



**Hon Steven Guilbeault, Minister of Environment and Climate Change**

Fontaine Building 12th floor, 200 Sacré-Coeur Blvd., Gatineau QC K1A 0H3

**Hon Jonathan Wilkinson, Minister of Natural Resources**

580 Booth St, Ottawa, ON K1A 0E4

December 14, 2021

Dear Ministers Guilbeault and Wilkinson:

**Mobilizing Climate Action through Community Ownership of Clean Energy**

First of all, we would like to congratulate you for the constructive role that Canada played at COP 26. Commitments to phase out the use and export of coal, remove fossil fuel subsidies, and set a clean electricity standard made Canada a leader in moving the needle towards the 1.5-degree goal.

But now comes the hard part – deploying the clean energy alternatives that will be needed to meet these commitments. This is where community owned clean energy can play a unique and significant role.

At COP 26, the [Community Power Coalition](#) called on EU leaders to make community energy part of the climate solution. The undersigned renewable energy co-operatives and community energy development corporations are asking you to do the same here in Canada. Below we have laid out eight actions through which the federal government could support community ownership.

### *Who Are We?*

Renewable energy co-operatives are community investment<sup>1</sup>, retail and worker co-operatives that support local economic development by financing, installing or owning renewable energy projects. In Canada, we already operate in seven provinces<sup>2</sup> – many of which still use significant proportions of coal or natural gas power generation.

In Europe, there is a [growing network of 1900 energy cooperatives](#). As a result of their ownership stake in these co-operatives, their 1,250,000 members are active in the energy transition in deed, not just rhetoric, and represent a powerful constituency for addressing our climate emergency. The [University of Delft](#) showed that half of all European Union citizens could be producing their own electricity by 2050, either individually or through an energy cooperative, thereby meeting 45% of the EU's energy demand.

A [recent study by the University of Victoria](#) showed that renewable energy co-operatives scored the highest possible in terms of the potential to decarbonize, democratize and decentralize energy systems - by replacing fossil fuels, giving communities more collective control over energy decisions, and decentralizing energy grids.

Most importantly, renewable energy co-operatives unlock a vast source of personal savings that are searching for more sustainable equity investments, meeting the recommendation of [Canada's Expert Panel on Sustainable Finance](#) to "Provide Canadians the opportunity and incentive to connect their savings to climate objectives." This builds a sense of ownership of energy and gives members the knowledge that energy in their community is coming from sustainable sources. Owning renewable

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<sup>1</sup> [Community Investment Co-operatives](#) are community-owned and controlled impact funds that support rural and urban economic and business development.

<sup>2</sup> Currently BC, AL, SK, ON, QC, NB, NS

energy facilities in their communities also increase the acceptance of renewable energy projects.

A [recent survey of EU countries](#) showed that:

- 86% of Europeans support new wind and solar projects in their local areas;
- 77% of people who live near wind turbines would support additional turbines nearby if they were community owned;
- 61% of Europeans would join a renewable energy co-operative if one were set up in the local area;
- 79% of Europeans want their governments to provide more financial support for communities to generate their own solar and wind energy.

Finally, renewable energy co-operatives generate up to 8 times more local revenue than a project carried out by an external enterprise - maximizing the employment and economic benefits from the clean energy transition, generating and keeping wealth in the community in all parts of the country – not just in resource areas.

In 2017, the [Ottawa Renewable Energy Co-operative](#) identified and estimated some of these community benefits and attributes created by its projects.

### *Where can we help the most?*

The sweet spot for community investment by renewable energy co-operatives is medium scale solar, wind, storage, and efficient energy systems. These can be located:

- “Behind the meter” on multi residential, commercial and institutional buildings to help them approach net zero status;
- “Embedded” in local distribution systems, particularly in areas of increasing demand;
  - to eliminate the need for expensive new grid infrastructure, and
  - to provide clean virtual power to customers who cannot install their own renewable energy systems (aka virtual net metering or community solar);
- In rural and remote communities – avoiding the high cost of grid connection and fostering rural / regional economic development.

