

## **Communities Can Lead Europe's Energy Transition**

**Article by Pau Ruiz Guix**

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The transition to renewable energy is an opportunity for more people to have a stake in the energy system. Community initiatives and cooperatives are sources of wealth and jobs and examples of democracy in practice. Pau Ruiz Guix considers a cooperative model which rallied tens of thousands of citizens behind offshore wind in Copenhagen. With the right support from governments and the EU, communities all over Europe can be at the heart of a sustainable energy system.

The late 20th century saw a dramatic rise in local partnerships for sustainable development and clean energy. While many partnerships emphasised participation and inclusion, the retreat of the state and its replacement by unelected, private actors also marginalised many communities. Partnerships were after all a result of privatisation in sectors such as energy from the 1980s on. Many communities took the opportunity to self-organise. Through founding community-led organisations and community-owned financial assets, citizens' groups were able to partner with public and private institutions on an equal footing. Amongst Europe's approximately 2400 energy cooperatives, pioneering examples include EWS Energy in Germany, Enercoop in France, Middleground in Denmark, E-Werk in Italy, Energy4All in the UK, and Ecopower in Belgium.

Energy communities will be critical to the success of Europe's transition. According to the International Energy Agency, coal-generated electricity is responsible for 30 per cent of greenhouse gas emissions worldwide. To meet its climate goals, the European Union aims to reduce its emissions by at least 40 per cent by 2030 and increase the share of renewable energy to at least 32 per cent. Copenhagen's offshore windfarm, Middleground (the world's largest windfarm developed by a community-led partnership) throws light on how important cooperatives can be in transition to a sustainable energy system.

### **Cities, sustainability, partnerships**

Globalisation and urbanisation have made cities the centre of productivity, innovation, and wealth. Cities represent an average of around 80 per cent of global economic output and 55 per cent of the global population (rising to 75 per cent in Europe). Cities are responsible for 70 per cent of emissions and two-thirds of energy consumption worldwide. Urban sustainability is therefore key to our struggle against climate change and for more sustainable and resilient societies. 66 per cent of European cities have climate plans in place and 82 per cent have set emissions reduction targets.

Urban sustainability depends on communities not only "participating" in the transition, but also setting the terms and having a stake. Sustainable development is generally understood as meeting the needs of the present without compromising the ability of future generations to meet their own. Sustainability, on the other hand, is a broad and evolving construct that defies a universally agreed definition. Rather than a set ideal, sustainability ought to be rooted in practice, dependent on context, and put into place by certain actors with defined motivations and interests – something that more clearly comes to light in urban environments, where it is easier to identify actors and delineate interests.

The complex nature of sustainability makes it attainable only through the recognition of interdependencies and partnerships. Alliances between different types of actors—whether public, private or civil society—make collective decisions possible, through formal and consensus-oriented processes to achieve common goals, undeterred by complexity, conflict, or social change.

## **The challenges of collaboration in the 21st century**

Partnerships come in different forms: from corporate social responsibility initiatives, to NGOs filling in the gaps left by the state, to bodies for community empowerment. As a form, partnerships in the 21st century can be considered the collaboration paradigm of the century bringing both promise and challenges.

In practice, the emphasis on collaborative planning and the rhetoric of partnership has encouraged a shift from the traditional framework of government and policymaking—from “government” to “governance”. Whereas elected authorities once implemented policies top-down, the new collaboration paradigm is characterised by the sharing of powers, responsibilities, and resources between local government, the private sector, and civil society. This transition is linked to wider processes such as globalisation and liberalisation.

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These new organisational norms pose challenges for both sustainability, democracy, and governance. Through a centrally orchestrated process of state restructuring, the state has led the privatisation of the public sector. Services once run by bureaucrats are now overseen by a new form of elitist management, non-elected agencies. This restructuring of the governance, delivery, and financing of public services has been described as the “de-statisation of the state”. It has blurred traditional lines between the public and private sectors.

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As the frameworks of legitimacy and accountability are now less clear, increasing democratic deficits have been patched up with a rhetoric of empowerment, inclusion, and collaboration. However, actors in the private sector often fail to build compromise, and they adhere to neoliberal principles that prioritise economic objectives and sideline community participation. Nevertheless, there is a growing emphasis on consulting with communities and service users in partnership building and the privatisation of public service delivery. However, the process remains centralised in design, interpretation, and implementation. A genuine rebalancing of power relations and a centring of public interest can be attained when communities gain power over such processes.

## **The Middleground offshore windfarm**

Cities have a great role to play in reducing the environmental footprint of Europe's energy consumption. Many leaders have advocated a radical transformation of energy systems and called for citizens to shape a decentralised and renewable energy future. Aiming to become the first carbon-neutral city in the world by 2025, the Danish capital, Copenhagen, and its Middleground offshore windfarm stand out.

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Made up of 20 wind turbines 3 kilometres away from the shore, the Middleground offshore windfarm is the world's largest windfarm developed by a community-led partnership. The project is not only an example of what is possible where there is a will to decarbonise energy through wind technology and a supportive government, but it also demonstrates how community influence can be attained.

Middleground was first considered as a potential site for offshore wind turbines in the early 1990s but only took off when the citizens' association, Copenhagen Environment and Energy Office, became involved. Copenhagen Environment and Energy Office convened a working group in 1996 and presented a proposal to local and state authorities later that same year. In collaboration with Copenhagen Energy—which had greater resources and experience in wind technology—the association applied for approval during the autumn of 1996.

