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DEFINING ENERGY DEMOCRACY

CLAIMING OUR EQUITABLE ENERGY FUTURE THROUGH COLLECTIVE POWER

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Claiming Our Equitable Energy Future through Collective Power

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Contributors

We are grateful to the 21 diverse energy policy experts who participated in our September 2022 roundtable discussion on energy democracy. This report represents an attempt to synthesize the ideas and insights they shared.

About the Center for Progressive Reform

The Center for Progressive Reform is a nonprofit research and advocacy organization that conducts independent scholarly research and policy analysis and advocates for effective, collective solutions to our most pressing societal challenges. Guided by a national network of scholars and professional staff with expertise in governance and regulation, we convene policymakers and advocates to shape legislative and agency policy at the state and federal levels and advance the broad interests of today's social movements for the environment, democracy, and racial justice and equity.

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Introduction

At this point in history, Americans are experiencing two distinct social transformations that will profoundly influence our shared destiny in the decades ahead. The first is the transition in how we obtain and use energy, which will leave virtually no aspect of our modern society untouched. The second is the disturbing democratic backsliding that has come to define political life in the United States. The deteriorating health of our constitutional form of self-government is itself a symptom of various decades-old pathologies, including the breakdown in our civic institutions and the accompanying corrosion of social trust, as well as widening economic inequality.

Amid these trends — or, indeed, because of them — we are now seeing increased attention to "energy democracy," the notion that energy policy should serve collectively determined goals and that members of the public should exert more control over the energy that powers our society. Despite the issue's complexity and abstract nature, our attention to this matter is not limited to the usual suspects (*i.e.*, scholars and policymakers). Rather, energy democracy has achieved "kitchen table" status in many households, and grassroots advocates and community activists of all stripes are mobilizing around the issue in one form or another.

Moreover, substantive concerns around energy democracy have become more multifaceted, implicating a wider array of shared values and principles such as accountability, social justice and equity, and ecological sustainability. In contrast, to the extent that members of the public thought about energy at all, their concerns were almost exclusively limited to material questions of cost and reliability. In other words, the public tended to think about energy primarily from the perspective as consumers of electricity and natural gas to power their homes and gasoline to fuel their cars and trucks. The harmful side effects of cheap and plentiful fossil fuels, and who ultimately shouldered the burden of those harms, generally did not register for them.

Yet, despite growing attention to energy democracy, and a growing consensus around the need for more of it, there is no shared definition of what it is, what it demands, or what it offers the American people. If one were to ask 10 people to define energy democracy, one would likely get 10 very different answers. The lack of a coherent

definition of or framework for energy democracy risks undermining our shared pursuit of it. This paper aims to rectify this problem.

When it comes to policy debates around energy democracy — such as whether, and how, to expand the national electric grid to support more renewable energy or whether, and how, to reform permitting processes for federal and state environmental projects and infrastructure — a shared understanding of energy democracy will help us achieve a more satisfactory resolution. Such an understanding will clarify what values are implicated, whether and to what extent they are in conflict, and how best to accommodate competing values.

Against this backdrop, the Center for Progressive Reform hosted a unique roundtable discussion in September 2022 that brought together a wide array of energy policy experts to discuss and consider the full dimensions of energy democracy and its role in advancing U.S. energy policy. The roundtable was conducted under the Chatham House Rule to permit full and frank discussion; given that, we can't disclose participants — but we are grateful for their contributions to this paper.
This paper synthesizes our discussion into a comprehensive and coherent framework around energy democracy. Its purpose is to provide policymakers, the press, advocates, and interested members of the public with a useful tool for evaluating specific energy policy debates. In the years ahead, Center staff and Member Scholars will apply this framework to pressing energy policy questions, such as how to accomplish a speedy clean energy transition without cutting the public out of the decision-making process and ensuring that the opportunities of the future clean energy economy are open to communities that have faced structural marginalization in the past.

Our hope is that a greater understanding of, and appreciation for, the complexities of energy democracy will enable our country to pursue more effective, people-centered energy policy. We also hope that embracing energy democracy helps, if only in a small way, to arrest and reverse our country's democratic backsliding. Energy democracy envisions ongoing collaboration between our people and our government to address the existential crisis of climate change and other energy-related policy challenges; as such, it offers an invaluable model for rebuilding our faith in — and a sense of

connectedness to — our governing institutions, both of which are essential to their effective functioning.