### *How could the Federal Government leverage more investment by renewable energy co-operatives?*

What we need most is **recognition of our role in climate action to establish legitimacy and opportunities to unlock community capital**. Renewable energy is on the verge of being competitive everywhere – large subsidies are not needed. Financing is not the barrier - opportunities to invest and own are what is needed.

The following actions by the Federal Government could achieve this. We have attached a short description and rationale for each to this letter.

*Mobilizing Climate Action through Community Ownership of Clean Energy*

Recognition and Legitimacy:

- ✓ Include renewable energy co-operatives as climate action partners, promoting the value and role of community ownership.
- ✓ Direct regional federal development agencies to consult with the sector on how best to support the formation of provincial and/or regional 'shared service' community energy organizations. Provide seed capital to support the creation of new renewable energy cooperatives, enabling more community investment across the country.
- ✓ Increase the Small Business Allowance for 'for-profit' renewable energy co-operatives, allowing them to build stronger/larger pools of capital, and operate with a long-term perspective.
- ✓ Provide a federal tax credit for RRSP investment in community energy projects.
- ✓ Work with provinces to remove barriers to community ownership of energy, including high minimum capital requirements for procurement and restrictive regulations.

Provide Opportunities:

- ✓ As part of the Federal Clean Electricity Initiative, procure electricity or Renewable Energy Certificates for signature government buildings from local renewable energy co-operatives.
- ✓ In support of the proposed Clean Electricity Standard – Zero Carbon Grid by 2035 - scale up the federal Grid Modernization program with a new Community Financing Stream.
- ✓ To promote net zero building retrofits, provide grants for community financed net metered solar systems and storage on commercial and institutional buildings. Accelerate publication of model energy code for existing buildings and ratchet up to net zero over 5 years.

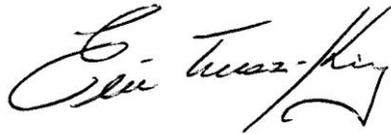
On behalf of the undersigned, we would like to meet with you to discuss our recommendations and how they might be included in Budget 2022. Please contact Dick Bakker at [dick@bakker1.ca](mailto:dick@bakker1.ca) 613 404-7712.

Sincerely,

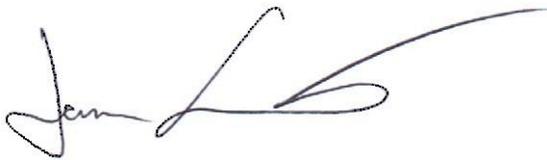


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David Stevenson, President  
Colchester-Cumberland Wind Field Inc. NS  
[www.ccfw.ca](http://www.ccfw.ca)



Eric Tusz-King, Chair  
Beausejour Renewable Energy Co-op, Beausejour NB  
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Jean Lavoie, DG  
Val-Éo coop de solidarité, St-Gédéon QC  
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Dick Bakker, President  
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Nate Preston, President  
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Chris Caners, General Manager  
SolarShare, Toronto ON  
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Helmut Schneider, President  
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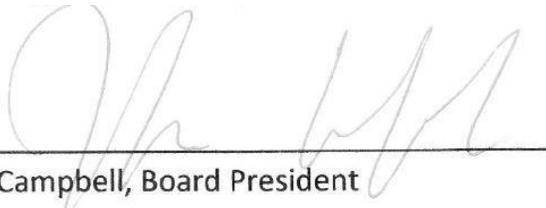
Shane Mulligan, General Manager  
LIFE Co-operative, Kitchener ON  
<http://www.lifecoop.ca/>



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Brian Unrau, President  
Community Energy Development Co-op, Kitchener ON  
<https://cedco-op.com/>

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Josh Campbell, Board President  
Wascana Solar Co-op

[www.wascanasolarco-op.com](http://www.wascanasolarco-op.com)



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Rod Johnson, President  
SES Solar Co-operative Ltd., Saskatoon SK

