

**Transposed from email**

Good evening,

Please treat this as the response of Co-operatives UK, the national network of co-operative and mutual enterprise. We represent over 100 community owned co-operatives engaged in the generation of renewable energy.

### **Chapter Three**

#### ***Have we accurately described the NTBM environment? Have we missed something?***

We limit ourselves specifically to expanding on community owned co-operative NTBMs.

Community owned energy generators use co-operative models that allow people to pool resources fairly and effectively to develop, own, and control, renewable generation plant.

They use two legal forms:

- bona fide co-operative societies
- community benefit socialites

Irrespective of legal form these enterprises are co-operatives by virtue of meeting an internationally recognised definition. In thinking about community owned co-operative NTBMs Ofgem should recognise and reflect on this definition:

*A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. ([International Co-operative Alliance, Statement on the co-operative identity](#))*

There is a strong desire among many community co-operative NTBMs to supply their members directly with the energy produced - creating what could be termed 'prosumer' co-operatives.

#### Value proposition

Ofgem should consider a prosumer co-operative's potential value offer within the context of the international definition. The value offer relates to common needs being met. What common needs could a prosumer co-operative meet?:

- increased community energy self-sufficiency
- collective action to decarbonise energy production and consumption locally
- greater collective and personal control over and benefit from local energy generation and consumption
- cheaper energy, fuel poverty alleviation

#### Motivations

In a prosumer co-operative the motivations and the value proposition will be one and the same. Co-operatives form because people share resources to meet a common need or aspiration.

#### Organisational arrangements

See above our summary of community energy co-operatives, the legal forms they use and so on. The key features again:

- meet common need of members
- jointly owned by members
- democratically controlled by members

## **Chapter Five**

### ***What are the benefits of different NTBMs to energy consumers?***

The potential benefits to consumers from being able to establish prosumer energy co-operatives would be:

- greater energy self sufficiency
- cheaper clean energy
- democratic accountability in the energy system

### ***Are there additional wider benefits to the energy system and beyond it?***

Closing the loop locally will end the distinction between producer and consumer, clear the way for community energy co-operatives to challenge the dominance of the larger energy companies, and give a further boost to the local economy and community. Co-operatives could choose to supply their members at below market rates, or at social rates, making renewable energy more affordable whilst alleviating fuel poverty and cutting the cost of living. This would be the best kind of bottom-up economic and social innovation, reshaping our economy and meeting genuine needs.

### ***Which of these benefits should be taken account of in regulatory policy-making and decision-taking and why?***

The crucial concept behind a prosumer co-operative is to do away with the often problematic supplier - consumer relationship altogether.

So much of the regulation of the energy supply industry is designed to protect consumers from suppliers; through encouraging competitive markets, ensuring reliability, and offering redress.

In a prosumer co-operative these risks are significantly reduced so the need for such heavy handed protection are reduced as well.

Yet in trying to protect consumers the current regulatory system that holds the line, with a 'better the devil you know' mind-set propping up the status quo. Regulation of our energy system requires re-calibration to be less risk adverse when it comes to vital innovations like prosumer co-operatives

Please do not hesitate to contact me if you have any questions.

James Wright  
Policy Officer  
Co-operatives UK  
Tel: 0161 214 1775

[james.wright@uk.coop](mailto:james.wright@uk.coop)