Defining Energy Democracy

At present, no official definition of "energy democracy" has been adopted, either by the federal government as a whole or by any individual departments at any level of government. The concept has both substantive and procedural dimensions.

The **substantive** dimension focuses on concrete outcomes of our energy policy decisions (*e.g.*, what energy sources we use; what infrastructure is built to supply that energy; and how the costs of obtaining and distributing energy resources to consumers and businesses are shared), with the goal of energy that works for people in a fair and equitable manner. Whether energy policies meet this vision is a function of several considerations, not least of which is whether all people, regardless of their socioeconomic standing, have reliable access to energy at affordable prices.

The **procedural** dimension of energy democracy focuses on the methodologies by which energy policies are made. First, the policymaking process must start by offering individuals meaningful choices over various aspects of how they meet their energy needs; people need real energy options. Energy democracy does not exist where the public is presented with an artificial set of energy options that merely create the illusion of choice. To help ensure this procedural criterion is met, it can help members if the public themselves play a role in defining policy options to be considered.

Second, individuals must have reasonable opportunities to offer input on matters of energy policy that matter to them. People must be able to speak for themselves, and government officials must hear their concerns when making policy.

Third, pathways for public engagement must also give people a realistic opportunity to influence policy outcomes. In other words, energy democracy requires that affected individuals have some measure of control over energy policies; opportunities to participate cannot simply be "check the box" exercises or empty formalities.

Fourth, energy democracy requires a forum in which competing values and principles implicated by different energy policies can be considered, weighed, and rectified or balanced. "Technocracy" — or expertise-driven policymaking — can support this endeavor but cannot accomplish it on its own. Public input and control are *essential.*

Energy democracy has both individual and collective dimensions. The common conception holds democracy as an **individualistic** enterprise, in which we each seek to exercise our political power as atomized agents independently pursuing our respective self-interest. This model provides a useful analytical framework, particularly when we consider how energy democracy advances individual flourishing by helping secure the essential preconditions necessary for us to pursue our innate potential. For example, with cleaner forms of energy, individuals will likely experience fewer missed workdays because of illness, enabling them to participate more fully in the economy.

At the same time, though, energy democracy frequently takes a distinctively **collective** form — when groups exercise joint political power in pursuit of their mutually common interests. We see this collective dynamic in action when communities work together to oppose polluting energy infrastructure projects — such as the residents of Weymouth, Massachusetts, fighting the construction of a natural gas compressor station in their neighborhood — or the role that energy policy can take in advancing the broader fight for racial justice — such as the promise of community solar to create new economic opportunities for entrepreneurs of color.

The Role of the Public in Energy Democracy

Participation opportunities

Members of the public have several opportunities to offer input on or influence energy policy. The first and most obvious is **voting in elections**. In addition to selecting (or opposing) people with power to directly shape and implement energy policy, elections also provide voters with opportunities to weigh in on specific energy policy decisions, often through ballot questions. For instance, in 2020, Nevada voters successfully amended the state's constitution to include a renewable energy standard, which mandates that at least 50 percent of the energy produced in the state comes from renewable resources by 2030.

Another opportunity for public participation — one that is arguably "thicker" and more meaningful from a democratic standpoint — is through the **rulemaking process**. The regulatory system is the institutional forum in which much energy policy is now made. For instance, the electricity and transportation sectors are responsible for the lion's share of American greenhouse gas emissions. The U.S. Environmental Protection Agency (EPA) is currently pursuing a series of regulations for those sectors that would significantly reduce their carbon footprint by encouraging the use of cleaner energy sources.

Consequently, public input and control over energy regulations are essential to energy democracy. The rulemaking process, though, is notoriously slow and significantly delays public interest policies. These delays have become so problematic in California, for instance, that advocates have counterintuitively turned to the state legislature as a strategy for expediting progress on their policy agenda. Given the partisan gridlock in Congress, this strategy is unlikely to succeed with federal rulemakings.

The **permitting process**, which often works in conjunction with rulemaking, offers another important public participation opportunity. Many energy infrastructure projects require companies and other entities to obtain various kinds of environmental permits from federal, state, or local government agencies. The process for granting these permits typically affords people an opportunity to weigh in on the specific terms of the permit — and whether it should be granted.

