

Putting energy democracy at the heart of a Green New Deal to counter the climate catastrophe

By Lavinia Steinfort

Youth climate activists have taken to the streets to demand immediate action from political power holders. They brought the issues of climate and labour together by calling for a global climate strike in September 2019, in which an historic 7.6 million students, (grand)parents and workers from 185 countries participated. Over 70 trade unions around the world supported the general strike and the number of climate groups that are demanding just transition pathways for fossil fuel workers are also steadily increasing.

The European landscape of climate activism is becoming densely populated. Numerous communities are defending nature along with their livelihoods. Initiatives like the German anti-coal coalition Ende Gelände practice civil disobedience to mobilise large numbers of activists for climate justice. Most of the ongoing demonstrations in 2020 – such as Fridays for Future, Extinction Rebellion and Earth Strike – are led by pupils and students who are joined by their families and teachers on the streets. Some, like the Shell Must Fall alliance,¹ are more explicitly tying corporate power to the climate crisis that has long been destroying communities and the biosphere, particularly in the global South. Or take the overlap between climate activism and the *Gilets Jaunes* protesters' struggle; they successfully mobilised hundreds of millions of lower and middle-class folks across France to fight Olivier Macron's so-called carbon taxes, which follow an extractivist logic in favour of the rich and paid for by the impoverished.² The message: climate action must have economic justice at its heart.



Photo of Fridays for Future in Sanremo, Italy. Credit: Tommi Boom, Flickr, Licence CC BY-SA 2.0

The alliance for a Green New Deal for Europe³ was formed to turn demands for climate justice into policy proposals. Soon after even the European Commission (EC) endorsed the call for a Green New Deal to re-evaluate the European Union's policies in light of the climate and ecological emergency.⁴ However, the EC's focus on economic growth has proven to prioritise private profits (i.e. privatisation) over social and environmental concerns. The experience of many cities and citizens is that big business is blocking the energy transition. By reclaiming energy grids and services, and creating democratic public ownership models, they have been able to take climate actions that put people and planet first. For the labour and climate justice movements to prevail, we need to collectively stand up against market solutions and build on the diverse forms of energy democracy that are already being developed across Europe.

How market solutions continue to fail people and planet

The first half of 2019 was the worst for clean energy spending in six years, with investments dropping globally.⁵ There has been a slowdown in the shift to renewable electricity across the EU since 2014, with annual investments in renewables dropping by 50 per cent between 2011 and 2017.⁶ The EC has warned its member states that their energy and climate plans are unlikely to meet the EU 2030 targets for renewable energy and energy efficiency. Half of the EU countries will probably not even meet their 2020 target for renewables.⁷ As Trade Unions for Energy Democracy explains in much more detail,⁸ leaving renewable energy to the market implies that small energy companies have to compete with the big multinationals for subsidies and energy supply. This approach has failed to bring the necessary investments. Since 1996, the EC has been pushing for energy liberalisation. The promise was that this would increase competition. However, by 2009 only five big energy companies were still dominating the European market.⁹ This market approach is not only leaving many Europeans in energy poverty,¹⁰ it also has not delivered an energy transition at the needed scale and speed. For the last two decades, it was not competition but public policy and state aid, often in the form of feed-in tariffs (FiTs),¹¹ that drove the growth of solar and wind electricity. This caused renewable energy prices to drop while people's energy bills were increasing,¹² because users were ultimately paying for these subsidies – lower income users in particular. For example, in Italy 85 per cent of the FiTs' benefits went to large producers and Italian users had to foot the bill.¹³ Or take the Netherlands, where the vast majority of public resources spent on climate and energy policy goes to corporations. Only one fourth of the funds benefits households, of which higher income ones receive as much as 80 per cent.¹⁴ Because of the initial growth of solar and wind renewables, many European governments got convinced that the energy transition was no longer dependent on subsidies and decided to partially or completely revoke their FiTs schemes. However, without

state subsidies and with lower prices for renewables, markets do not deliver the high returns that private investors are looking for. Moreover, across Europe FiTs have been replaced by competitive bidding, further benefiting the large and established companies.¹⁵ As a result, smaller energy cooperatives have had to close down in Denmark and Germany, which shows where current policies could lead us. Generally, investments in renewables in European countries continue to plummet.¹⁶

In the meantime, Europe's civil society has been doing a whole lot of advocacy to push the EC to acknowledge the rights of citizens and cooperatives in its Clean Energy Package. But as the EC continues to put all its faith in market rule and competition, it reduces EU citizens to their market value. The package requires EU countries to implement legislation that protects the right of citizens and so-called energy communities to produce, sell and store their own energy.¹⁷ Although this may benefit the more affluent European citizenry, these 'market rights' turn users into market players who have to compete with each other while being outcompeted by the energy incumbents. This approach can only increase the power of the big energy companies, which will undermine the smaller energy initiatives that the rulebook promises to protect. Labour and climate justice movements need to jointly push back against the fallacy of market competition so that our policies no longer treat the climate and energy transition as a class privilege, but as a human right.

