district energy facilities, as well as the financing and implementation of energy efficiency projects.

Figure 1: Canadian Energy Co-operatives by Sector, 2011



<sup>1</sup> [http://www.coopscanada.coop/assets/firefly/files/files/Rpt\\_on\\_Renewable\\_Energy\\_Coops\\_FINAL\\_final\\_2.pdf](http://www.coopscanada.coop/assets/firefly/files/files/Rpt_on_Renewable_Energy_Coops_FINAL_final_2.pdf)

## Expanding the role of Renewable Energy Co-operatives and their ability to attract Local Investment in Community Development

Ontario's Cooperative Corporations Act currently restricts the business of RE cooperatives to generating electricity produced from one or more renewable energy sources and selling it into the grid. (RSO 1990 c C.35 §2.(1) – amended 2010)

There are a number of ways that RE cooperatives could support other energy initiatives. This would allow for an expanded presence of community-owned, democratically-controlled ownership of energy generation and increased opportunities to attract and make use of community investments in clean energy and efficiency. These options include:

### **1. Expand the ability of RE cooperatives to generate and sell electricity by:**

#### **a. Allowing for the sale of behind the meter renewable electricity for peak demand reduction and spillover into the grid.**

The use of demand response systems, particularly to reduce summer peak demands, is critical to Ontario's grid reliability. On-site renewable generation at larger customers may permit more of these customers to participate in demand response. The availability of a community-controlled cooperative owner of the renewable facility could be particularly attractive to cash-strapped publicly-owned facilities such as hospitals, schools, nursing facilities and municipal buildings. There may be rule changes required by other agencies including the regulators to enable viability of this business model. The renewable energy cooperative movement is interested in showing the relevant agencies how this can be done. In no way should this replace a functional feed-in tariff program.

#### **b. Allowing the RE cooperative to sell renewably-generated electricity to its members.**

As investors in renewable power, RE co-operative members are market leaders and are more willing to purchase premium priced renewable power themselves. This would help to drive down the cost of renewable power for all consumers.

### **2. Expand the model of cooperative ownership of renewable energy generation to non-electrical forms of energy including biomethane and district energy.**

Pipeline operators across the country including Enbridge and Union in Ontario, Gaz Metro in Quebec and TransCanada have agreed to accept biomethane if it meets their standard.<sup>2</sup> If RE cooperatives can generate the biomethane, they should be allowed to sell it into the gas distribution system.

Municipally-owned district energy systems already exist in communities across Canada including Toronto, Charlottetown and Windsor. District energy systems provide regions with heating, cooling and electricity. They can often offer greater energy security, reliability through the use of demand reduction, attractive utility management for the owners and tenants of urban properties, greater safety and more flexible fuel procurement, which often results in lower costs.

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<sup>2</sup> The Canadian Gas Association Biomethane Quality Guidelines can be found at [http://www.cga.ca/wp-content/uploads/2012/02/FINAL-Biomethane-Guidance-Document-Public-Summary\\_Feb-9-2012.pdf](http://www.cga.ca/wp-content/uploads/2012/02/FINAL-Biomethane-Guidance-Document-Public-Summary_Feb-9-2012.pdf)

**3. Expand the role of RE co-operatives to provide and finance energy efficiency and energy conservation services including energy performance contracting, energy management services, technology selection and oversight of installation.**

These services provide property owners with customized energy efficiency upgrades. Typically the energy services company identifies and finances the upgrade as well as overseeing its installation. Repayment of the investment comes from the energy savings over a specified timeframe. RE co-operatives would raise capital for the upgrade from the community and share in the annual savings to provide a sufficient return on investment. The combination of energy knowledge and community-owned credibility provided by a RE cooperative can make these services attractive for properties owned by charities, religious congregations, affordable housing providers, schools and municipalities.

## Proposed Changes to Legislation

Detailed below are the changes to the Ontario Cooperative Corporations Act, RSO 1990 c C.35 (amended 2010) that could address the recommendations noted above. Additions are underlined;

2. (1) For the purposes of this Act, a renewable energy co-operative is a co-operative whose articles restrict the business of the co-operative to,

- (a) generating, within the meaning of the *Electricity Act, 1998*, electricity produced from one or more sources that are renewable energy sources for the purposes of that Act;
- (b) selling, as a generator within the meaning of that Act, electricity it produces from one or more renewable energy sources; and
- (c) Selling renewable electricity directly to consumers for peak demand reduction and net metering with the grid;
- (d) Generating and selling biomethane;
- (e) Producing and selling district energy from one or more sources, a portion of which are renewable energy sources.
- (f) Providing and financing energy efficiency and energy conservation equipment and services.  
2009, c. 12, Sched. I, s. 2.

(2) As part of its business of generating and selling electricity, biomethane or district energy produced from one or more renewable energy sources, and financing energy efficiency and conservation, a renewable energy co-operative,

- (a) may establish or develop one or more generation facilities, within the meaning of the *Electricity Act, 1998*, to generate electricity produced from one or more renewable energy sources; and
- (b) may promote the purchase by electricity users of electricity produced from renewable energy sources including sales of renewable energy to its members .

(c) \_\_\_\_\_ may oversee and finance the installation of energy efficiency and energy conservation measures.

(d) \_\_\_\_\_ may promote the adoption of energy efficiency and energy conservation. 2009, c. 12, Sched. I, s. 2

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