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*Jeffrey J. Roberts*

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Jeffrey Roberts, President  
Bow Valley Green Energy Cooperative, Canmore AL

[www.bvgreenenergy.org](http://www.bvgreenenergy.org)



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Warren Sarauer, Chair of the Board  
SPICE - Solar Power Investment Co-operative of Edmonton AL

[www.joinspice.ca](http://www.joinspice.ca)



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Robert Baxter, Principal  
VREC Solar and Solshare Energy, Vancouver BC

<https://www.vrec.ca/>

*Mobilizing Climate Action through Community Ownership of Clean Energy*

CC: Federal MPs in renewable energy co-operative ridings

|                         |                          |
|-------------------------|--------------------------|
| Stephen Ellis           | Cumberland-Colchester NS |
| Dominic Leblanc         | Beausejour NB            |
| Alexis Brunelle-Duceppe | Lac-Saint-Jean QC        |
| Yasir Naqvi             | Ottawa Centre ON         |
| Kevin Vuong             | Spadina-Fort York ON     |
| Dave MacKenzie          | Oxford                   |
|                         | Kitchener South-Hespeler |
| Valerie Bradford        | ON                       |
| Mike Morrice            | Kitchener Centre ON      |
| Michael Kram            | Regina-Wascana SK        |
| Brad Redekopp           | Saskatoon West SK        |
| Blake Desjarlais        | Edmonton-Griesbach AL    |
| Heather McPherson       | Edmonton Strathcona AL   |
| Blake Richards          | Banff-Airdrie AL         |
| Jenny Kwan              | Vancouver East BC        |

***Eight Ways the Federal Government Could Leverage more Investment  
by Renewable Energy Co-operatives***

***Recognition and Support***

1. Recognize the importance of community ownership of clean energy in tackling climate change

Renewable energy co-operatives provide Canadians the opportunity and incentive to connect their savings to climate objectives as per the recommendation of [Canada's Expert Panel on Sustainable Finance](#). However, renewable energy co-operatives are not widely known across Canada; consequently, a huge opportunity to unlock these savings for climate financing is being lost.

- We request that the Federal Government aggressively acknowledge the potential of community ownership of clean energy and include renewable energy co-operatives as climate action partners.

2. Promote formation of and membership in renewable energy co-operatives as a key component of achieving net zero

Governments have long played an important part in nurturing the co-operative sector, recognizing the value it brings in terms of providing local democratic ownership and control over important parts of the economy. This support has been expressed in a number of ways including, importantly, seed funding and in-kind support for the formation of 'shared service' organizations that have played an important role in fostering the expansion of credit unions, retail, agriculture, health care, child care, housing, and funeral co-operatives to name just a few.

These organizations help co-operatives avoid the costly duplication that currently characterizes much of the renewable energy co-operative sector's work. With that in mind, we recommend that the federal government:

- Direct regional federal development agencies to consult with the sector on how best to support the formation of provincial and/or regional 'shared service' organizations.
- Provide seed capital to support the creation of new renewable energy cooperatives across the country.

This would help make community ownership as strong in Canada as it is in Europe and allow more Canadians to contribute to and support climate action.

3. Increase the small business capital asset cap for co-operative enterprises

Renewable energy co-operatives are by their nature capital intensive, investing in solar and wind generating equipment that must be paid for up front but provide a modest revenue over 20 years or more. “For-profit” renewable energy co-operatives (and community enterprises with transparent local ownership) may therefore qualify as a small business for tax purposes with respect to income but will be challenged to remain efficiently managed while under the \$15 million maximum with respect to capital assets. Asset growth could take them above the \$15 million maximum in short order.

- We therefore request that the small business capital asset eligibility for for-profit renewable energy co-operatives/community enterprises be raised significantly. This would allow them to build stronger/larger pools of capital, operate with a long-term perspective, function in the modest profit world of energy, and compete with the pension fund backed incumbents.