Why we need democratic public ownership for a successful energy transition

To kick-start the energy transition, especially a just one, we can no longer waste time and public funding on the private and incumbent companies seeking guaranteed profits. Instead, we should take the whole energy sector out of the market and into democratic public ownership. From South Africa to the United States, campaigns that aim to prevent or reverse energy privatisations and build or transform public enterprises

in an equitable and ecological fashion are in full swing. This is because energy privatisations, public-private partnerships (including power purchase agreements) and outsourcing models have led to worsening labour conditions, massive price hikes and a dire lack of investments.

In South Africa, a coalition consisting of trade unions and civil society organisations is fighting to save and transform the electricity multinational Eskom. The government wants to break up and sell off its generation, transmission and distribution sections.¹⁸ Because this notorious World Bank policy of ‘unbundling’ is known for ushering in private companies, the coalition is proposing to build a new Eskom that is ‘fully public and serving the people’ in order to develop its renewable potential in ways that create jobs and improve everyone’s life quality.¹⁹

In his Green New Deal proposal, US presidential candidate Bernie Sanders called for realising full public ownership over renewable energy and the entire power system by favouring ‘public power districts and municipally- and cooperatively-owned utilities’.²⁰ This declaration is, on the one hand, a response to the horrific Californian wildfires caused by the negligence of the American investor-owned utility Pacific Gas & Electric. On the other hand, it builds on the growing number of citizen campaigns – from San Francisco and Lancaster to Hermiston and Minnesota – that successfully pushed their local authorities to provide publicly owned electricity from renewable sources. Popular pressure from across US cities and states have been a pre-condition for Sanders to put *country-wide* public ownership of electricity on the agenda.

European civil society can learn from the South African and United States campaigns given we face similar bottlenecks. Firstly, they point to the necessary strategy of proposing pathways to transform Europe’s corporatised state-owned electricity companies – such as EDF (France), RWE and E.ON (Germany), Iberdrola (Spain), ENEL (Italy) and Vattenfall (Sweden) – into democratic public entities considering they currently

behave, domestically and internationally, like predatory multinationals. Secondly, these campaigns show that the localised and country-wide demands for publicly owned energy systems should not oppose but strengthen one another.

It is clear that we need to develop comprehensive proposals for carefully planned energy transitions that are country- and continent-wide. But for these to be endorsed by politicians and policy-makers, grassroots engagement is essential. This will only reach a tipping point when residents are experiencing the benefits that the many forms of public ownership can bring. Reversing energy privatisations and setting up municipally owned energy company – in other words, (re)municipalisation – is one strategy for democratising our energy systems and for building more just local economies.

In 2017, the Transnational Institute reported in *Reclaiming Public Services* that since the start of the twenty-first century, 311 energy services and infrastructure have either been reclaimed (189) or newly built (122).²¹ In 2019, the figure of reported (re)municipalisations had risen to an impressive 374. To show the variety of municipal energy ownership models, and ways in which it can deepen democracy, let us zoom in on Germany, the United Kingdom, Bulgaria and Spain.

Germany: remunicipalisations to participate in energy governance

The German energy transition was enabled by an alliance between the Social Democrats and Green Party, those who introduced FiTs in 2000. The Big Four energy companies failed to shift to renewable energy, for example by adjusting the grids for decentralised generation. This coincided with many grid concession contracts having expired in the previous two decades. The anti-nuclear and renewable energy movements pushed hundreds of municipalities to reclaim the grids and create their own local

supply companies. Exemplary remunicipalisations have happened in Wolfhagen and Hamburg.

