



BUSINESS COUNCIL
OF CO-OPERATIVES AND MUTUALS

Sustainability of energy supply and resources in New South Wales

Submission to the Legislative Assembly Committee on
Environment and Planning

By email: environmentplanning@parliament.nsw.gov.au

16 September 2020

Dear Committee Secretary,

Response to questions on notice in the inquiry into the sustainability of energy supply and resources in New South Wales

The Business Council of Co-operatives and Mutuals (BCCM) is pleased to provide the following supplementary material in response to the Committee's "Questions on Notice."

- 1. You mentioned that in Germany about 1,000 energy co-ops were formed in the past 15 years. You then went on to say that one of the reasons co-ops are formed is because of market failures. I wanted to understand whether there was any role government policy played. You hear a lot about Germany as an example of transitioning away from coalmining, for instance. Was government policy a factor there? Are other policy elements a factor?*

Response

In Germany, government policy settings have been important for the growth of renewable energy generation *and* the use of co-operative structures for ownership of a significant part of that new generation (for example, see Debor, [The Socio-Economic Power of Renewable Energy Production Cooperatives in Germany](#), April 2014).

In 2006, German co-operatives legislation was amended. The reforms included reduction in number of members required to form a co-operative, some regulatory relief for start-up co-ops with less than 20 members, allowance of electronic voting, and allowance for a class of investor-members. There was subsequently a boom in use of co-operative ownership for many renewable energy projects.

Co-operatives and other citizen-led models contributed nearly half of new renewably energy capacity in 2012 and are cited as boosting widespread community acceptance of new energy generation models.

Formation of new energy co-operatives has subsequently declined with revisions in the Renewable Energy Resources Act in 2012, 2014 and 2017 that have, as we understand it, disadvantaged smaller producers such as co-operatives. At the same time, the number of members and investment capital in existing co-operatives is continuing to increase (see Klagge and Meister, 'Energy cooperatives in Germany – an example of successful alternative economies?', February 2018 and Clean Energy Wire, '[Reform of the Renewable Energy Act](#)', 29 June 2016).

BCCM's sister organisation in Germany published this [media release](#) recently commenting on a current round of proposed reforms.

2. *What kind of jobs numbers are we are looking at here, on average, in some of those energy co-ops? Is it more about the investment structure and, as you say, the "sticky money" that stays around in those communities?*

Response

BCCM expects the direct employment impact of energy co-operatives will be similar to other energy industry businesses with the same operations.

Beyond Zero Energy have estimated that the development of a renewable energy sector (solar and wind) to a 90GW capacity is estimated to potentially 124,000 jobs in construction and 22,000 jobs on an ongoing basis. Local manufacturing to support this sector could generate more than 9,000 additional jobs (see: Beyond Zero Energy, The Million Jobs Plan, 2020).

We agree that the different economic outcomes arising from co-op ownership is more around 'sticky money'. Local community ownership will mean co-operatives will tend to retain local operations, employ locally, and prefer local contractors and suppliers. They will also distribute any profits locally by way of returns to members, sponsorships and community contributions, or reinvestment in new local energy projects.

The 4.1MW Hepburn Wind co-operative generated construction employment involving over seven work-years of on-site employment, and on-going employment with three part-time local staff in the operation of the wind farm and the management of the co-operative. Additionally the project relied extensively on local procurement where expenditures included more than \$7 million (over half of the 13.5m investment) of Australian content with more than half of this spent in regional Victoria (see <https://www.hepburnwind.com.au/wind-farm/>). As outlined in our remarks at the public hearing, it has also generated financial returns for members and the community, and is looking at options to invest in new solar generation.

The Bendigo Sustainability Group notes that: *"Currently \$80M to \$100M leaves the Bendigo region annually in payment of electricity bills to retailers and energy companies located outside of our region, many with overseas head offices. A principal role of having community ownership of local energy systems is to retain revenue within the local area. The flow on effects will potentially lead to revenue redistribution 7 or 8 times locally before leaving the region as opposed to 1 or 2 times for electricity bills paid directly to a distant retailer."*

In the UK this multiplier is reported to be even greater with Emma Bridge, CEO of Community Energy England, claiming community-owned renewable energy projects deliver 12 to 13 more times the community value for local areas (see The Guardian UK, Energy co-ops: why the UK has nothing on Germany and Denmark, 2 October 2015)

Please contact me should you require any further information.

Yours sincerely,



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