

OurKingdom

power & liberty in Britain

The possession of power: deprivatising energy

[Sam Lund-Harket](#) 15 December 2014

Energy privatisation has failed - all over the world, there are examples of how to take it back into democratic control.



Hamburg, where the energy is owned by the people/wikimedia

What must it be like to manage an oil company? To become the chief executive of an energy corporation and to earn millions a year doing so? Iain Conn, ex-managing director at BP, knows. He is about to take up the position of CEO at Centrica (which owns one of the 'Big Six' energy suppliers, British Gas) in January. The aptly named Conn will be paid in the region of £2m with added extras expected to raise this to around £3.7 million. One thing's for sure; he won't have trouble paying his fuel bill this winter.

The rest of us, however, might struggle. With fuel prices that have risen eight times faster than average incomes, more than one in ten households in England are now living in fuel poverty. Last month the Office for National Statistics released the number of people who died of cold last winter as 18,200. The World Health Organisation attributes 30 to 50 per cent of these deaths to cold homes. The energy companies would have us believe that there's nothing they can do about prices but the reality is that they're pocketing huge profits while failing to pass on lower wholesale prices. Collectively, the Big Six made £2.8 billion in 2013, with profits from domestic customers a staggering five times higher than in 2009.

Companies, such as Centrica, are also reinforcing our addiction to dirty energy, which we still rely on for the vast majority our electricity generation¹. There is something clearly wrong with our current energy system. A utility which used to be publicly owned in this country is making millions keeping people in fuel poverty and fuelling our addiction to carbon intensive fuels.

All over the world the story is similar. From the tar sands in Canada and Madagascar, to coal mines in Colombia and Mongolia, fossil fuel extraction is scarring the landscape, displacing communities and contributing to catastrophic climate change. Yet this is doing nothing to get energy to the people who need it. One in five people globally live without electricity because they are unable to access it and many more go without because they can't afford it. In Africa only 10 per cent of those living in rural areas have access to electricity. Although it is the model that is pushed throughout the world by institutions like the World Bank, privatised energy is not helping extend grids to people who lack access to energy or making energy affordable to the poor. The problem is corporate control – energy resources being used to make huge profits while steamrolling over people's needs.

If we want more communities to be able to access and afford energy within the confines of a carbon constrained world, our current corporate-controlled privatised energy system is failing us. It's painfully obvious that we need to look at the alternatives. The good news is that there are plenty!

Nationalised

Before Thatcher, the UK had a state run energy system and there are plenty of examples of countries around the world which still have them, such as Uruguay. In other places, privatisation has been such a disaster that energy systems have been taken back into public ownership. The advantages of publicly owned energy systems are that they tend to have more public accountability and aren't obliged to siphon off juicy profits for their shareholders.

Municipalised

In Germany there has been a huge move towards local authority run energy schemes as part of the country's Energiewende, or energy transition. In Germany this shift, known as municipalisation, has often come as a result of local referenda. In Hamburg, local people voted in September 2013 for their council to buy back the energy grid from multinational corporations E.ON and Vattenfall after campaigners successfully argued that the companies were not acting in the public interest and were delaying the transition to renewable energy. The city of Boulder in America has also had success in municipalising its energy.

Co-operative

In parts of the world there is a long history of energy systems being run using co-operative models of control and ownership. For instance in Nepal and the Philippines micro-hydro co-operatives supply rural communities with reliable access to energy. Here communities have collective control over a renewable energy source which could also make use of wind or biomass. A co-operative model more easily enables a project to be run by a community for the community.

Small scale co-operatives can provide an invaluable solution when prospects for grid connection are remote or would cause damage. In developed countries, small-scale cooperatives can also be a democratic way of communities gaining control over energy generation, even when they are connected to regional or national grids. In Spain, Som Energia ('We are Energy' in Catalan) co-operative, was set up in 2011 in response to the lack of green energy options and the high bills of the large energy companies, of which the largest two account for 80 per cent of the Spanish energy market. Four years after being established, it has set up eight solar roof installations and a biogas plant and is in the process of building Spain's first community wind turbine. It has 16,000 members who purchase electricity from the co-operative.

Scaled up

There are questions about the speed at which small scale projects can give communities the energy they need. Larger scale on-grid solutions have the potential to connect more households.

Large scale co-operatives have been very effective in America where they date back to the New Deal and where 13 per cent of the population use them – the co-ops are united by the National Rural Electric Cooperative Association (NRECA). In Bolivia, the Cooperativa Rural de Electrificación (CRE) is the biggest in the world with 276,000 users. Set up in the 1970s it was a small group of community leaders frustrated by the lack of municipal, state and private company willingness to provide services that got it off the ground. Costa Rica also has large and long-established energy co-operatives that are run by the communities they serve and which function alongside the state energy company.

Gaining democratic control of energy resources is a fundamental part of ensuring our energy system provides for those that need it most and moves away from its destructive addiction to fossil fuels. While there is no one-size fits all answer to these issues, approaches that give genuine control and ownership to those they serve have a more likely chance of survival and of remaining truly democratic. The solutions for reclaiming energy are here; let's take power out of private hands.

1 Centrica owns a 25% stake in cuadrilla – the first and one of the largest companies' fracking in the UK.