

# Public Ownership as a Tool for Participation and Technical Change? German cities after remunicipalisation

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IW Publicly Owned Energy Companies

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# Overview

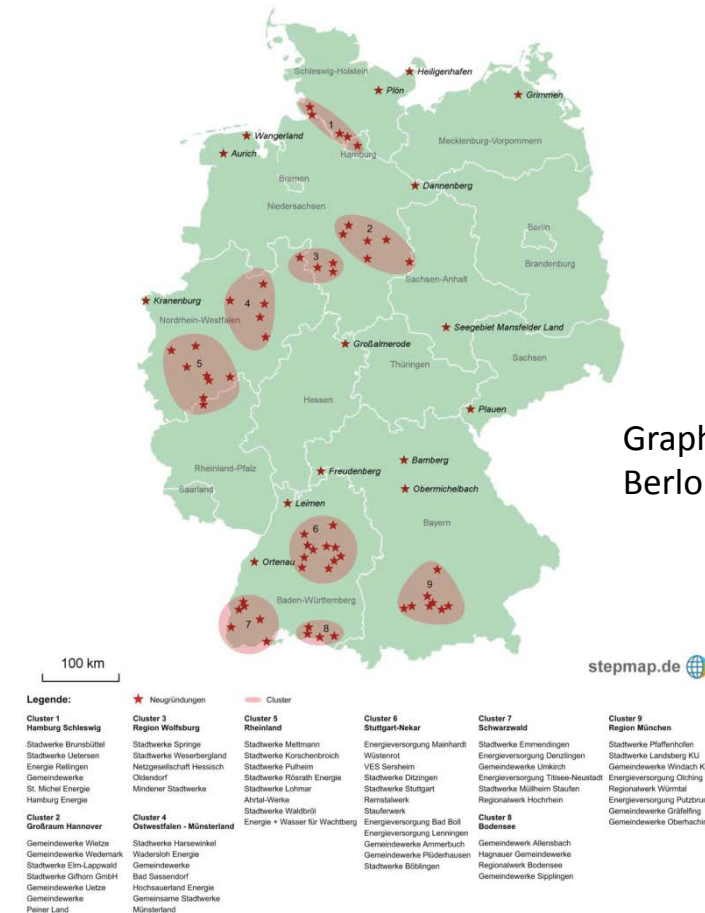
- Remunicipalisation in Germany:
  - Cases and forms
  - Conditions and background factors
- Two cases of remunicipalisation
  - Introduction
  - Political processes
  - Outcomes
- Conclusions



Graphics  
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# Remunicipalisation in Germany

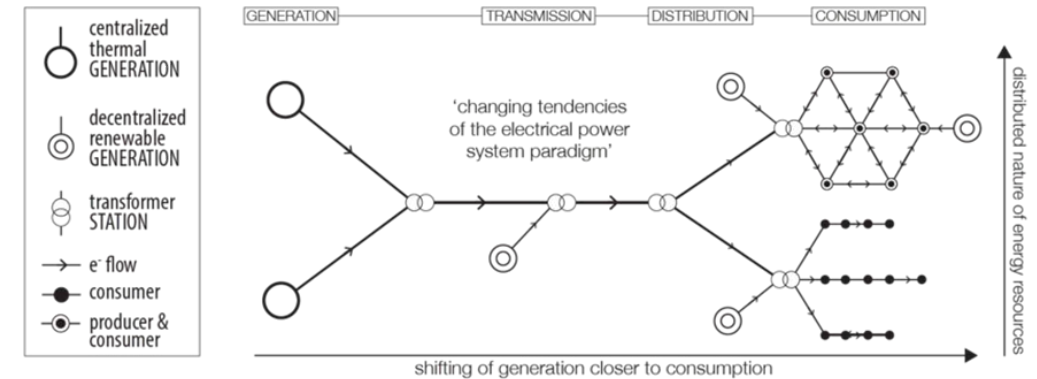
- More than 200 remunicipalisations in the German energy sector
- Different types of municipalities, regional clustering
- Different forms:
  - Founding companies (private/ public law)
  - Buying back shares or company units from private suppliers
  - Extending of business activities to energy sector
  - Extending along the energy supply chain
  - Extending grid ownership



