

# Co-op Power Regional Structure



## Vision Statement

Co-op Power is building a sustainable and just energy future in the Northeast.

## Mission Statement

Co-op Power is a multi-class, multi-racial movement building a strong political, economic and social force for transitioning our communities to a sustainable way of life – sustainable energy, transportation, land use, waste management, housing, food, etc – based on an earth reverent & just sharing of resources in our communities.

## Goals

In the next ten years, Co-op Power will:

- Expand membership in the Northeast region. Collaborate with resident, community-building groups and projects to achieve our mission. Expand the scale of our vision of “community” – recognize the need for interdependence and cooperation beyond the town and county.
- Support new, community-owned, community-scale renewable energy projects (like Northeast Biodiesel) with stakeholder support and in a manner that builds trust. We want to do this as quickly as possible because we have an urgent need to curb climate change, reduce our reliance on foreign oil, and become more self-sufficient. Build diverse and regionally appropriate renewable energy projects. Expedite, optimize, and maximize shared local access to capital & expertise for building community owned, community scale clean energy resources through leverage of prior success. Maximize & facilitate capitalization of local energy resources. Re-localize – move from an import economy to increasingly sustainable local economies connected to a vibrant network of other local economies.
- Bring voice & image to energy planning, provision, and policy.

## Assumptions and Guiding Principles

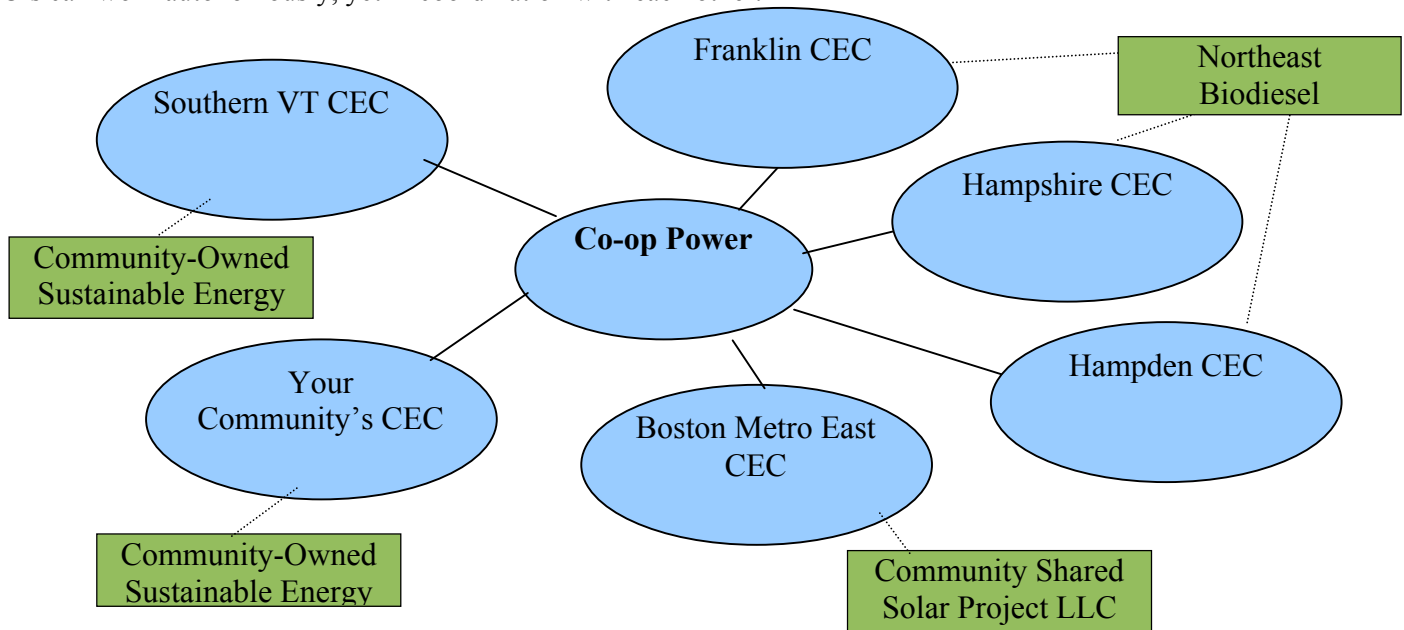
- **URGENCY** – There is a sense of urgency that the development process should not encumber goals but enable these goals. To move forth urgently & quickly while at the same time keeping our eyes open so that we don't stumble. You can't climb Everest in a day.
- **LOCAL CONTROL AND REGIONAL ACCOUNTABILITY** – WIN/WIN -There is a strong role for local oversight and control of local generation resources, and accountability to the whole. Autonomy and collaboration. Local groups will decide how much they want to share risks and assets and consequently decision-making or how much they'd like to not share risks & assets and have more independence in decision making. We're a bioregion known as the Northeast as a whole, optimizing development of renewable energy resources.
- **STRONG ETHICAL BASE** – Communication and decisions are transparent (open, clear, easily understood) built on mutual respect, honesty, & trust.
- **EFFICIENCY AND LEVERAGE** – We will leverage combined resources to optimally site and build renewable energy projects. We'll keep the money working hard.

