



25x'25 Energy for Economic Growth Project: Business and Community Engagement Models for Rural Electric Utilities Project Synopsis

Introduction

Through this initiative the 25x'25 Alliance, in collaboration with the National Rural Electric Cooperative's Cooperative Research Network, is assisting a group of rural electric utilities in developing and piloting renewable energy for economic growth rate mechanisms and business and community engagement models. As part of the project, 25x'25 will assist participating rural electric cooperatives and public power providers in sharing their experiences and outcomes with utilities across the country. The goal of this project is to demonstrate how distributed renewable energy generation can be a new vehicle for powering communities and empowering cooperative members to improve the quality of their members' lives.

Background

Incentive payment policy mechanisms (IPPMs), which include Standard Offer Contracts, Renewable Energy Dividends, Renewable Energy Payments, and Feed-in Tariffs, have become the most widely used policies in the world for accelerating renewable energy deployment. But not only do they increase renewable generation, they generate local economic development in the form of jobs and investment. And their success has already been demonstrated in countries like Germany and Denmark, where such policies have led to rapid increases in renewable energy, respectively accounting for 15% and 28% of their overall power.

Despite their effectiveness and acceptance abroad, support for IPPMs within the U.S. has been slow to develop. Poorly designed policies have led to windfall profits by some energy developers, causing consumers to assume a disproportionate amount of the costs to support the incentives and leading to skepticism among policymakers. Rural electric utilities (REUs), which service over 40 million rural people in 47 states, face additional challenges in utilizing IPPMs. IPPMs are complex policy instruments that most REU Board members and managers have little or no experience with.

In a previous phase of work, the project [steering committee](#) explored how incentive policies might be used to accelerate economic development and distributed renewable energy generation through rural electric utilities (REUs) and other power providers that serve agricultural and rural communities. Part of this exploration involved a study tour to Germany to examine how incentive-based rate structures were developed, designed, and implemented in the country. As a result of policies the government put in place, today over 200,000 German farmers are energy producers. [A report](#) summarizes the tour and its findings. Additional research is needed to build, implement, and demonstrate effective business models for incentive-based rate policies. The next phase of the EEG project seeks to accomplish this objective.

PROJECT GOALS

- Develop case studies spotlighting innovative rural electric cooperative (REC) renewable energy programs and business models;
- Initiate dialogues with REC leaders and managers around:
 - Innovative renewable energy business models; and
 - Strategies and tactics RECs can deploy to initiate community dialogue on the role distributed renewable energy production can play meeting member needs and in stimulating community economic development.
- Partner with 6-7 rural electric utilities in piloting renewable energy programs and business models, including at least one incentive-based rate mechanism, and community dialogue project; and
- Scope out how an information exchange program between U.S. and German energy cooperatives might be developed.

Roles

In partnership with the National Rural Electric Cooperative Association's Cooperative Research Network, the 25x'25 EEG team will:

- Provide expertise to assist in designing and piloting the energy for economic growth business and community engagement models;
- Provide expertise in evaluating the results of the pilot programs;
- Compose and disseminate report describing the project, process, benefits, and challenges
- Compose case studies to share at utility meetings, dialogues, and webinars;
- Facilitate renewable energy presentations and dialogues at key utility venues; and
- Develop and distribute a "Renewable Energy Toolbox" for use by rural electric utilities.

Rural utility partners will:

- Approve the business model being piloted;
- Approve and oversee the community engagement aspect of the project;
- Finance the pilot project;
- Manage its implementation;
- Assist with assessing the results of the project; and
- Participate in presentations, dialogues and webinars where results and findings will be shared with utility leaders and managers

To learn more about this project contact Ernie Shea at the 25x'25 Alliance.

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Energy for Economic Growth Project Leaders

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