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CITIES, DEMOCRACY AND ENERGY SOVEREIGNTY: GLOBAL CHALLENGES, LOCAL RESPONSES

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Climate change poses a threat that is increasingly evident and dramatic. At the opening of the last Conference of the Parties (COP24) in Katowice, Poland, United Nations Secretary-General António Guterres expressed the urgency clearly: "We are in deep trouble", he said "we are collectively still moving too slowly – and even in the wrong direction" (UN, 2018).

The good news is that, particularly at municipal level, some governments recognise the global challenge, are moving in the right direction and have accepted that responses to climate change must also aim to extend social justice, deepen sovereignty and radicalise democracy. In July 2018, Barcelona Energia – the Catalan capital's new metropolitan electricity distributor – began operating. By creating the largest public renewable energy company in Spain, Barcelona City Council has enabled the city to unplug itself from the electrical oligopoly. This new municipal operator intends to contribute to changing the "energy model" as part of "a far-reaching strategy that involves recovering energy sovereignty by promoting public and citizen energy production, democratising access to it and managing it as a public service".[1] As well as supplying the municipality's official buildings, facilities, street lighting and traffic lights, from January 2019 the new public company can have thousands of the city's residents as customers.

Barcelona Energia is not an isolated example. After more than three decades of privatisation and commodification of essential services under the banner of "energy democracy", social movements, left-wing parties and progressive governments in highly diverse countries are demanding a transition towards genuinely renewable forms of generation and public ownership, challenging large corporate interests (Burke and Stephens, 2017).

The following pages analyse the exhaustion of the prevailing ownership and management model in the electricity sector and the emergence of counter-hegemonic alternatives, emphasising the significance and potential of local and urban-based territorial initiatives in the European context.

[1]. https://www.barcelonaenergia.cat/en/la-comercializadora-de-energia-publica/

I. Green capitalism fallacies and regaining public ownership

After three decades of vacuous speeches, futile world summits and highly publicised international agreements that lack legal force, the focus on the "green economy" (Lander, 2011) and "green growth" (Stern, 2016) has yielded little meaningful progress. Renewable energy production has increased and continues to grow, but total energy consumption has grown more quickly, leading to accelerated burning of fossil fuels and the resulting increase in greenhouse gas emissions. None of the countries that presently contribute most to climate change are close to meeting the commitments they made at the COP21 Paris summit in 2015 (Sweeney and Treat, 2017).

According to the most recent report by the Intergovernmental Panel on Climate Change (IPCC), making the Paris Agreement viable and limiting warming to a maximum of 1.5°C "would require rapid, far-reaching and unprecedented changes in all aspects of society", including radical transformations in energy systems (IPCC, 2018).

The transformations the IPCC calls for will not be driven by private capital. The investment deficit has been estimated at $600 billion per year, meaning that "the cumulative gap between finance needed and finance delivered is growing, putting globally agreed temperature goals at risk, and increasing the likelihood of costly climate impacts" (Buchner et al., 2014: iv). Not only has the private sector not contributed to solving the problem, it has aggravated it by shaping the energy transition towards maximising its own profits. The International Energy Agency (IEA) has reported that, globally, "energy investment is not yet consistent with the transition to a low-carbon energy system envisaged" (IEA, 2016: 17).

In a more recent report, the IEA estimated the magnitude of the alterations to the energy sector necessary to keep global temperature increases below 2°C. Among other changes, the complete transformation of the production and consumption of energy would mean generating almost 95% of electricity from renewable and low carbon sources by 2050 (while less than a third is currently), and an average of $3.5 trillion being invested per year in the energy transition, approximately double current levels of investment (IEA and IRENA, 2017: 6).

In this context, the only viable way to respond to climate change and meet social needs is to deepen energy sovereignty and democracy through the recovery and/or extension of public ownership and social control. As long as ownership and management remain in private hands – and nominally public entities operate in practice like companies motivated exclusively by financial profitability – the global energy system will continue to revolve around increased energy consumption and maximisation of profits, instead of protecting the planet and local communities.

II. Energy democracy, deprivatisation and remunicipalisation

A recent investigation found 835 cases of "deprivatisation" of public goods and services in 45 countries in the Global North and South. One of the main manifestations of this global trend is what is called

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"remunicipalisation" (Kishimoto and Petitjean, 2017). These local-level processes reclaim ownership and public management in order to tackle the inefficiency of privatised companies and insufficient private investment in extending services or improving their quality.

