



# Canadian Renewable Energy Alliance

*promoting a transition to renewable energy*

## Community Power – The Way Forward

Canada is facing an energy crisis. The Canadian Electricity Association is calling for tens of billions of dollars to shore up an aging power grid stretched to its technical limits. Conventional forms of electricity generation are becoming more costly and fuel supplies less predictable. Additionally, meeting Canada's Kyoto targets requires a shift away from polluting sources of energy, including coal and natural gas. But with these challenges comes an incredible opportunity for a Canadian energy infrastructure at a crossroads: the ability to make a conscious choice to embark on a sustainable energy path, one that is economical, environmentally sound and socially productive, based in communities across Canada.

Community power (CP) is the way forward for Canada. Defined as locally owned, locally sited, and democratically controlled distributed renewable generation that minimizes environmental impacts, CP has the potential to revolutionize energy policy and practice in Canada. It advances Natural Resources Canada's goal of ensuring "sustainable development and safe and efficient use of Canada's energy resources", while maintaining the balance between the three pillars of the stated objectives for Canada's energy policy: ensuring security, prosperity and the protection of the environment.

A significant body of research points to substantial economic, social and environmental benefits in the community ownership of renewable energy projects when measured against the commercial development of renewable generation. CP taps into local sources of capital through private investment, helping to reduce the cost of capital, lower financial risk, and minimize environmental impacts while stimulating community economic development. Several studies have noted that locally-owned wind generation in particular creates five to fifteen times more economic activity in the local community than typical commercial developments, particularly in rural economies. Community ownership also serves to bolster public support for renewable energy technologies by engaging more stakeholders in new projects, while bringing the benefits of distributed generation to bear more rapidly. Distributed generation and community power are synergistic and mutually reinforcing; for one to grow, the other must also flourish.

When supported by progressive policies, community power has been a driver of rapid renewable energy growth in Denmark, Germany and throughout the world. In Denmark, 175,000 households own 80% of all the wind turbines in the country. Canada can replicate this model by building on the successes of community power elsewhere, and by removing the barriers to the development of community power through the implementation of proven policy mechanisms that are being increasingly adopted throughout the world to level the playing field between highly subsidized centralized generation and community-owned, distributed renewable generation.

### **Recommendations for Joint Provincial and Federal Strategies:**

Develop renewable energy mechanisms that facilitate community power:

- ▶ Provincial governments must implement Advanced Renewable Tariffs (ARTs), with the central support of the federal government, to provide long term fixed contracts for community power projects. ARTs provide opportunities for diverse participation in energy programs along with the fiscal confidence necessary to finance community power projects. ARTs must provide sufficient contract length along with sufficient, stable prices to give confidence to investors.
- ▶ Through ARTs and other policy support mechanisms, provincial governments must guarantee a streamlined interconnection process for distributed generation to connect to the grid to enable community participation and a fair energy market for all generators.

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To foster novel approaches to financing community power projects, provinces and the federal government must come together to:

- ▶ Provide financing support for community power projects through a central fund that provides up front development dollars for communities to deliver projects through low or forgivable interest loans and grants.
- ▶ Provide tax incentives to support community power growth and encourage energy conservation and efficiency, a model successfully applied in Denmark and Sweden, where each member of a cooperative or partnership is not taxed on their share of the income from the turbine's production as long as the income (or the amount of electricity produced) does not exceed that member's annual expenditure on (or consumption of) electricity.
- ▶ Support the streamlined development of new co-operatives through increases in the upper limit of co-operative share offerings that can be made independently of registration with provincial regulating bodies, and extend additional resources through federal or provincial resources such as the Co-operatives Secretariat, community economic development groups, and local civil society actors to help new co-operatives through the start-up and incorporation phases.

To build community and technical capacity to make community power happen, provinces and the federal government must come together to:

- ▶ Deliver or support the delivery of a coordinated community power capacity building program to develop skills in communities, to engage Canadians in energy issues, and to communicate the benefits of community power to Canadians, through both local actors and central institutions.
- ▶ Educate and empower Canadians with respect to energy choices and community power opportunities, including programs on renewable energy technologies, and distributed generation. Governments must provide support for local actors, including civil society, to educate not only the public, but also professionals, tradespeople and decision-makers, particularly politicians and government agency staff.
- ▶ Provide adequate training opportunities for skilled labourers and technicians to meet the demand of a growing renewable energy market. Retraining and transitional programs should be provided through the Power Workers' Union and other trade unions with support from provincial and federal government.

## **Recommendations for Municipal Strategies:**

- ▶ Streamline the planning and permitting processes for community power projects, simplifying the planning process, and reducing project lead time and cost.
- ▶ Partner with community power projects where opportunities arise, engaging communities with their local representatives, while providing a source of revenue for community members and the municipality.
- ▶ Develop community energy plans and land-use policies that support distributed generation, including integrated energy plans, by-laws and strategies that encourage the siting of distributed generation technologies, to help improve energy security, and enable communities to benefit from the revenue streams provided by community power and distributed energy technologies.

**To review a more detailed version of this policy brief or for more information on the Canadian Renewable Energy Alliance (CanREA), please visit [www.canrea.ca](http://www.canrea.ca) or contact:**

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