

## Cooperative Energy Futures

Cooperative Energy Futures is a cooperative of everyday people, businesses, and institutions that builds global warming solutions through community organizing and provides returns to members by investing in energy efficiency improvements.

### **The Challenge**

The inefficiency of the 80 million residential units in the United States is responsible for excessive heating and electrical loads that result in unnecessary new fossil fuel infrastructure, millions of tons of CO2 emissions, and billions of dollars of energy wasted each year that could be avoided through profitable improvements. Energy Service Companies (ESCOs) have approached the opportunities in energy efficiency in the institutional and commercial sectors, but have yet to systematically approach residential efficiency. At the same time, energy efficiency financing is being offered by a number of government and non-profit funding programs, but has yet to result in large-scale results.

In addition to financial barriers, there are there are persistent logistical and informational barriers that hold-up efficiency upgrades. The idiosyncratic characteristics of each home are further complicated by the wide array of technical experience required to make improvements. Existing contracting and auditing services are difficult for residents to navigate, omit financing, and make it difficult to determine work quality. In addition, high logistical costs from working with multiple homeowners and small project size often make for small profit margins for residential energy efficiency work. While these barriers are significant, we feel it is essential that neighborhood-based, comprehensive energy efficiency services are created to support residents. As energy prices rise and carbon-based energy becomes more regulated, residents are already finding it difficult to support themselves, particularly in lower-income communities where inefficient building stock contributes to the rise in foreclosures. Without effective community energy solutions, the energy and climate crises will remain insoluble.

### **Our Approach**

Cooperative Energy Futures enables community participation in the energy efficiency solutions demanded by the climate and energy crises. It primarily serves residential units, providing residents with the logistical, informational, and financial tools to avoid energy waste and carbon emissions while cutting their bills, reducing their vulnerability to volatile energy prices, and building up social and financial capital to implement broader shifts towards sustainability in the future. Cooperative Energy Futures will help residents

aggregate their efficiency projects with those of their neighbors, providing significant cost reductions from economies of scale, and will coordinate the logistics of identifying skilled contractors, bulk-buying materials, and auditing homes. Furthermore, Cooperative Energy Futures will provide a venue for outside investment in home energy improvements paid back by the savings generated, allowing residents to pursue efficiency opportunities they could not otherwise afford and providing investors, both large and small, with opportunities to get competitive returns from investing in energy-efficient communities and a low-carbon future. The cooperative structure allows us to unite multiple actors working in efficiency, and fosters localized, collective participation.

### **Major Benefits:**

- 20% volume discount by aggregating work in 20-30 homes in a neighborhood for contractors
- Competitive and rapidly scalable model that works closely with auditors, contractors, and homeowners
- Generation of both financial opportunity and locally adaptable community structures through community organizing and cooperative practices that develop and expand over time.
- Energy loans based on reduced energy cost, rather than a loan rate or credit score, saving the homeowner in the process while providing millions with an affordable way to increase the efficiency and value of their homes.

### **Our Structure**

Cooperative Energy Futures is a for-profit cooperative with a hybrid membership structure. The venture is profit generating, both for the co-op and for investors who supply capital for the efficiency improvements themselves, but the co-op is governed by membership based on one member, one vote. The co-op model has proven highly effective in situations, such as this one, that require collaboration between different participants, and especially where the venture both delivers immediate benefits and fosters long-term relationships through continuing benefits and opportunities. The financial relationship is only the beginning though, the intent is to create a new community network/institution that empowers its members. Education, collaboration and innovation will all be necessary components of the co-op structure and culture in order to achieve this. The energy savings are an empowerment mechanism that provides the incentive for relationship building, but the goal of CEF is to redesign and revitalize communities, not merely create an equitably profitable organization.

## **Implementation plan**

To launch Cooperative Energy Futures, we will pursue a number of steps more or less simultaneously. We need to finalize the operational protocol and verify working relationships with various organizations and businesses that we have engaged at the theoretical level. As we engage residents in the communities we organize in, we will pilot initial projects, possibly through supporting organizations until the co-op is organized, that may rely on resident investment rather than outside sources. We will be working with the MN State Legislature this spring to pass residential efficiency policy that will facilitate the growth of initiatives like this one. We have to incorporate as a co-op, determine our membership structure, and legally define how outside investment will be managed through the co-op. Through this process, we will identify initial investors from communities, foundations, and other financial institutions that will provide the initial investment in home efficiency improvements.

Built on people power, Cooperative Energy Futures finances sustainable infrastructure through the efficiencies it creates, changing the debate about people's capability to create change and role in shaping the future.