

Energy Cooperative in Neustadt an der Waldnaab County, Germany

Energy Cooperatives



Background

With the rights of renewable energy communities¹ now to be enshrined in European legislation as part of the ‘Clean energy for all Europeans package’², their role in facilitating greater citizen involvement in the energy transition is likely to grow. Among the various legal structures available for to govern energy communities, energy cooperatives are a tried and tested model for local governments to employ.

“A cooperative 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 (2019)³

Cooperatives share certain internationally agreed-upon principles⁴ and are organised on a fundamentally democratic basis, often operating according to a ‘one-vote-per-member’ principle. In these cases, no shareholder can exert disproportionate control over the cooperative as voting rights do not increase based on the amount invested. Often only a small contribution is sufficient to become a member of the cooperative and hence have a say in its further development.

¹ Renewable energy communities involve groups of citizens, social entrepreneurs, public authorities and community organisations participating directly in the energy transition by jointly investing in, producing, selling and distributing renewable energy. Hunkin and Krell, 2018. [Policy brief: Renewable Energy Communities.](#)

Objective

Energy cooperatives offer potential to help mobilise finance for reaching renewable energy targets, while involving citizens and other stakeholders in the production and use of renewable energy. Those who sign up as members can buy shares of the cooperative, which in turn owns renewable energy installations and provides a return on investment to its members over time. Provided the energy cooperative acts as, or sells to, a licensed supplier, members can also get access to locally-produced green electricity at a fair price.

Description of the funding opportunity

An energy cooperative allows not only to pool resources for investment, but also to unlock potential sites for renewable energy production. For example, although the available roof area to install renewable energy technology might seem abundant in a city, private installations are often slow to materialise as the household roof might not be suitable or an individual owner lacks funds to invest. A local government can make space available on publicly-owned buildings or land for energy cooperatives to install panels or other equipment. Large roofs of public/industrial buildings with a good inclination angle are well-suited and could be provided to cooperatives for free or for a very low rental cost. Energy cooperatives do not need to be limited to electricity generation, they also increasingly engage in energy efficiency projects, using private capital to finance

² See more [here](#)

³ See more on the [International Co-operative Alliance website](#)

⁴ See more on the [International Co-operative Alliance website](#)

initial investment. Examples include efficiency gains in street lighting, e-mobility, and district heating.

Unlike investing in the stock market, the individual's financial risk is limited to the initial investment and single shares can usually be bought for a comparatively low price. An energy cooperative is only liable towards the interests of its members and not towards any external parties. In most cases, a cooperative will be of local or regional character, which means it can also instil a strong sense of community. The participation of a local government, in addition to investing and financially benefiting themselves, can increase trust in the entire project and lead to more citizens joining. Local governments can be excellent facilitators of energy cooperatives and have a key role to play in communicating the benefits to citizens.

Pros and cons of energy cooperatives

The main advantages are:

- Leverage private capital for local energy projects.
- Generate revenue that stays in the local community and can be reinvested to address local (societal) needs.
- Considerably increase social acceptance of local renewable energy deployment.
- Provide affordable access to local renewable energy and energy services to citizens.
- Create opportunities to cooperate with motivated local citizens who may provide (technical) expertise to the cooperative on a voluntary basis.

There are, however, some caveats to consider:

- Mostly depend on the voluntary engagement of members who might not always be professionals in the energy sector and may lack the experience to overcome administrative hurdles.
- Raising the initial capital can be a challenge if opportunities and benefits are not properly communicated to potential members.
- Energy cooperatives may have a hard time competing with established market actors for larger projects, where renewable energy projects are commissioned through tendering.

⁵ Wieg et al., 2011. [Energiegenossenschaften Bürger, Kommunen und lokale Wirtschaft in guter Gesellschaft](#).

Municipalities join hands through an energy cooperative

Depending on national legislation, energy cooperatives can also foster cooperation between municipalities, as has been the case in a southern German region. In the county of "Neustadt an der Waldnaab", 17 municipalities have formed an energy cooperative called "NEW-Neue Energien West eG" in order to jointly implement renewable energy projects⁵. The 17 member municipalities have purchased shares of at least 5000 euros each. The cooperative's governing board is led by three mayors, with other municipal representatives on the advisory board.

In order to make a distinction between overall regional decision-making on placement of renewable energy installations with the individual decisions of citizens, who might have a particular interest in their local photovoltaic (PV) plant, an additional cooperative has been established: "Bürger-Energiegenossenschaft West eG (BEW eG)". Citizens of the region buy shares of this separate cooperative, which itself is a full member of the NEW cooperative, for a minimum of 500 euros. So far more than 1450 people have acquired over 38,000 shares. Altogether, the two cooperatives have an investment volume of 56 million euros with 20 PV installations, as well as one wind park⁶ and an increased activity in providing charging stations for electric cars in member municipalities and district heating⁷. The cooperative employs local businesses, many of which are members themselves. This secures local jobs and generates regional tax income.

NEW eG works with a licensed electricity supplier (Grünstromwerke GmbH)⁸ to provide electricity through its own regional tariff at a fair price. The cooperative also offers members benefits such as cheaper energy savings advice, group purchases of pellets for domestic heat, and insurance for individual owners of PV installations.

Eligible measures

- Investment in renewables
- Investment in energy efficiency

This fact sheet is part of a series on funding opportunities, which can be found here: [html-link](#)

⁶ See more [here](#)

⁷ See more on the [NEW website](#)

⁸ Neue Energien West eG, 2014. [Regionaler Ökostrom kommt gut an Nordoberpfälzer nutzen Sonnenstrom der NEW eG](#).