Recent academic literature (Pigeon et al., 2013; Becker et al., 2015; Angel, 2016; Cumbers, 2016) allows us to identify diverse forms of remunicipalisation, including: (i) bringing previously privatised companies or services back into public ownership; and (ii) creating new local public companies to replace or compete with private operators. Remunicipalisation is not necessarily synonymous with nationalisation, which concerns the state at municipal or subregional level, since in many cases this process has meant experimenting with innovative or hybrid forms, using a range of modalities and levels of participation by local government and non-state organisations in the ownership and/or management of the services. In many cases, remunicipalisation occurs via the purchase or total or partial expropriation of private companies, while in others it is achieved by increasing public participation in public–private partnerships or by promoting new forms of cooperation between local government, cooperatives, neighbourhood bodies and other social organisations for the provision of services.

Remunicipalisation is a highly visible trend in western Europe. In Germany, 72 new non-profit and publicly owned local energy supply companies were created between 2007 and 2012, including over 190 distribution network concessions coming back into municipal hands. A number of German municipalities have resorted to repurchasing privatised public services, while in other parts of the country social and environmental activists have mobilised to remunicipalise the energy supply by promoting referendums and other citizens' initiatives (Becker et al., 2015; Angel, 2016).

In the United Kingdom, reversing privatisation would help improve services and lower electricity rates by dismantling the false market that has allowed the oligopoly of private energy companies known as "The Big Six" to make excessive profits. The Labour Party's election manifesto expressed an explicit commitment to "bring key utilities back into public ownership to deliver lower prices, more accountability and a more sustainable economy" (The Labour Party, 2017: 19). The party has also committed to the United Kingdom meeting 60% of its energy needs through renewable sources by 2030, for which it proposes to promote "publicly owned, locally accountable energy companies and co-operatives to rival existing private energy suppliers" (The Labour Party, 2017: 20).

Among those advocating the need to reverse the privatisation of the electricity sector,

highly interesting discussions are underway about the specific characteristics of returning ownership to public hands and the role of state entities and community organisations. In Catalonia, social activists and ecologists have welcomed the objectives set out on the Barcelona Energia website of helping to reduce energy consumption, improve the rational use of energy, guarantee supply, and increase renewable generation and the consequent reduction of greenhouse gases.[2] However,

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several neighbourhood and environmental associations have protested against the prospect of the new public company using energy generated by an incineration plant and demanded genuine citizen participation in managing the municipal operator.[3] In response to the popular mobilisation, in November 2018 municipal authorities agreed that Barcelona Energia would not buy energy from the burning of urban waste.

The debate in Barcelona about the sources of generation has deeper roots, as Councillor for Energy Eloi Badia recognised when saying that to connect generation to consumption you always have to go through the market (Blanchar, 2018). This intrinsic limitation of liberalised and segmented markets has also been observed in other European countries where progressive governments and/or political and social activists have proposed restructuring the electricity system.

Two not necessarily contradictory positions can be distinguished in contemporary debates about energy as a public or common good. On one side are the defenders of cooperative or community ownership and those proposing partial reforms of the electricity system. They often promote the renationalisation or remunicipalisation of transmission, distribution or commercialisation without debating the hegemonic ownership structure in the field of generation (see: Holstenkamp and Radtke, 2018; Friends of the Earth Europe, 2018). Based on perhaps overly optimistic interpretations of the *Energiewende* (the German energy transition) and the rapid expansion of renewable energies in Europe over the previous decade, some activists and researchers propose prioritising the cooperative and community sector when restructuring energy systems, minimising the importance of public or state ownership. In the United Kingdom one report in circulation calls for a transition "from a Big-Six dominated market to one where customers have a genuine choice between community, municipal and co-operative suppliers, or can club together to collectively purchase their energy directly from a newly transparent wholesale market" (Birley and Fortune, 2018: 20). It is also argued that "Policies which support and enable a greater number and larger scale of community, co-operative and municipal energy projects to start-up and succeed [are] a more appropriate solution to public ownership in this sector" (Birley and Fortune, 2018: 22).

On the other hand, the urgency of decarbonisation, the magnitude of climate change and the collapse of the package of measures that enabled renewable energies to expand rapidly in Europe over previous decades, such as subsidies and policies like the feed-in tariff (FIT), lead some (including the author of this work) to be critical of ultra-communitarian positions and partial reforms (see: Chavez, 2018; Sweeney and Treat, 2017). This perspective concludes that the transition must be towards a complete restructuring of the electricity system. Public ownership is taken to be the best (and in some territories the only) option for guaranteeing both the security of supply and decarbonisation of the electricity system. By regaining public ownership in all segments – generation, transmission, distribution and retail – and transitioning to a horizontally integrated system that combines various forms and levels of ownership and public management at national and local levels, a transition would be possible that is fair for both consumers and workers, that fights energy poverty and preserves and/or creates jobs.