In Wolfhagen, as the contract with private operator E.ON expired and after three years of tough negotiations, the municipal council managed to remunicipalise its electricity grid in 2006. The impact has been extraordinary. The annual profit resulted in cheaper prices for electricity, a two-fold expansion in staff and even allowed to fund the local kindergarten. Then, after a fierce public debate about the need to go 100 per cent renewable, the town did not have to turn to big private investors, because residents were able and willing to organise themselves and set up a citizen co-operative to raise the millions needed to pay for the wind turbines.²² This public-citizen partnership led to improved local economic democracy as the co-operative became the owner of a quarter of the municipal energy company's assets and now has two seats on its board.

Similarly, the Hamburg government decided to create the public energy supplier *Hamburg Energie*, but was not willing to remunicipalise the energy infrastructure. The inhabitants successfully organised a referendum in 2013 to reclaim the city's electricity, gas and heating grids. By 2016, the city had completely bought back the electricity grid and one year into the remunicipalisation it had generated savings of €34.5 million. Parallel to that, it created the Energy Advisory Board, as part of the public energy agency, with 20 local representatives from the social, science, industry and business sectors. Their meetings are open to the public, giving citizens the opportunity to ask questions and submit proposals.²³ Then, in 2018, the gas and heating grids were reclaimed as well.

United Kingdom: transitioning to new public energy enterprises

Eleven per cent of the UK population is facing energy poverty with thousands of people dying because of cold homes every winter.²⁴ Citizens' mobilisations have led in recent years to the creation of a public energy company in Nottingham and an energy community organisation in Plymouth. Their purpose is to offer more affordable tariffs, providing energy efficiency services and supporting renewable energy generation.

Plymouth Energy Community (PEC) is a member-owned community benefit organisation created in 2013 with the support of City Council. The city provided a grant, loans and staff expertise so that the organisation could strengthen local capacities to 'create a fair, affordable, low-carbon energy system with local people at its heart'. In 2014, it created PEC Renewables, which funds, installs and manages local renewable energy generation schemes. By 2019, PEC supported more than 20,000 households to save over £1 million on their energy bills, clearing over £26,000 in small debts.²⁵ PEC also built a solar farm on a plot of contaminated land. Combined with the rooftop panels on schools and community buildings, the city is producing 6 MW of renewable energy. Revenue is expected to reach up to £1.5 million and will be reinvested in carbon and energy poverty reduction projects.²⁶

Robin Hood Energy is a municipal energy supplier in Nottingham that was created in 2015 to fight energy poverty and take on the country's Big Six energy companies by guaranteeing transparent pricing, no private shareholders and no director bonuses. Today, it partners with nine other UK cities to offer certified green energy and better tariffs to residents across the country. It now supplies energy to 130,000 users, has 200 employees and has already made savings of £200,000, which is being fully reinvested in more affordable and renewable energy services.²⁷

However, for these municipal and community-owned companies to succeed and not outcompete each other, the whole energy system needs to be reclaimed. The Labour Party published a report that called for the creation of a National Energy Agency.²⁸ This agency would own the transmission lines and be in charge of planning and setting decarbonisation targets. Regional authorities would own distribution grids. Municipalities and communities would be able to locally produce renewable energy and supply residents. This scaled and integrated approach would be able to serve the entire territory, replacing competition with collaboration.

Bulgaria: learning from public control practices

Bulgaria is among the hardest hit by the climate crisis in Europe. It also faces the highest level of energy poverty, affecting 37 per cent of the population. While the national government is still betting on coal, municipalities are fighting the climate crisis much more actively. Particularly, the city of Dobrich has become a role model for other European cities wanting to transform their energy system, despite limited financial resources. The municipality has built up refurbishment expertise, which has led to 30–60 per cent lower energy bills for thousands of families.²⁹ In 2018, it remunicipalised its street lighting, and the city is switching to LED lights.

Dobrich also benefited from a refurbishment partnership with ENEMONA, a private construction company. Because public-private partnerships tend to socialise losses and privatise profits, the City of Dobrich decided to enter into a contract that explicitly guarantees a strong performance by the private company. It forced the construction company to generate energy and financial savings for the municipality when its nursery and kindergarten were refurbished, among other public buildings. The contract ensured that public interest rather than private gain was prioritised in this partnership. The kindergarten refurbishment alone resulted in 112 tons of annual CO₂ reductions, €15,000 in annual savings and 40 per cent reduced energy use.