The advantages of forming a federation with other local groups working to develop clean energy resources:

- Stability; Access to a pool for sharing risk among clean energy business ventures
- Resources for clean energy business development; Greater access to investment dollars for projects; Access to existing structure for raising community capital; Access to existing expertise in business development
- Access to strong membership structure with strong benefits package; More products and services at better prices for people in our region
- Timing; Ability to get started right away with member development and sustainable energy business development
- Cost Efficiency; Ability to build on Co-op Power's resources rather than spending the time and money to develop them ourselves

## Proposed Organizational Structure

Co-op Power, as a decentralized network of local organizations, could have Community Energy Co-ops each playing the lead role in their regions. Their primary responsibility is to organize and educate people in their region and to facilitate the development of one or more community-owned, community-scale, clean energy businesses. The proposal is to use Sociocracy as a governance model. One member of the Community Energy Co-op will be elected by CEC members to serve on the Co-op Power Board, representing the Board to the CEC. The Board will also receive nominations from the Community Energy Co-op and select one CEC Member to serve as the CEC Coordinator, representing the needs of the CEC to the Board. Each representative has veto power and can stop something within specific guidelines. In this way, CEC's can work autonomously, yet in coordination with each other.



## Role of Co-op Power Staff and Board

- Support Community Energy Co-ops
- Provide a ¼ time sales person in each region
- Make bulk purchase arrangements available in each region
- Provide education and outreach materials, staff, trainers, presenters
- Develop resources to build community-scale clean energy projects (business plans, capital models, financing, etc.)
- Provide access to online tools for local use
- Provide infrastructure for Community Energy Co-op and support members in the region including a database, financial management, and management services
- Process orders for products and services/provide customer service
- Negotiate bulk purchasing agreements with vendors
- Maintain and develop online tools for decentralized local involvement

## Role of Community Energy Co-ops

- Develop a locally-owned, community-scale sustainable energy project
- Engage in Outreach and Membership Development
- Hold Education and Energy Forums
- Engage in Participatory Sustainable Energy Planning
- Engage in Public Policy Advocacy
- Nominate candidates to the Community Energy Co-op's Co-op Power Board seat, your CEC Coordinator position, and the at-large seats on the Co-op Power Board
- Elect members to the board of your locally-owned, community-scale sustainable energy businesses
- Develop a local distribution system for Co-op Power products
- Provide a free Co-op Power office space in a central location

## Co-op Power Regional Structure Analysis

Benefits to Federating with other groups interested in building community-scale, community-owned sustainable energy resources – Benefits in terms of time, money, and expertise

