

Interests or Mobilization?

Exploring engagement drivers in two Italian Community Energy Enterprises

Authors

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Approach: empirical

Track

05. Green economy

Abstract

The spread of community initiatives in energy production raise many questions and calls for innovative interpretations on the developments of these processes. Within different community energy initiatives, community energy enterprises represent a specific typology of organization based on a full community ownership, investment scheme and collaboration schemes with local stakeholders. In this study we analyse how stakeholders have influenced the shape of the enterprise, influencing and mobilizing interests and outcomes perceived from the individuals involved in the community energy enterprises. Through the analysis of two Italian case studies the objective is to find out how and why they moved in the different stages of the engagement process, within specific policy, investments and interactions between the key stakeholders: Community of Investors, Project Managers, Local organizations and Local Authorities. The objective is to highlight which process features have been crucial for the development of these enterprises and how they have determined the local value added perceived from the community of investors. The aim of this paper is the identification of a new analytical framework to enhance the understanding of the community engagement and outcomes of these initiatives, promoting knowledge and innovation in the community energy sector.

Keywords (5-6)

Community Energy; Community Ownership; Investment Motivations; Stakeholders Analysis

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“(…) The sustainability revolution that is the inevitable response to climate change requires an equally revolutionary change in the conception of the entrepreneur, to one committed to the wellbeing of the community as well as, or perhaps instead of, individual profit, and one who works together with others co-operatively rather than as a lone hero.” (Cato et. Al, 2008)

1. Introduction and purpose of the work³

We are recently witnessing the origin of a specific disciplinary framework on energy and social sciences (Sovacool, 2014), due to the need to cast the net wider and include the social-organisational and institutional issues involved in distributed energy production. In this regard, Johnson and Hall (2014: 149) observed that: “the systemic institutional transformation necessary to support wide-spread adoption of community energy schemes (...) have received limited attention to date”. This is resulting from what some scholars (Goldthau, 2014) have underlined as lack of governance innovation to promote distributed energy production, disrupting the top-down techno-centric structure of current institutional layout within markets, infrastructures and regulations. Community energy initiatives should be considered as part of this *socio-material* transition, involving innovative organizations, institutions and approaches in users and citizens’ engagement (Hall et al, 2016; Goulden et Al, 2014). In this kind of initiatives, the community engagement means much more than merely situating smaller energy units close to consumers. “Energy” must not be considered as a simple economic asset or an ecological phenomenon but also a social relation (Calvert, 2015). Starting from this perspective, the need of advancement in social research in community energy initiatives is given for two main reasons: on one hand the need of overcoming the current organization of the energy paradigm, historically conceived in a fixed centralized model, with hardly citizen engagement in energy generation (Bauwens et al., 2015); on the other hand to enhance the local community access in energy market as crucial factor for the “low carbon challenge”, contrasting energy poverty and climate change⁴ (Kuzemko et al, 2016), promoting an institutional environment able to spread sustainable community-based energy production and efficiency initiatives (Seyfang, 2010; Alanne e Saleri, 2006).

Within the community energy initiatives, we can include different organization including many typologies of energy technology and degree of participation (Walker and Devine-Wright 2008). As highlighted by Walker et al. (2014), each including a variety of financial, organizational and governance forms. We can include for instance cooperatives of energy infrastructures (the most diffused) and community-based enterprises running

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⁴ In urban areas, commercial, industrial and residential buildings are still highly dependent on traditional energy resources such as oil, coal or gas - over 80% of total primary energy demand still relies on fossil fuels and a significant share of this goes into our cities built environment (EIA, 2015:25-27).

production schemes, but also co-ownership between local charities, enterprises and local governments (Miller et al, 2015). In this contribution the investigation is focused on what we specifically define as *Community Energy Enterprises*, namely where ownership is shared between local-based individuals (or shareholders): private investors or associates in a collective investment scheme for energy production⁵. For *Community Enterprises* (Tricarico, 2016; Somerville and McElwee, 2011;) we consider a form of enterprise in which the community is treated as “completely endogenous to the enterprise and the entrepreneurial process” (Peredo and Chrisman 2006: 310). These enterprises are keen on developing local energy projects in an open and participatory process, aiming to deliver benefits (social and economic) to the local community (Walker and Devine-Wright, 2008). The key organizational aspect relies on the role of local communities “which create collective business ventures and, through them or their results, aim to contribute to both local economic and social development” (Peredo and Chrisman 2006:315). They are also based on particular type of collective management unit: voluntary, self-regulating and self-financing, close to what some scholars have defined as Contractual Communities (Brunetta and Moroni, 2012).

In this contribution we’ll specifically analyse two *Community Energy Enterprises* involved in electricity production, working through a defined framework where local institutions and individuals are involved: Municipalities, Local Organizations, Project Managers and a Community of Investors. For *Community Energy Enterprises*, the interaction with policy tools and local stakeholders is crucial to develop both the production and investment schemes (Ruggiero et al., 2014), as they are likely new actors in playing a role in the energy market (Skea et al., 2010). For the same reasons, the analysis of two Italian case studies seems particularly important because of the little spread of this initiative within the national energy sector, where (in terms of organization and technological features) the majority of community initiatives are mainly traditional cooperatives and large renewable plants based on third-party ownerships (Spinicci, 2011; Magnani & Osti, 2015). Despite community energy projects (and related literature) have strongly developed in country such as Denmark (Oteman et. Al, 2014), Germany (Schreuer, 2012) and UK (Seyfang et al., 2013), their diffusion has been much lower in other countries, particularly in southern Europe (Huybrechts & Mertens, 2014). The analysis of a problematic context like Italy, it seems even more relevant if we consider the general weaknesses of community initiatives within the energy sector, such as policy and planning issues (Walker, 2008; Toke et al., 2008), decision-making (Bell et al., 2005), energy consumption behaviours (Dixon et. Al, 2015) and political barriers to action (Warren and Birnie, 2009; Smith; 2011). Taking into account this background, in this contribution we want to answer two research questions: *First*. Which stakeholders, competences and policies are moved by *Community Energy Enterprises* within the engagement process and its outcomes? *Second*. What kind of interests have been moved within the engagement process and how they’ve been perceived from the individuals involved? The aim is to propose an innovative contribution on the analysis of the developments of *Community Energy Enterprises*, combining two methodological tools and two different case studies analysis of the Italian context. More specifically, the

⁵ We exclude from this group other typologies of mixed ownership (i.e. ESCos) within the renewable energy sector, also if they’ve been implemented through community engagement process and related benefits (Walker et. Al, 2014)

tools will investigate both the general process and the individual-based dimension of community engagement. In this way it can be analysed the different nuances characterizing the territorial contexts of these enterprises: a multiplicity of interests, social practices and responsibility involved in a specific policy framework (Turcu et al., 2014).

The paper proceeds as follows:

In **Section 2** it will be described methodological framework.

In **Section 3** it will be described the two case studies in the Italian context: how the different stakeholders have worked in order to implement the initiative and engage the community of investors; which resources have created opportunities for the enterprises and which ones have influenced the mobilization of the community.

In **Section 4** It will be analysed the results of a survey on the community of investors: reaching evidences on the individual perception about the engagement process and its outcomes.

The **Section 5** is a conclusive remark of the key findings derived from the analysis.

Part of this research is currently under submission, the authors apologize for not providing the whole article.

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