

## **BRIEF**

ACCA Rise and Shine Breakfast Forum  
Executive Royal Hotel, Calgary, ALBERTA  
October 15, 2009

---

### **Overview**

The Rise and Shine breakfast focused on local ownership of alternative energy in Alberta, discussing question such as: what is the potential for co-operatives? What are the advantages? What are the challenges and next steps?

As the invitation outlined, alternative energy stands as a different way to power our energy dependant society. Alternative energy offers the hope of reducing greenhouse gases and in a world in which energy prices are likely to climb in the longer term, alternative energy is becoming an affordable substitute. Farmers, foresters, and municipalities may also realize an added source of income for the energy feed-stocks that they can provide. Representatives from Alberta Energy (Susan Carlisle), Alberta Agriculture & Rural Development (Jim Jones), and Peace Energy Co-operative (Steve Rison) circulated among the registrants for discussion after the formal presentations. The latter included members, directors, and staff of Alberta credit unions, rural electrification associations, gas co-ops, UFA, Federated Co-operatives Ltd., and other co-ops. Also present were representatives of micro-generators and the industry that supports them as well as interested individuals.

### **Key themes**

A key theme throughout the discussion was that there was both interest and need in developing the co-op renewable sector in Alberta. A number of participants observed that Alberta has been 'spoiled by its natural resource' and perhaps co-ops could be leaders in a shift away from conventional Alberta sources. This resource rich and small population may explain faster European innovation in the area of renewables but there was a sense that change is required/coming and co-ops want to be a part.

Another theme that emerged was a desire to see policy initiatives which support the development of micro and renewable projects that don't download costs on to, for example, the electricity distributors (REAs). Suggestions were raised to look more closely at the feed in tariffs (FIT) that are part of Ontario's new green energy act, and also at European examples. Getting clear and supportive policy from the provincial government was recognized as key.

The third theme that emerged centered on the concrete business and networking opportunities that co-ops have in this area. FCL, UFA, REAs and gas coops could play big role in the distribution side of a coop energy system in Alberta. Other ideas were raised such as co-ops developing wind projects, helping farmers take advantage of carbon trading, or developing systems to distribute alternative fuels to consumers.

### **Energy co-ops in practice**

The forum covered a wide range of possible ways for co-ops to develop. We discussed examples such as the Toronto Renewable Energy Co-op (TREC) and Windshare, Val-Éo, Everpure Biodiesel and the Integrated Grain Processors Co-op. Some points from this:

- Some co-ops are creating new structures and limited partnerships because sometimes lenders prefer dealing with business structures they understand, especially with new start-ups. Others innovate structurally for some liability protection.
- The scale ranges from very small (20 member) to large (500 member) and covers producer, consumer, multi-stakeholder and many other structures.
- Alberta has, by far, the highest concentration of distribution co-ops for energy product in the country.

Steve Rison from Peace Energy provided the following key points about the Peace Energy experience:

- It is critical to establish a trustworthy relationship as that is part of due diligence. The co-op sent out questionnaires to prospective partners to assess which would mesh best with the co-op's needs.
- Peace Energy Co-op entered a partnership with Aeolis Power to develop the wind resource in Dawson Creek. It is now the largest (and only) wind project online in BC. AltaGas owns the physical assets on the site.
- What PEC brought to the partnership were the lease for wind energy on Bear Mountain and support from the community. There is no royalty paid for the use of wind.
- PEC negotiated a developer's fee with Aeolis based on a percentage of whatever amount Aeolis would receive as its developer's fee from other development partners. PEC negotiated this with Aeolis before AltaGas entered the picture.
- They have 34 windmills each producing up to three mega watts.
- Originally one of the founders was the "Sparkplug". Having one key dedicated individual was essential in getting the project going.
- PEC is now looking in to other projects, such as distributed heating and energy systems like they have in Norway.

### **Opportunities for co-ops**

Participants raised a number of questions that led to ideas about where Alberta co-ops may add value in renewable/green energy.

1. Micro producers and farms can earn carbon offsets which can be sold to large emitters. Susan Carlisle identified that right now in AB they sell for \$15 per tonne of CO<sub>2</sub>. In Europe this is more like \$80, so at some point soon this may prove more profitable than it is now. There may be an opportunity for co-ops to set up a facility to bring together the carbon offset credits that micro-generators earn and sell them/market them. Several companies do that currently and take 75% of the profits. At this point some participants said that the payoff for individual farmers to fill out the paperwork just isn't worth it. Perhaps this is a co-op opportunity.

2. There is a large potential for geothermal development in Alberta. Susan's data showed that the greatest potential for geothermal (shallowest is the easiest to access) is at the oilsands and Hinton. BC geothermal is right at the surface. Fort McMurray is 3 km down. With deep geothermal, the initial tapping of it may be expensive but it takes less energy to get out of the ground. Shallow geothermal required pumps and more energy.

3. Jim Jones suggested a number of places for co-ops to look. One is to find existing businesses and tapping into their excess heat for use in profitable ventures, and to look into the profitability of converting farm and other wastes. Another is in educating the masses on the proposition of renewable and alternative energy.

### **Challenges**

A number of challenges arose that may need to be addressed further. All three centre on the incentive structure for micro-gen producers.

One challenge that was identified for the development of renewables was the uneven playing field between conventional Alberta energy sources (oil, gas, funding for carbon sequestration) and newer forms. This is where input in to the next policy framework may help. Solar energy in particular was identified, as was a comprehensive green energy plan. Another challenge that came through was a tension between the REAs who feel their membership are bearing the cost of micro-generator producers (who may be using the grid as a battery) and the micro-generator producers who would like higher and guaranteed rates to help develop the renewable sources. Finally, a number of participants identified that companies such as Enmax were currently billing power producing homeowners transmission fees for distributing power when, in effect, the power produced travels very short (if any) distance. As a result those producing electricity from solar power at their home were unable to make much return, thus making solar less likely to develop.

### **Suggestions for future/next steps**

Participants expressed interest in further information on Canadian and European policies and initiatives (such as Jim Jones' trip report, Julie's dissertation/BALTA research, Hutterite colonies in Alberta). The creation of partnerships between distributors and producers, as well as between organizations with financing (such as credit unions) was also identified as a key to moving forward. There is a wealth of raw materials in Alberta, and some strong co-ops with expertise and resources so the opportunities are certainly there.

Susan Carlisle identified an opportunity for co-ops, through the ACCA, to feed in to the development of a new policy framework for alternative energy in Alberta. They are currently reassessing programs and looking at using market based tools. Many participants were curious about the incentives for micro generation of renewable sources. Susan suggested that something like the federal rebate program perhaps could be looked at as a model for incentives. Others suggested that there may a need to conduct similar sessions in other communities in Alberta to expose them to the potential of the coop model.