Graphic: Berlo and Wagner 2013

# Remunicipalisation in Germany

- Conditions and background factors
  - Institutional: long tradition and legal framework for municipal service operation
  - Discursive: energy transition as a policy discourse of socio-technical change
  - Political economy: lack of local control after privatisation
  - Political opportunity: running out of concession treaties
  - Financial: low interest rates in communal credits



Above: technical image of energy supply chain (Wainstein & Bumpus 2016)



Left: Distribution Grid Operators Germany 2005 (energieverbraucher.de)

# Cases: Introduction

## Hamburg

- 1.7 Million inhabitants
- Land, forerunner in remunicipalisation
- Influence of social movements
- 2009: Hamburg Energie
- 2013: Referendum on energy grid remunicipalisation
- 2014: implementation
- Ongoing: discussion about future of district heating



## Hohen Neuendorf

- 25,000 inhabitants
- Municipality, ordinary city
- Conflictual local politics
- 2007: ending concession with e.on
- 2008: litigation with e.on
- 2012: public and internal workshops; compromise with e.on
- 2013-14: new process for awarding concessions
- 2014: private-public partnership model becomes effective



# Cases: Political Processes

## Hamburg

- 2009: foundation of Hamburg Energie:
  - „Political strategy“ by the administration
  - Conscious economic design
  - „tied to aims of climate protection. The enterprise offers climate-friendly electricity on the market“
- 2012/13: vast polarisation and mobilisation around a referendum for remunicipalisation of energy grids
  - Creation of social movement alliance backed by Friends of the Earth, Tenant's Association, Consumer Advice Centre and smaller environmental NGOs
  - Text: “socially just, climate compatible and democratically controlled energy provision from renewable sources“
  - 50.9 % victory in Sept 2013

## Hohen Neuendorf

- Decision and politics for remunicipalisation
  - 2007: narrow concession decision by major and city council („local or regional influence and benefit“)
  - Litigation in shifting legal settings (about the conditions of remunicipalisation)
  - Mayor involved and taking ownership of process
  - Ensuring support, even of oppositional members of the administration (treasurer)
  - Importance of personal politics and trust
- Bargaining with e.on
  - After litigation: finding a compromise for local benefits and technical expertise
  - Contracted solution with less local influence on the operation than envisioned

# Cases: Outcomes

## Outcomes in Hamburg

- Hamburg Energie as an „anchor actor“ a for co-investment programmes and RE built-up
  - 10 MW solar programme
  - Investment into wind energy
- Changes beyond remunicipalisation
  - New, legally binding principles of energy policy
  - Representation of referendum organisers in Committee for Environment
  - Formation of Network Advisory Board
- Political processes of implementation and future of district heating
  - Ongoing conflicts within and outside state institutions
  - Technical expertise, financial issues

## Outcomes in Hohen Neuendorf

- Public-private partnership for grid electricity operation with e.on (51 % / 49 %)
- Leased to e.on for operation
- Constant cash-flow amortises municipal investment
- Profits partly used for developing solar projects
- No fundamental change in business practice

Hamburg Energie capacity 2015	Installed capacity	% of overall capacity
Wind energy	13,4 MW	22,7%
Solar energy	ca. 12 MW	33,1%
Biomass CHP	7 MW	16,1%

# Conclusion

- Reflecting the instrumentality of Public Ownership / Remunicipalisation
  - Clarity needed about which aims Public Ownership should serve
  - Crucial role of technical and legal expertise in drafting remunicipalisation
- Remunicipalisation is a long-lasting political process
  - Remunicipalisation can be linked with conflicts about social and political power
  - Public Ownership can serve as means for socio-technical change
  - Public Ownership can shift the conditions of local energy governance
- Remunicipalisation „plus“
  - Effective remunicipalisation requires wise institutionalisation of targets
  - Effective remunicipalisation requires control of interested parties
  - Socio-technical change depends on business practice



# Thank you for your attention!

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