	With Co-op Power		Without Co-op Power
	<i>Value of what Co-op Power brings to the local</i>	<i>What the local would need</i>	<i>What the local would need</i>
<b>Organizing and Membership Development – Public education, public relations, participatory strategic planning, membership structure, products and service offerings, membership materials, online resources, backroom infrastructure for membership and product and services orders</b>	\$120,000 and 3 years of development plus \$150,000 per year to sustain an office and full-time staff	Outreach volunteers; a local distribution network for products and services; an optional free office space	The local would need to raise \$100,000 and invest 2 years in the development process plus \$100,000 per year to sustain an office, a website, and part-time staff. Members would have fewer benefits with a smaller buying group. (\$ can be cash or in-kind.)
<b>Organizational Development – Creation of a consumer-owned energy cooperative to raise member equity to secure products and services needed in the community PLUS the creation of a non-profit, LLC, or for-profit that will be the clean community energy business structure that is able to accept investments or grants needed to build the business.</b>	Co-op Power has already created a consumer-owned energy cooperative for you to use. Value of 9 months and \$5,000.	You still need to incorporate the business entity for the energy business. If you want to recruit outside investors, you'll need an LLC or for-profit. If you want to recruit grant funds, you'll likely need a non-profit structure. Cost of \$5,000. (\$ can be cash or in-kind.)	The local would need to find legal counsel familiar with community-ownership structures and pay approximately \$10,000 to incorporate two corporations. (\$ can be cash or in-kind.)
<b>Business Development – Feasibility study, business planning, industry knowledge, contracts, community-owned business development expertise, relationship building and contracting for raw materials, technology, sales, and distribution</b>	Co-op Power brings many valuable resources to local groups in this area. If a group is interested in building a biodiesel plant, Co-op Power brings 3 years experience and a value of \$400,000. For wind, solar and biomass, we bring valuable expertise.	A local group working with Co-op Power would need to raise \$15,000 to \$50,000 to create a commercial-scale biodiesel business and \$50,000 to \$300,000 for other commercial-scale business development efforts and spend a year on business development. (\$ can be cash or in-kind.)	A local group working without Co-op Power would need to find someone with experience in community-scale energy business development, raise \$100,000 to \$400,000 for commercial-scale business development efforts, and spend a year on business development. (\$ can be cash or in-kind.)
<b>Capitalization – Assuming your community-scale clean energy production business costs more than \$2 million to build, it's likely you'll need investors and lenders to parter with you to build the business.</b>	Co-op Power brings a group of more than 150 investors in the region interested in community-ownership projects and relationships with many lenders. Co-op Power has created a private placement memorandum that allows outside investors to partner with local communities to build a plant. We put in 5 years of research and \$30,000 to create the structure and legal documents.	If you need outside investment, it will cost you \$5,000 to \$15,000 to hire a lawyer to use our template to create a private placement memorandum for your project once the business plan has been completed. Our investor network will be a valuable resource in raising the money you need to support your business. You can leverage Co-op Power's track record to raise the money you need.	A local group working without Co-op Power would likely spend more than a year and \$30,000 to create a structure for an equity offering. They would likely spend more than a year raising the investment needed unless someone in the group already has a strong network. They can also pay market rate commissions and hire someone to raise the money for them.
<b>SUMMARY</b>	<b>\$155,000 to \$555,000 plus five years</b>	<b>\$25,000 to \$320,000 plus one year</b>	<b>\$240,000 to \$540,000 plus two to three years</b>

## **Proposed Process for Developing a Community-Scale Energy Project with Co-op Power**

1. Become a Community Energy Co-op. Sign on 20 Co-op Power members.
2. Work with Co-op Power to extend benefits to your region. Recruit local vendors to “Sweeten the Pot” to encourage members to join (restaurant and book store discounts, food co-op discounts, hot tub discounts, massages, etc). Hold public outreach meetings. Get a list of 300 people interested in building a sustainable and just energy future for our region. Sign on more of your Co-op Power members.
3. Start a participatory Clean Energy Planning process online and with in-person meetings to create a plan to reduce your region’s energy use; build more local, clean energy resources; and re-localize your economy. Select a clean energy business to launch as your first project.
4. With support from Co-op Power, determine if the energy business is feasible.
5. With support from Co-op Power, develop a business plan for the energy business, secure a site, and secure contracts for raw materials and sales.
6. Check with Co-op Power members in your geographic area to see if they’ll support the business. Sign on 50 Co-op Power members and apply to have your project adopted as a Co-op Power project.
7. With support from Co-op Power, raise the capital you need to launch your business.
8. Launch your business to create jobs and energy resources needed in your community.