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3. See the website of the Xarxa per la sobirania energètica (www.xse.cat) for more details.

III. The renewed importance of cities on the new global and European scene

In the past two decades, the social sciences have shown neoliberalism's importance as a political and economic project with major, highly damaging impacts on living conditions and forms of governance in cities of the Global South and North (Harvey, 2005 and 2012). In this context, local governments must engage with new challenges and innovate in the design and execution of public policies.

Remunicipalisation is one of the most convincing current responses to neoliberalism in the urban space. This global trend exhibits great institutional and geographical diversity, having spread to metropolitan settings as diverse as Paris, Barcelona and Berlin in Europe, Houston in the United States, Buenos Aires and La Paz in South America, Dar es Salaam in Africa and Jakarta in Asia, as well as smaller towns and villages in peri-urban and rural areas of the Americas and Europe (Kishimoto and Petitjean, 2017).

In the energy field, many municipal governments and social organisations operating in the local sphere are already highly active in the electricity sector, as well as in promoting energy efficiency programmes, emissions reduction and combating energy poverty. The empirical evidence collected by various studies (Energy Cities, 2017; Cumbers, 2016) indicates that local public operators can:

- Contribute to increasing and diversifying the renewable energy matrix and the eventual decarbonisation of the energy supply at municipal or subregional level;
- Enable long-term financing alternatives for solar, wind and other renewable generation projects;
- Execute energy efficiency programmes at local level;
- Divest public funds (for example, pension funds for municipal employees) from the fossil fuel industry and reinvest in local renewable generation projects;
- Democratise decision-making on energy supply through consultation and participation of people and communities affected by the production and consumption cycle at local level;
- Increase the strategic value of the energy produced and/or distributed locally, with the opportunity to manage demand and improve the capacity of energy efficiency programmes based on the development of smart grids and other technological innovations.

At European level, mPOWER, a research project launched in May 2018, plans to develop an ambitious, large-scale, systematic production and knowledge transfer programme over four years, with the involvement of at least 100 local public authorities that are interested in replicating innovative best practices in the provision of "municipal energy".[4] The concept of municipal energy alludes to the role taken on by municipal or subregional governments and the political, economic and technical decisions taken to exert local control over the provision of energy services. It also refers to the different forms of city participation in the development of new types of partnerships and cooperation between public institutions and civil society organisations to make the energy transition possible, including various ways of mobilising resources, infrastructure and municipal assets.

[4.] The mPOWER project has been funded by the European Commission's Horizon 2020 programme. The research team is made up of experts from: the Energy Cities network of local governments committed to the energy transition; the University of Glasgow and the University of the Basque Country; and four non-governmental centres of research into public services and energy innovation, namely, Carbon Coop and Platform in the United Kingdom, the Institute for Political Ecology (IPE) in Croatia, and the Transnational Institute (TNI) in The Netherlands. The author of this chapter is a member of the mPOWER team, representing TNI. For further information see: https://municipalpower.org/

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The mPOWER project is based on the assumption that municipal and subregional governments are destined to be key players in the energy transition. Cities and regions are rapidly acquiring very significant responsibilities for reducing emissions and in the more efficient, democratic and sustainable provision of services. Several public energy companies, especially those that have emerged in the framework of the recent wave of remunicipalisation, are at the forefront of the renewable energy supply, while at European level, many national governments continue to apply energy policies that depend on fossil fuels. Across Europe, over 7,300 cities have already joined the Covenant of Mayors, a voluntary commitment to go faster and further on the European climate and energy objectives.[5]

At EU level, the importance of local governments has been identified in the set of measures "Clean Energy for All Europeans" launched by the European Commission in November 2016 (popularly known as the "Winter Package").[6] The European Commission coined the concept of the "local energy community", recognising the role and potential of municipalities in energy generation, distribution and commercialisation services at local and subregional scales.

Recovering ownership and public management is an essential condition for responding to the major challenge of our age: climate change. The IPCC (2018) has concluded that it would be *technically* possible to limit warming to 1.5°C, but that this would involve immediately reversing privatisation and commodification policies and extending the democratic control of energy. Ownership and public management are essential conditions for decarbonising the electricity supply and other components of the energy sector.

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5. https://www.eumayors.eu/
6. For more details, see: http://europa.eu/rapid/press-release_IP-16-4009_en.htm

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