While much of energy policy is implemented through regulations and permits, **enforcement** ultimately gives policies their teeth. Significantly, many laws allow affected communities to hold private entities subject to regulations or permits accountable for violating their requirements or terms and government agencies that implement energy policy accountable for failing to carry out nondiscretionary duties. An important illustration of this power is individuals' ability to bring legal challenges against agencies for failing to carry out the analytical requirements of the National Environmental Policy Act (NEPA).

The design and implementation of **grant-making programs** offers people another important opportunity to engage. Recent energy laws, such as the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, promote changes in how we produce and consume energy through grants to qualifying businesses or households. These grant-making programs would benefit from greater public participation, particularly on issues related to planning and decision-making. People can weigh in on questions like who might be eligible for grants and what criteria agencies should consider in awarding them.

Finally, the public can participate in energy policy by **"voting with their wallets."** Under limited circumstances, people can make consumer choices based on explicit energy policy considerations, such as choosing to have their homes supplied with renewable energy or buying products made with renewable energy.

Participation mechanisms

The public can participate in energy policy development and implementation via several mechanisms. When participating through elections, public input and control are **indirect** because they are channeled through elected officials. As a mechanism for participation, elections significantly diminish the public's power over energy policy. Corporate entities enjoy gross disparities in political power that have all but subverted the principle-agent relationship model on which representative democracy is supposedly built. In addition, many local elected officials with authority over energy policy actively campaign on, and receive votes for, irrelevant culture war issues. For

instance, in Texas, electric utility commission officials are often elected based on their views on issues like guns, abortion, and school prayer.

Another mechanism of indirect participation is **through membership-based public interest organizations**. These organizations purport to, and largely do, represent aggregated member interests when offering public input on and control over energy policy and other issues. In carrying out this work, they are particularly active in elections, rulemakings, permitting, and enforcement. Nevertheless, these organizations often lack generous and sustained financial support from progressive foundations; as a result, relatively few public interest organizations are active in and have expertise on energy policy.

For instance, few public interest organizations have programs committed to engaging in proceedings before the Federal Energy Regulatory Commission (FERC), though this appears to be gradually changing. In turn, the public interest community has little capacity to participate effectively, if at all, in available relevant opportunities. In many proceedings, better-resourced corporate interests participate with little or no opposition from the public interest community.

In addition, many of these organizations are white- and elite-led, which casts doubt on their ability to adequately represent structurally marginalized communities, which bear disproportionate burdens from our energy policies. Fortunately, this feature of many of the national public interest organizations appears to be changing, too, if only gradually.

Finally, members of the public can engage in energy policy **through direct participation**. To be sure, this approach also has drawbacks, not least of which is the fact that individuals, especially members of structurally marginalized communities, face significant barriers to participation. As such, agencies should affirmatively reach out to populations that have historically been underrepresented in rulemaking proceedings and seek their input, meaningfully account for it in their decision-making, and report back to those populations about the impact of their participation. This would depart from historic practice, wherein agencies have positioned themselves as passive receptacles of public input. Bringing about this change might require amendments to existing administrative law and authorizing statutes, visionary leadership, and a

sustained commitment to promoting an agency culture and ethic that values public engagement.

Identity

A unique and complicating feature of energy democracy is the fact that each of us stands in many different relationships with energy as we go about our daily lives. This shifting conception of our identity, or self-conception, affects how we approach participation in the development and implementation of energy policy. We interact with energy and energy policy as **voters or public citizens**, such as when we cast a ballot or submit rulemaking comments. We are **consumers** when we choose a particular energy source to power our house, fuel our cars, and so on. Our status as **property owners** brings us into contact with energy policy when we install solar panels on our roofs or when our part of land is taken through eminent domain for the construction of energy infrastructure, such as a natural gas pipeline. We might join our neighbors and stand together as **community members** to oppose a polluting energy facility or to advocate for a locally controlled distributed energy resource. Distributed energy resources generally refer to any small-scale energy generating source or storage facility that is located on the "consumer's side of the meter" — that is, owned and operated by consumers, as opposed to a utility. These can include rooftop solar, community solar arrays, or battery storage.

Many Americans have a distinct stake in energy policy outcomes as **workers**, whether as a coal miner or as someone who maintains industrial-scale wind turbines. Finally, a growing number of Americans are energy **producers** because they generate their own electricity via solar panels or other means. Depending on applicable state and local policies, these individuals may even be able to sell excess energy back to the grid.

Defining Issues for Energy Democracy

Energy justice

For many, an overriding concern about energy justice drives their interest in energy democracy. Like environmental justice, energy justice ensures that the costs and benefits of energy choices are equitably distributed across affected populations. It also seeks to ensure members of the affected public have a meaningful opportunity to participate in and impact every step of energy decision-making process.

