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The Rise of the New Power Co-Op Movement

by Brendan Smith and Jeremy Brecher

Breakdown at Copenhagen. Climate legislation stalled. EPA regulation of greenhouse gasses threatened. Is climate protection dead?

Maybe not. Climate protection has gone local. Political leaders may fiddle while the world burns, but grassroots groups around the country are organizing to cut greenhouse gas emissions and build a greener future for their communities. Block by block and using every tool at their disposal, groups are fighting to green schools and workplaces; setting up networks of green job training centers; installing solar water heaters in low income communities; and halting new coal-fired power plants with both political and direct action.

One of the least known but most promising examples of this "localization" of climate politics is the greening of utility co-ops to create affordable and renewable energy, green jobs, and regional green development. These efforts may well represent the beginning of a "New Power Co-Op Movement" that can help jump start the shift to a new green economy.

Electric co-ops are owned by their customers, who are called "members" due to their dual role as customer/owner. Their primary mission is to provide access to electricity at affordable prices for every potential member in their service area.

Electric co-ops were created as one of President Franklin Roosevelt's New Deal programs in order to promote rural development. The first electric co-op was born in 1934 in the back of a furniture store in Corinth, Mississippi. Within a few years, it had thousands of counterparts across the nation.

Today, America's 930 electric cooperatives are the sole source of electricity for 42 million people in 47 states -- nearly 12 percent of the nation's population. They control \$100 billion in assets and \$31 billion in member equity.

What Matters in Kansas

In western Kansas, rural communities, farms, and businesses get their electricity from Midwest Energy, the electric co-op based in Hays, Kansas. The co-op has pioneered an energy conservation strategy known as "on-bill financing." It has developed a program called How\$mart that provides money for energy efficiency improvements such as insulation, air sealing, and new heating and cooling systems for residential and small business consumers. Co-op members -- whether owners or tenants -- don't have to put up any money "up-front." Instead, they repay the funds through energy savings on their monthly power bills.

Members start with an energy audit to determine potential savings. The co-op develops an individualized conservation plan. Members choose a contractor. If the member moves or sells the property, the deal passes to the next customer at that location.

The program started with a pilot in four rural counties in the summer of 2008; it then spread through rural Western Kansas. A year later it had invested \$1 million in more than two hundred rural homes and businesses. It is estimated that customers will save over 400,000 kilowatt-hours per year, enough to power forty homes. That will put 13,000 fewer tons of carbon dioxide into the environment over the next twenty years. The Environmental Defense Fund recently recognized How\$mart as one of America's best energy innovations.

"New Power" in Kentucky

For decades residents of eastern Kentucky have been fighting Big Coal's destruction of their majestic environment and cherished way of life by coal extraction. Much of that fight is led by the statewide citizens organization Kentuckians For The Commonwealth. KFTC has deep roots in the state's impoverished mountain communities where coal is mined; many of its leaders are former coal miners. While it has engaged in direct action against mountaintop removal, it recognizes that such action is not enough. Kentuckians desperately need a new strategy for economic development, energy, and jobs. KFTC is now promoting a plan for "New Power" that would make eastern Kentucky's electric cooperatives the pivot for such a strategy.

East Kentucky Power Cooperative (EKPC) is a cooperative that is owned by 16 local electric distribution coops. EKPC generates and sells power to these co-ops, which serve half a million members in 87 counties. EKPC is proposing to build a new 278-megawatt coal-burning power plant in central Kentucky along the Kentucky River at an estimated cost of nearly one billion dollars.

The Smith plant would only increase the dependence of Kentucky on coal for its energy supply and thereby increase the pressures for mountaintop removal. The struggle against the Smith plant has led KFTC to accompany its fight to save the mountains with a search for a "New Power" alternative.

With the help of KFTC, co-op members are now proposing that the co-ops not waste their funds on the Smith coal plant, but instead invest in an alternative plan to meet the power needs of their members through energy-saving and renewable energy programs. These local energy needs will be met by a combination of energy efficiency and weatherization initiatives paid through on-bill financing, along with local renewable energy, such as small-scale hydroelectric plants and rooftop solar hot water heaters. The New Power plan would cost less than the Smith Plant while meeting the same energy demand.

Such a plan would not only provide for eastern Kentucky's energy needs in a way that would protect the local environment and the global climate, it would also provide far more and better jobs. According to EKPC itself, the Smith plant will create only 700 temporary jobs at the peak of construction and 60 permanent jobs. Yet, according to the Ochs Center for Metropolitan Studies, an energy plan based on efficiency and renewables will create nearly 4,600 direct jobs over the same period it would take to build the Smith Plant. Members of local communities could be trained and hired for these green energy jobs.

The New Power plan would also significantly lower the utility bills of co-op members (some co-op members in eastern Kentucky spend more than 50% of income on energy). The estimated cost of electricity from the alternative plan is 17% less than the Smith coal-burning plant. Money saved could be invested in affordable housing, environmental restoration, healthcare, and other job-creating activities. (For more on KFTC's alternative program read: "A Cooperative Approach to Renewing East Kentucky".)

Co-op members in Kentucky are weighing the trade-off. According to Rachel Harrod, whose stepmother ran for a local co-op board this summer: "I believe there's an alternative that will be better for the environment, less costly to co-op members, and far more beneficial economically. The jobs generated by a clean energy portfolio would be a welcome boost to our local economy. I can't tell you how significant this would be to an area that has lost much of its agricultural base in recent years."

In addition to saving co-op members from paying for dirty power, a New Power program in eastern Kentucky could kick-start a broader agenda for transitioning Appalachia to the new green economy. Co-ops already have the key infrastructure in place. And instead of being controlled by for-profit investor utilities, the new facilities will literally be owned by eastern Kentucky -- the co-op owners, not distant stakeholders. These economic benefits will stay in Kentucky and reverberate through the region.

Greening Economic Democracy

Rural electric co-ops were once a model for economic democracy. David Lilienthal, a founding director of the Tennessee Valley Authority, described an electric coop annual meeting in the 1940s: "Throughout a whole day as many as 2,000 farmers and their wives and children discussed the financial and operating reports made to them by their [co-op] superintendent and board of trustees, and later while we ate a barbecue lunch watched new uses of electricity demonstrated."

He added, "These membership "town meetings" are not simply business sessions. They have an emotional overtone, a spiritual meaning to people who were so long denied the benefits of modern energy."

But many electric coops have become distant from such town meeting democracy. In eastern Kentucky, for example, elections to coop boards are rarely contested, with many of the officers serving for decades. Policies are often controlled by coal and other energy companies; as a result, Kentucky's rural electrical cooperatives are more than 90 percent dependent on coal. That makes rural Kentuckians vulnerable to rising fuel prices and coal depletion.

Building the new green economy will require the revival of democracy -- at every level. That's why co-op members, with the help of KFTC, have begun challenging the entrenched leadership of local co-op boards. This year, KFTC members Dallas Ratliff and Tona Barkley ran for the board of the Owen Electrical Cooperative. In her campaign materials Barkley says: "As a board member, I will strive to make the co-op more open and democratic. I'll also promote a stronger approach to helping members improve the energy efficiency of their homes and businesses and a more aggressive approach to transitioning into more renewable sources of energy -- to protect members from rising

energy costs, to protect our health, and to create local jobs."

Like Tona, hundreds of KFTC members throughout the state see a clear link between new democratic power and new clean energy power.

Such a program could be a model for the 400 rural electrical co-ops with 40 million members nationwide. And that could be a significant contribution to a new strategy for protecting the global climate -- from below.

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