To help the working group navigate the system, it was formally constituted as the Middleground Wind Turbine Cooperative in 1997. As the cooperative had neither financial resources nor experience in accessing capital during the initial phase of the project, it allowed people to pre-order shares in the windfarm. After applying for state and EU support, it was granted 680 000 euros by the Danish Energy Agency. The amount raised was just enough to set up the cooperative but not for the investigation phase itself. Two public hearings were held in 1997 and 1998 to deal with environmental, noise, and aesthetic considerations. Organising these hearings came from the Cooperative's understanding that community involvement was essential to building public support for the construction of wind turbines at such a short distance from Copenhagen. Public hearings were a further channel to listen to different community views and once (initially reluctant) outsider organisations joined the project, there remained little opposition at the final hearing in 1999. The project was approved in 1999 and construction was set to start. In the same year, every single share in the Cooperative was sold. In 2001, construction began.

## **Building community influence**

The Middleground project partnership shows how communities can leverage genuine power in partnerships and lead the sustainable energy transition. Part of this success depended on two types of capital offered by the Copenhagen community: financial and social capital.

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The cooperative was not only successful as a structure to channel different voices, command trust, and be accountable, it also became an active financial stakeholder. Communities have rarely been able to contribute financially to sustainable development partnerships. In many cases, “the community” becomes simply one of the issues to be resolved for the project to go ahead. With 40 500 shares valued at 567 euros each and owned by 8500 shareholders (individuals, companies, trade unions, and NGOs), the cooperative could finance 50 per cent of the project. By capitalising on community-owned assets for a single, concrete project, the cooperative was built as a local enterprise with a wide network of ties and connections with residents, avoiding a lack of representation, disappointment, and disengagement. The value of local knowledge is often underestimated in community partnerships. However, communities know what will and will not work in their areas and context, are aware of existing social networks and ways to strengthen them. As such, they are invaluable to the planning, implementation, monitoring, and reception of services. In the Middleground project, the cooperative tackled multiple exclusions by making use of local skills, providing employment, keeping wealth in the community, and giving citizens a stake in both the production and reception ends of a public service. The cooperative and its shareholders were essential in the launch of the project (and now in monitoring and maintenance) and were able to be in contact, through local networks, with more than 50 000 people who informed the planning and implementation of the windfarm.

## **Benefits and challenges**

While community-led partnerships enable genuine community power and influence in urban sustainability partnerships, they still raise at least two questions about the privatisation of the public and the quality of democratic government in Europe.

The first question concerns whether community-led partnerships and community-owned public services resolve the problem of “de-statisation of the state” that has blurred the roles and responsibilities of public and private actors. Could or should these types of partnerships replace what we consider traditional forms of government? Do they still entail the privatisation of what is, ultimately, a public service that serves a community larger than those involved in their management and who receive the revenues? Is there a minimum level of government support needed for their successful development? Second, taking into account both the 8500 shareholders and the wider community that they can reach, to what extent does this partnership resolve issues of consensual planning, democracy, and representation in the delivery of public services?

As Ban Ki-Moon posited, cooperatives “are better tuned to local needs and better positioned to serve as engines of local growth”. Indeed, cooperatives help curtail excessive, oligopolistic market power that can set higher prices or offer lower quality products. They lessen information asymmetry, protecting the members of the cooperative who are also consumers. By prioritising social and environmental needs, they can accept lower profits. They accelerate sustainable energy adoption by generating trust and educational communication. Political economist and Nobel Prize winner Elinor Ostrom describes cooperatives as one of the best governance solutions for the management of common-pool resources. They help curtail the traditional problems associated with monopolistic, private development and advance collective influence in the management of common-pool resources in what has been termed “energy democracy”. Given all these advantages, one may wonder why they are not more widespread. The answer is mainly due to obstacles such as limited access to capital and land, strong monopolistic competitors, and disadvantageous government regulations.

## **Putting Europe’s communities at the heart of energy policy**

Urban sustainability is key to Europe’s overall sustainable transition – and community-led and community-owned sustainable energy projects have a central role to play. On February 25 2015, the European Commission Energy Union package envisioned an Energy Union “with citizens at its core, where citizens take ownership of the energy

transition, benefit from new technologies to reduce their bills, participate actively in the market, and where vulnerable consumers are protected.”

The recently proposed European Green Deal (Europe’s roadmap to transition to a sustainable economy) highlights that “active public participation and confidence in the transition is paramount if policies are to work and be accepted”. It proposes a Clean Energy Package to support community investment and ownership of sustainable energy through renewable energy communities and citizen energy communities. Experience in European countries has shown that development of energy cooperatives coincides with the development of support schemes. This was clear in the initial and crucial support Copenhagen’s Middleground Cooperative received from Danish Energy Agency. The European Commission, therefore, should take into account at least three issues in its legal framework to best support community-led and community-owned sustainable energy partnerships.

First, state aid for environmental protection and energy guidelines should acknowledge the particular challenges faced by energy communities operating in national energy markets, and ensure that they can access renewable energy support schemes and are not disadvantaged in tenders and auctions in favour of larger commercial market actors.

Second, the EU investment plan, InvestEU, should prioritise community-led, local efforts in the sustainable transition and address the significant financial barriers to setting up these cooperatives. The European Investment Bank must find better ways to support smaller, decentralised projects.

Third, EU public procurement legislation should include criteria that includes the participation of local citizens through such new organisational forms.

Community-led partnerships and community-owned public services have carved a place for communities in the vision of what a sustainable Europe could look like. In the energy transition, they are and will be critical partners. The path towards a green EU demands that mechanisms are in place to support them. If Commission President Ursula Von der Leyden’s geopolitical commission wants to lead on climate change and sustainability worldwide, it should start by leading at home.



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