



The Role of Ownership in a Just Energy Transition

Dr Neil Overy for
Project 90 by 2030
25 April 2018

Introduction

- Literature review with examples/possibilities.
- Does not underestimate that a JET is a significant undertaking.
- Not all the answers – rather to stimulate debate.

Definitions of a JET (1)

- **JUST** energy transition.
- JET – can mean what you want it to mean. But, three basic understandings:
 1. **Hyper-Capitalist**
 2. **Green Economy**
 3. **Transformative Change**

1. Hyper-Capitalist Version

- ◉ Nature / energy as commodities.
- ◉ Market decides.
- ◉ Only change is less regulation.

2. Green Economy Version

- Energy as commodity
- Market driven

but

- With reformist/welfarist tendencies.
- What we have now – no systemic change. e.g. REIPPPP.

3. Transformative Change

- Energy not as commodity but as social good (part of the commons)
- Rejection of 'the market' in favour of:
 - Democratic citizen control of energy.
 - Local citizen-owned energy.
- Objectives of affordability and accessibility for ALL are driving forces, not profit.

3. Transformative Change

- Energy/climate crisis as opportunity for transformative change.
- JET as part of holistic transition to a 'just society' – housing, transport, food etc. New ways of producing and consuming.
- Workers protected during transition.
- Deeply political undertaking.

3. Transformative Change

- 'A paradigm shift in thinking' (Tasneem Essop).
- Time, sensitivity, commitment, patience, multiple role-players.
- Shift from what we have to what is know as 'Community Energy'

What is Community Energy?

- International Renewable Energy Agency (IRENA) definition (2 of 3):
 1. Local stakeholders own majority of a project.
 2. Control rests with local stakeholders.
 3. Majority socio-economic benefit distributed locally.

‘Community models’ that do not promise a JET

- Open Investment – Citizens own shares.
- Community Benefit / Compensation – Negotiated ‘benefit’ for local community.
- Community Connected / split ownership – e.g. Denmark (20%) locally-owned (as investment).
- For Profit – Can be 100% community – but only benefits investors.

JET Model

- Non-profit community owned and controlled.
- Predominantly cooperatives / foundations:
 - Minimal investment.
 - Revenue recycled.
 - 1 member = 1 vote.
 - Democratic and local decision-making.

Hvide Sande Wind Farm, Denmark (1)

- 100% owned by Hvide Sande Community Foundation.
- 3MW - financed by local residents and businesses.
- All 'profits' +- R18m / year returned to community.

Hvide Sande Wind Farm, Denmark (2)



CRELUZ – Brazil (1)

- Cooperative (1999), 20 000 members.
- Six hydro plants (total 4MW). 1st purchased with ethical bank loan. 1 wind farm.
- Generates / sells to its members / sliding scale.
- Profit returned as:
 - Additional capacity.
 - Fee electricity.
 - Grace periods.

CRELUZ – Brazil (2)



CRELUZ – Brazil (3)



Son Energia – Spain (1)

- Cooperative - 55 000 members (1 for 1)
- Six solar PV, 1 biogas and 1 hydro.
- Finance 100 Euro to join / share issue to members / bank (ethical) loans.
- Profits returned.

Son Energia – Spain (2)



Success Factors (1)

- Policy Certainty.
- Feed-in Tariffs.
- Financial Support for scoping.
- Financial Support for development.
- Tax incentives.

Success Factors (2)

- Priority grid access.
- Local government support.
- Technical Support Programmes.
- Right to sell electricity to members.
- Social Justice Commitments.

Discussion Points (1)

- Eskom restructuring for a JET – how?
- Eskom – grid access for a JET?
- Policy Clarity – NPC and JET / IRP.

Discussion Points (2)

- Financing:
 - Potential for Feed-in Tariff in South Africa?
 - Role of state finance institutions?
 - Fossil Fuel Subsidies?
 - Carbon Tax (ring-fenced for community projects?)
- Municipal Government – expanded role?
But problem of municipal revenue.

Discussion Points (3)

- Technical Support – National institution?
- Public Awareness of benefits of community ownership
- NERSA – What role for NERSA?
- Unions – **Critical role** – but absent from NPC discussions. But contrast NUMSA litigation with AMCU statement.

Discussion Points (4)

- Can REIPPP be modified to deliver a JET?
- What role, if any, is there for the IPP Small Renewable Projects Programme (5MW or less) in a JET?
- Financing problems – disproportionate transaction costs, NO SA banks, DBSA intervention, 60% foreign finance.
- Indicative of JET barriers?

Conclusion

- Contested and gradual – no quick fix.
- Pilot projects to see what is possible.
- Understanding that citizens, unions, government, and the private sector are all critical role-players in a transformative JET.
- THANK YOU!