Racial justice

Related to the concept of energy justice is the more specific concern of ensuring that racially marginalized communities have a meaningful voice throughout the process of energy policy implementation and that racial equality and equity are the substantive core of our energy policies.

Energy democracy demands that racial justice is intertwined into every facet of energy policy. Communities of color have long been, and still are, treated as the **"sacrifice zones"** of our fossil fuel economy, absorbing the concentrated public health and environmental costs of fossil fuel production and use while enjoying little, if any, of the economic benefits it generated. We must not repeat this dynamic.

Energy democracy can advance racial justice by ensuring that people of color fairly benefit from our transition to a post-carbon economy, which can generate **wealth for communities long excluded from participation in the energy economy**. With proper policy design, our post-carbon transition can be a powerful vehicle for **restorative justice** and wealth creation, which will also help marginalized communities withstand climate disruption.

Another concrete challenge: People of color lack **access to meaningful energy choices**. Data show huge racial disparities in who owns rooftop solar panels. Communities of color also disproportionately lack reliable electricity. People of color were more likely to lose power during the 2021 winter storm in Texas, for example, and waited longer to have their power restored.

The public interest vs. corporate profits

General considerations

In the United States, **private, for-profit corporations** dominate nearly every aspect of our energy systems, including how energy is produced, how it is delivered, and how it is used. The primary, if not exclusive, objective of these corporations, even those that operate as regulated monopolies, is to maximize profits. At the same time, these corporations are often regulated — in some cases, quite heavily as public utilities — to advance some conception of the public interest. The **profit motive**, which is frequently incompatible with these regulatory standards, provides a strong incentive for corporations to **evade their public interest responsibilities** under these standards and to fight against new ones.

The upshot is that most (but not all) energy policy debates boil down to a contestation between two sets of private sector actors: (1) the diffuse public fighting to secure the public interest through the creation or implementation of regulatory standards and (2) corporations seeking to minimize or avoid any regulatory responsibilities that might inhibit profit maximization. As such, an important frame for understanding energy democracy is as a **battle for control over energy policy decision-making** between these competing sets of actors.

Greater public control implies energy policy that advances the public interest at the expense of profit maximization, while greater corporate control implies the opposite. This battle is exemplified by the North American Electric Reliability Corporation (NERC), a nonprofit organization charged with ensuring reliability for the bulk power transmission system. Despite this public interest-oriented mission, nearly all of NERC's top officials are former utility executives, a phenomenon that explains why the reliability standards it issues tend to be weak and favor the financial interests of the corporations subject to those standards.

Complications with this framing of energy democracy

There are, of course, some complications with this basic model that frames energy democracy as the pursuit of the public interest in the face of corporate profit maximization:

- **Some aspects of the energy system are publicly owned**, such as municipalities that own and operate their own electric utilities. Experience with these publicly owned utilities shows that they do not necessarily have a better record of operating in the public interest than investor-owned utilities.

- **For-profit corporations are not monolithic**. Some are small businesses or are owned by women and/or people of color who want to compete on a level playing field with larger firms. Frequently, larger incumbent fossil fuel firms resist competition from smaller firms, which often offer cheaper renewable resources. Larger firms often use their market and political power to block smaller firms from entering the market.

- **The public interest is not always clear**. Indeed, energy policy often implicates several widely shared public values that are difficult, if not impossible, to reconcile. A wind farm, for example, might help curb climate change but might also clash with other legitimate public concerns, such as turbine siting or individual property rights.

- **Public interest concerns may align with narrow corporate interests**. The developer of the wind farm, which hopes to derive a profit, may find its interests aligned with public supporters of the project and in conflict with affected property owners. For supporters of energy democracy, disentangling such competing interests can be difficult.

A related concern: understanding the role that **disparities in economic and political power** play in shaping energy policy decision-making. Over the last several decades, economic and political power have become increasingly concentrated in a small number of firms within particular sectors of the economy, including those most directly

impacted by energy policy. These firms have leveraged this power to maintain and expand their dominance over the public, especially structurally marginalized communities. Thus, a central goal of energy democracy is to **build the public's countervailing power** so people can exert greater control over energy policy.

