POLICY PROPOSAL

Community Ownership of Power Administration (COPA)

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A cornerstone of the Green New Deal should be freeing communities from the unjust power of investor-owned utilities by deploying the much-needed finance and capacity to replace their incumbent utilities with publicly-run, renewable-powered ones.

The Problem with Investor-Owned Utilities

Investor-owned utilities have a long history of prioritizing money-making over the needs of communities. They dump pollution on poor people and people of color, situating their noxious fossil fuel plants, landfills, incinerators, or refineries in black and brown neighborhoods, where the residents have less capital—be it time, money, or political influence—to object to environmental racism and injustice.

We only have 12 years to implement a dramatic reduction in our collective use of fossil fuels to avoid the worst consequences of climate change, according to the latest report of the United Nations Intergovernmental Panel on Climate Change. However, the private utilities show no meaningful sign of being willing—or even able—to change. Their business model revolves around their heavy investment in a centralized fossil-fuel infrastructure. They actively use their consolidated power and political influence to stop action on climate change or create space for community-based renewable projects that would upend their business model.

Current investor-owned utilities think of shifting to renewable energy in much the same way as the utilities of the 1930s thought of rural electrification, as a non-economic social good, and just as utilities in the 1930s resisted mandates to serve rural communities, today's utilities have actively opposed being mandated to act to protect the planet. This clear collective action problem, along with investor-owned utilities' immense political power, has stymied action on many community solar, energy efficiency, and non-exploitative rate projects across the country.

THE PROPOSAL
Community Ownership of Power Administration (COPA)

We propose what we call the Community Ownership of Power Administration (COPA), a financing and technical capacity program that would be similar to the Rural Electrification Administration of the first New Deal with one fundamental difference: While the REA was never intended to address legacies of discrimination, COPA would be explicitly designed to lift up and help make whole communities that have borne the brunt of structural injustice. As a major component of the Green New Deal's energy strategy, COPA would provide a catalytic tool for a new energy system based on local, community benefit.

With COPA, municipalities, counties, or even states or sovereign tribal nations could gain access to:

- **The necessary legal authority** to take over their utility, regardless of the status of their franchise contract with the private utility and transition to a publicly- or cooperatively-owned utility for the service area.
- **A suite of patient financing and funding mechanisms,** including low-to-no-interest loans, grants, and other incentives, to buy back the energy grid and invest in a resilient, renewable system. Historically, localities have needed to rely upon municipal bond issues to buy out utilities, which require payback with high-interest costs, with rates higher for poorer cities as a result of low credit ratings from unregulated, private rating firms.
- **Financing or funding for already-existing publicly- or cooperatively-owned utilities,** as well as federally run bodies like the Tennessee Valley Authority, to wind down fossil fuel infrastructure and transition to more renewable energy, energy efficiency, and grid resiliency projects. The policies and subsidies that the US has provided up to now for the energy transition, and infrastructure writ large, have been too focused on for-profit companies instead of communities or local governments—essentially giving away public funds to profit the one percent.
- **Technical and legal capacity** necessary to make the transition to a community-owned utility, such as legal aid throughout the transition process, feasibility studies and analysis of the takeover, and training on imperative components of a new grid: renewable integration, energy efficiency, resiliency and disaster planning, and other needs.
- **Information and guidelines** for setting up institutions that allow for participatory democracy, distributed ownership, and delivering on a vibrant economy (such as community-based partnerships and local hiring and apprenticeship programs) while still leaving room for local design.

The Historical Precedent

President Franklin Roosevelt launched the **Rural Electrification Administration** (REA) to jumpstart the process of getting electricity to farms and small towns by providing long-term, low- to no-interest loans.

When for-profit utilities rejected the loans, deeming rural electrification as an unprofitable "social" project, that opened the door for farmers and rural communities to apply in huge numbers to start electric cooperatives, public power districts, and municipal utilities in order to bring electricity to their areas. In 1935, the first $100 million in loans Congress authorized ($1.8 billion in 2018 dollars) was quickly oversubscribed. Within a decade, rural areas went from little to no electricity to more than 90 percent electrification.

Today, there are more than 900 rural electric cooperatives that started through the program. REA is now considered one of the most successful of the New Deal agencies.