



DEMOCRATIC ENERGY UTILITIES

Democratic energy utilities are nonprofits run by the public or community members in a way that enables their engagement in decision-making and distributes ownership.

Democratic energy utilities in the United States come in the form of public (or municipal) utilities and rural electric cooperatives. Public utilities are owned and operated by a local government, and vary greatly in size from small towns to cities as big as Los Angeles. Rural electric cooperatives are at their core cooperative, nonprofit businesses

that are voluntarily owned and controlled by the people who use their service. Together, these two democratic utility types already serve close to 30 percent of all electricity customers in the United States, according to the American Public Power Association. In Nebraska, the entire state is supplied by democratic energy utilities.

Potential Impact

Democratic ownership in the energy sector could accelerate the renewable energy transition at the scale needed to meet our closing climate deadline for action, and do so based on a principle of deep “energy democracy” with equity at its core. Energy utilities’ control over so much of the energy supply chain make these entities a strategic platform for bringing energy democracy tactics to scale. Harnessing energy utilities could fuel projects from expansive low-income housing efficiency projects (as are being done by PUSH Buffalo in New York), to community solar programs (such as the solar gardens created by Cooperative Energy Futures in Minnesota), to stopping gas pipelines (as exemplified by the resistance to Dominion Power’s Mountain Valley Pipeline in Virginia).

Publicly owned utilities on average deliver lower utility bills...

What residential customers pay if they are served by...



...and return 33 percent more to their communities than investor-owned utilities

Percentage of power company revenues returned to communities (including taxes, fees and special services)



Transformative Characteristics

By shifting ownership to the community members receiving the energy, democratic energy utilities can transform the utility's relationship with decentralized renewables and the energy transition more generally. Investor-owned utilities generally make their money from infrastructure investments, such as a new gas pipeline or power plant. They don't like community members (collectively) generating their own renewable energy or increasing efficiency because it makes it harder to argue that their expansion projects are in the public interest. Democratic public utilities have decision-making processes that allow input from residents and do not have the overriding goals of profit maximization, resource extraction and centralized infrastructure expansion. That allows them to move more rapidly away from fossil fuels than companies driven by shareholder returns.

Challenges

Existing state or regional policies, regulations, and agreements may constrain how much change a public utility can undertake. Prime examples are regional cooperative projects, facilitated by a G&T (generation and transmission cooperative). G&Ts capture the cooperatives' collective investment in large-scale infrastructure, such as coal power plants. The cooperatives are sometimes required to receive as much as 95 percent of their energy from the G&T, which would seriously impede the use of decentralized renewable energy. Furthermore, these public utilities and regional electric cooperatives do not operate democratically. Key to the just energy transition is ensuring the community is in charge of these structures, through such mechanisms as stakeholder boards that include workers, low-income community members, and local politicians.

More resources

Denise Fairchild and Al Weinrub's anthology "Energy Democracy" offers a deep dive into energy democracy. The American Public Power Association and America's Rural Cooperatives also offer information on democratic ownership.

Examples

Austin Energy (Austin, Texas)

461,000 Customers

Established 1895

Austin Energy is the third largest municipally owned power company in the country. In 2013, the Austin City Council committed to a dramatic expansion of solar generation, calling on its utility to completely replace its old natural gas-fired plant with solar power. Austin Energy reported in 2017 that it had offset almost 40 percent of the carbon associated with its electric consumption with solar, wind and biomass energy produced by private power companies. The utility has a target of achieving 65 percent renewable energy by 2027—one of the most ambitious goals in the country. The utility also just initiated a large community solar program that residents can opt into. Each year, Austin Energy contributes more than \$100 million annually to the city's budget from its earnings, helping to pay for libraries, schools, and parks.

Kit Carson Electric Cooperative (Taos County, New Mexico)

29,000 Members

Established 1944

Kit Carson, with its tagline "owned by those we serve," has set a national example in its commitment to renewable energy, setting a goal of producing 100 percent of its daytime electricity from solar by 2022. Its first step toward that goal was to buy out its contract with the Tri-State Generation and Transmission Association, which as a sole source energy provider was limiting coops to 5 percent solar energy production. Since then it has engaged in such projects as installing 420 panels on a Taos, New Mexico charter school, the first community solar array in New Mexico.



The Next System Project's **Elements of the Democratic Economy** is an ongoing series introducing the basic institutional designs for a transformed political economy. Learn more at thenextsystem.org/elements

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