A pitched battle against the public interest

Corporations enjoy several advantages, relative to the public, in obtaining and maintaining political power. Standard public choice theory explains that **companies have an easier time organizing for political action**, since their numbers are relatively small (which reduces the transaction costs of organizing), and the costs they might bear from changes to energy policy are both easy to trace and concentrated among them (which provides sufficient impetus to bear the transaction costs of organizing). This advantage is exemplified by their ability to set up and maintain powerful **industry trade associations** that facilitate their political organization and leverage their collective political power more effectively.

Changes in the energy marketplace have widened power disparities between the public and corporate interests. Increasing **consolidation** within various energy-related industries has led to a handful of dominant firms (*e.g.*, Southern Company and Duke Energy among private public utilities and ExxonMobil and Chevron among oil and gas developers), which are able to leverage their massive market power to advance their interests and deter meaningful competition.

Moreover, **private equity firms** have become more involved in various energy-related industries, using their enormous financial power to spur continued consolidation of firms in these sectors. The broader subversion of democracy by these politically powerful entities has thus been extended to the energy milieu.

Significantly — and paradoxically — public interest laws that regulate private energy companies sometimes operate as a source of those companies' relative power advantages. As regulated monopolies, many electric utilities earn higher returns on investment than in more competitive markets, making them resistant to changes that might advance the public interest, such as incurring the costs of replacing existing fossil

fuel power plants with new renewable sources or permitting competition from distributed energy sources. Worse, many incumbent utilities have leveraged their political power to secure policies that effectively deter competition from new companies. For instance, many natural gas companies benefit from policies that effectively lock in new customers. Significantly, the California Public Utility Commission has recently instituted reforms to prevent such abuses.

Finally, rate-regulated utilities retain significant discretion to misuse ratepayer funds in ways that support their market position. They have used such funds to underwrite their participation in industry trade associations and to produce and distribute pro-industry propaganda, such as advertisements and booklets.

A public interest response to corporate domination

Advocates of energy democracy can **empower the public** to advance their interests against the profit-maximizing activities of corporate entities. One strategy is to pursue legal reforms that affirmatively **strengthen the public's ability to participate** in and shape energy policy decisions. These might include establishing **intervenor funding programs** to reimburse people for certain costs to participate; creating enforceable **regulatory participation rights**; and requiring agencies to engage with the public in specified affirmative ways.

A second strategy would require or incentivize private energy project developers to proactively engage with affected communities. Such an approach would put the onus on developers to generate public buy-in.

A third strategy would promote meaningful collaboration between the public and private sectors in ways that advance the broader goals of energy democracy. Such a collaborative effort might focus on rejuvenating a town that has been negatively impacted by the transition away from fossil fuels. One example of this approach are the significant tax credits provided in the Inflation Reduction Act to incentivize private-sector investment in clean energy projects in what are termed "energy communities," which include former coal mining communities or areas in which coal-fired power plants have recently closed.

Accountability

Another concern is ensuring that the **rule of law** prevails in the implementation of energy policy and that relevant private- and public-sector actors are and remain **accountable to the public**. Accountability problems arise, for example, when an agency fails to fulfill its public interest mission according to its authorizing statute or a regulated company violates an applicable standard. NERC's failure to establish effective reliability standards illustrates this challenge. Such failures not only result in direct harms to the public, such as increased pollution or material challenges from unreliable power; they also tend to undermine people's trust in our public institutions, further eroding their legitimacy and moral authority.

The task for proponents of energy democracy, then, is to institute new accountability mechanisms and strengthen existing ones. Such mechanisms will improve the quality of energy policy design and implementation, promote public esteem for energy policy, and help ensure the legitimacy of the public institutions charged with implementing energy policy.

Broader Legal Issues

Ownership

A major determinant of who controls energy policy decisions — and by extension how their benefits and costs decisions are distributed — relates to **ownership of energy resources**. As noted above, for-profit utilities own much of our energy generating and transmission infrastructure. Though they are subject to varying degrees of public interest-oriented regulation, there are important challenges. As noted above, these so-called regulated monopolies exert considerable influence over their regulators and have proven effective in resisting changes necessary for achieving a clean energy transition. Also, some utilities are publicly owned. In theory, public ownership of energy resources should increase public control over energy policy decisions. Yet, in practice, many publicly owned utilities have proven just as resistant to clean energy policies as their privately owned counterparts.