# Co-op Power Decision Making Criteria Proposals

*Adopted at the Co-op Power Member Meeting 6/23/07*

**Motion: Co-op Power Members instruct the Board to adopt groups as Community Energy Co-ops in Co-op Power's network if they meet the following criteria:**

The Applicant is committed to the vision and mission of Co-op Power.

- The Applicant has a commitment from 20 people that they will join Co-op Power if accepted as a Community Energy Co-op and strong, committed local leadership.
- The Applicant commits to do the activities required for each Community Energy Co-op:
  - Engage in Outreach and Membership Development,
  - Hold Education and Energy Forums,
  - Conduct Participatory Clean Energy Planning,
  - Engage in Public Policy Advocacy,
  - Support Local Clean Energy Project Development,
  - Elect Members to the Co-op Power Board,
  - Elect members to board of your Clean Energy Production businesses,
  - Develop a local distribution system for Co-op Power products,
  - Provide a free Co-op Power office space in a central location.
- The Applicant agrees to abide by the decisions and policies of the Co-op Power Board and Members.

**Motion: Co-op Power Members instruct the Board to adopt business development projects proposed by Community Energy Co-op if they meet the following criteria:**

**MISSION MATCH:** The Project is committed to stewarding sustainable energy resources to create a just and sustainable energy future for our region. The Project will:

- Increase sustainable energy resources in the Northeast.
- Decrease our use of foreign oil and decrease our production of greenhouse gasses.
- Create jobs and contribute to the local and regional green economy.
- Educate people about sustainable energy resources.
- Make energy more affordable for low and middle-income households.
- Provide resources that are easy for consumers to understand and use.
- Support other Co-op Power Projects.
- Provide on-going revenues that will sustain the Project and Co-op Power to be resources for years to come.
- **LIKELIHOOD OF SUCCESS:** The Project Plan is feasible and sound. The capitalization plan is reasonable. The Project has widespread community support. The Project is likely to be successful.
- **OWNERSHIP:** The Project is community-owned. (A majority of the project is owned by government entity or municipality, local member-controlled non-profit, local consumer-controlled cooperative, or a local worker or farmer-controlled cooperative with at least 25 members.)
- **COMMUNITY LEADERSHIP AND SUPPORT:** The Project is sponsored by a Community Energy Co-op with 50 Co-op Power Members committed to supporting the project. The Founding Board of Directors for the Project includes: a project champion (someone willing to shepherd the project forward over the next few years of development), someone with project-related industry expertise, someone with experience fundraising, someone with a background in finance, someone with a background in business start-up, and someone with experience in community-organizing or participatory management (who knows how to orchestrate information sharing between the project leaders and the community in a way that builds broad ownership of the project). The leadership of the Community Energy Co-op and the Founding Board of Directors is strong enough to carry the project forward.
- **FINANCIAL RETURN:** The Project Plan shows how the Project will provide a return on the investment of Co-op Power member equity commensurate with the risk involved.
- **COORDINATION WITH OTHER CO-OP POWER PROJECTS:** The Project adds to Co-op Power's long-term regional energy strategy, building on and supporting other Co-op Power projects. (For example, a biodiesel plant project should be at least 50 miles from another Co-op Power-supported biodiesel plant).
- **CO-OP POWER EXPERTISE:** The Project relates to areas where Co-op Power has expertise or believes the development of expertise in that area would be of benefit to many communities in the region (2007-9: biofuels; community-owned distributed electric generation: wind, solar, biomass, or small hydro. After 2010: retail electricity strategies; conservation and efficiency projects; renewable energy related economic development projects).