Spain: cities and citizens join forces to build energy democracies

In 2015, building on the 15-M movement in which millions of residents occupied city squares, Spanish citizens' platforms brought progressive 'municipalist' candidates to power. With 15 per cent of the population living in energy poverty and electricity prices having increased by 83 per cent since 2013, fighting the private power system and building energy democracy was a key priority for these municipalist city councils.



Photo of Plaza de Catalunya occupation in Barcelona on 22 May, 2015. Credit: Fotomovimiento, Flickr, Licence CC BY-NC-ND 2.0

The solutions that have been developed range from setting up new municipal electricity companies (Barcelona, Pamplona and Palma de Mallorca), involving residents in writing more just energy policies (Cadiz) and getting united in the Spanish Platform for a New Energy Model (Plataforma por un Nuevo Modelo Energético), in which municipalists can exchange lessons learned and best practices. Hundreds of cities are now

also contracting renewable energy co-operatives, such as Som Energia and GioEner, with some municipalities agreeing to pay the electricity bills for impoverished families in their area.³⁰

Moreover, the Network for Energy Sovereignty developed 19 policy recommendations³¹ for Spanish municipalities to more systematically involve citizens in energy decision-making. For example, the network proposes ways for women, in particular single mothers who are the hardest affected by the fossil fuel model, to steer the climate and energy transition towards an ecofeminist economy.

In 2018, the governing citizen platform *Barcelona en Comu* created the new energy retail company Barcelona Energia to buy energy directly from renewable sources. In 2019, the municipality created a participatory council that is open to users and citizens' groups and is authorised to submit proposals on the strategic direction of the company, give input on issues, such as tariffs and investments, and help shape education policies. The city launched special tariffs too. One is for those who use less energy to benefit from a cheaper tariff and the other is a 'solar' tariff to support users who produce and use their own energy. The new public company is supplying the municipal buildings and can serve 20,000 households.

Once in office, the municipalists of Cadiz created two permanent citizen working groups to fight energy poverty and complete the energy transition. They pushed the city administration to generate solar power and switch its whole energy use towards renewable electricity.³² It organised residents who face energy poverty to co-design a social discount programme, which would guarantee electricity access to over 2,000 families in need by reducing bills by up to 80 per cent. Moreover, due to improved synergies between the city council and the semi-public electricity company, 55 per cent of the company's revenues are now being reinvested to cover the costs of municipal energy use and pay for the social discount. This has prevented disconnection for thousands of homes every year.

Conclusion

Corporate power will continue to fuel the climate crisis, especially given many big energy companies have the Energy Charter Treaty (ECT) on their side³³ to curtail the democratic powers of more than 50 countries. The treaty's investment protection mechanism – also known as investor–state dispute settlement – enables powerful energy companies to sue countries for outrageously high sums of money. Three foreign investors have used this mechanism to pressure Bulgaria into paying hundreds of millions of dollars for decisions that would limit their profits and combat energy poverty. Moreover, the German multinational Uniper has threatened to use the ECT to sue the Netherlands, if it were to approve a law to phase out coal-fired power plants.³⁴ For many civil society groups it has become crystal clear that the ECT gives corporations the power to halt the energy transition.

Given the persisting powers of fossil fuel companies, it should come as no surprise that for 2018 global carbon emissions hit a record high, while use of fossil fuels grew with the demand for gas, oil and coal which all increased, and the energy demand reached its fastest pace this decade.³⁵ Building energy democracies to avert the climate catastrophe would help reverse these trends; it would also entail a transformation of our food, transport and industrial systems. However, since energy is the lifeblood of these systems, a more comprehensive transition is not possible if governments continue to rely on big business.

The public strategies discussed in this chapter are preventing and reversing the privatisation of energy and infrastructure, slowly chipping away at big energy's stranglehold, as well as transforming and building new public companies that are equitable and ecologically sound. There is much to learn from the concrete municipal practices presented here, especially when local authorities partner with co-operatives and give users and workers decision-making powers. Yet we must also acknowledge

that these small-scale alternatives as well as many climate actions can be easily quelled by big business. For this reason, we need to organise ourselves *en masse* to stop the ECT and turn back energy privatisations, while creating a public energy economy of the largest scale.

Most importantly, a Green New Deal will only be meaningful if we take our country-wide energy systems out of the market and into democratic public ownership. Otherwise, we will fall short of achieving anything close to an energy transition, locally and around the world. At the same time, public energy is a necessary starting point but will not be enough if the most affected communities are not in the driving seat of renewable energy systems.

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Credit: Samir Achbab

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