4. Provide a Federal Tax Credit for RRSP investments in community energy projects

Community investments in renewable energy provide significant local economic benefits. Tax credits have been shown to leverage significant community investment in renewable energy in Nova Scotia through the CEDIF program. In Quebec those investing in communities through les Fonds de solidarité FTQ for their RRSP/REER receive both a provincial and federal tax credit. However, cooperatives are only eligible for a Quebec provincial tax credit through an R.I.C. (régime d’investissement coopératif).

- We therefore propose a Canada wide federal investment tax credit for individuals investing in community energy through their RRSP

5. Work with Provinces to remove barriers to community ownership of energy

Renewable energy co-operatives face many barriers when trying to compete with traditional investors. These include high capitalization requirements when governments procure new energy capacity.

Some provinces do not yet allow solar net metering on a customer’s facility. Most provinces also have regulations that restrict the ability of renewable energy co-operatives to provide renewable electricity to their members or other interested customers – through so called “virtual net metering” or community solar.

- We ask that the Federal Government work closely with the provinces to remove these barriers to community ownership.

## ***Providing Opportunities***

### **6. Procure electricity or Renewable Energy Certificates for signature government buildings from renewable energy co-operatives**

As part of its Federal Clean Electricity Initiative, the Federal Government has announced several initiatives to allow federal facilities to procure 100% of their electricity either directly from renewable sources or through the purchase of Renewable Energy Certificates (RECs).

- We are proposing that “signature” buildings such as museums, laboratories, parks, farms, bases and penitentiaries, etc., across Canada purchase this renewable electricity from community financed net metered solar systems on the facility itself or by purchasing RECs from local renewable energy co-operative/community enterprise.
- The procurement should be structured with minimum supplier capital requirements in line with those of renewable energy co-operatives, and recognize the unique community benefits of the procurement (perhaps through a Community Benefits Agreement)

### **7. Scale up the federal Grid Modernization program with a new Community Financing Stream**

The Federal Government has committed to introduce a Clean Electricity Standard that will require all Canadian grids to be zero emissions by 2035. To meet these requirements, provincial grids will need to replace fossil fuel generation with a full range of renewable energy and other clean electricity options.

The federal government has been providing support to provincial and local power utilities to pilot smart grid and distributed generation systems through the Grid Modernization Stream of NRCan’s Smart Renewables and Electrification Pathways program.

- We propose that in support of the proposed Clean Electricity Standard regulations, the Federal Government introduce a new program to support the scale up of these pilots help utilities meet the new standard. The program would target areas of increasing demand from electrification and urban growth.
- We are proposing a dedicated Community Financing Stream for community owned projects in the program. This dedicated stream would:
  - a) Maximize local economic development benefits

- b) Provide Canadians the opportunity and incentive to connect their savings to climate objectives
- c) Build local support for climate objectives and minimize NIMBY.

8. Support for community financed net metered solar systems and storage on commercial and institutional buildings

To meet Canada's net zero goals, 4% of all homes and buildings need to undergo deep retrofit every year for the next 25 years. Canada is working on a model energy code for alterations to existing homes and buildings. There are calls for this process to be accelerated so that provinces can begin to regulate the retrofit of homes and buildings as soon as possible.<sup>3</sup>

We support the acceleration of this model code and propose it be ramped up to net zero over 5 years and allow the addition of solar electricity and storage capacity as options to meet code requirements.

Right now, these solar and storage investments are cost effective and provide net savings for only the small number of building owners that can finance over 20 years and are located in provinces with higher electricity rates.

- To help building owners of suitable commercial and institutional buildings attain net zero, we are proposing a new federal program that would provide grants of \$200 per kW for net metered solar (and storage). This would reduce the financing term, making net metering attractive for a significantly larger number of buildings.
- Again, we are proposing that this program include a set aside or separate stream for community financed systems to maximize community benefits.

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<sup>3</sup> [We Need a National Retrofit Code Sooner Rather than Later](#). Efficiency Canada 2021