Because much energy-related resource extraction (oil, gas, minerals, etc.) occurs on public lands, privately owned companies must purchase leases from and pay royalties to the government to access these resources. Public ownership of these natural resources again provides a greater foothold for democratic control over their use. For the most part, the exploitation of these publicly owned resources has occurred in ways that are consistent with the public interest in conservation, environmental protection, and public health.

The increasing decentralization of energy production raises new questions over ownership, one set of which arises from individual households that generate their own electricity (*e.g.*, through solar panels). Should utility companies compensate these people for excess electricity they supply back to the grid? And should such compensation be subject to certain conditions (*e.g.*, contributing some form of support for building and maintaining the electricity grid)?

A more future-oriented, abstract set of questions is implicated by the clean energy transition itself. Should the public demand **greater public ownership of energy systems amid this transition**? If private ownership remains a common feature of the post-carbon economy, the clean energy transition will no doubt create substantial

sources of private wealth. What legal tools can we use to ensure that future energy-derived wealth is distributed equitably?

Property rights

A related legal issue involves property rights, an issue that often arises when private developers assert the **powers of eminent domain** to develop natural gas pipelines that support the fossil fuel industry. Private *renewable* energy developers may assert similar eminent domain powers in the future. If so, the public and policymakers will have to balance private property rights with our clean energy goals.

Regulatory design

Debates over the best approach to regulatory design play out in the energy policy arena just as they do in other policy spheres. This debate generally pits supporters of **market-based approaches** — exemplified by Texas's policy of energy "deregulation" — against supporters of **expertise-driven or "technocratic" approaches** to regulation. Neither approach, unfortunately, carves out a dedicated rule for public participation. To the contrary, both are profoundly "anti-democratic." Consequently, the energy democracy movement offers a means for moving beyond these two dominant frames.

Another important question is how to **redesign existing regulatory procedures** to better incorporate public input. While public participation is critical at every stage of regulatory implementation, it is essential to look beyond the **"notice and comment"** process, the traditional focus of this matter. Public participation is especially important at the beginning of the process, particularly with respect to the issue of **priority setting**. Engaging the public at this stage would enable people to help policymakers identify their needs first and then develop policies to address them.

Greater public participation at the end of the process during **enforcement** is also effective because individuals can provide an extra set of eyes and ears on the ground to identify noncompliance. In this way, enforcement also benefits from the kind of situated expertise that members of the public are uniquely qualified to deliver. Significantly,

participation at earlier and later stages avoids the debate over whether to incorporate more market-based or technocratic approaches to regulatory policy.

Federalism

A major challenge facing the movement is that energy policy decision-making and implementation are spread across **different levels of government**, with many decisions assigned to **state and local governments**. Consequently, proponents must pay due attention to all levels of government. At these "lower" levels, however, **political power disparities** are often at their greatest, and private energy corporations are often better able to effectively shut the public out of the process. Consequently, achieving energy democracy may require "nationalizing" certain kinds of energy policy decisions, to the extent possible.

Tribal sovereignty

Energy policies that implicate Native American tribal sovereignty also raise complex governance issues. How federal and state governments navigate them depends on a tribe's status as "recognized" or "unrecognized."

Tribes have their own preferences regarding how they develop energy resources and use energy within their territories. In addition, as the Keystone XL pipeline demonstrates, the construction of energy infrastructure near Native American territory is also a major concern. Energy democracy must account for the unique political circumstances of Native American tribes and must balance their legitimate interest in autonomy with broader energy policy goals.

International governance

Treaties and other forms of **international law** to which the United States is subject influence our domestic energy policy. Our nation's role in shaping international law also means that we often profoundly influence other countries' domestic energy policy. The **intergovernmental organizations** through which international law is developed can provide new fora for public participation and, at the same time, significantly

constrain individuals' ability to influence energy policies in the United States and abroad.

Broader Social Context

Many challenges facing energy democracy are rooted in **broader political and economic circumstances** in which energy policy is formulated. To effectively address them, we must pay attention to these broader circumstances.

Democracy

Corporate domination threatens the democratic integrity of our governing institutions at all levels. At best, our democracy is defined by a **"money in politics"** dynamic in which corporate elites parlay wealth into power. At worst, elected officials commit outright **corruption**, delivering policy outcomes as part of explicit quid pro quo deals with corporate entities.

In either case, this dynamic has corroded our regulatory system. Indeed, the phenomenon of **corporate regulatory capture** has been well documented in the academic literature and press.
The upshot is that the diffuse public is at a distinct disadvantage in defending our democratic institutions. Even under the best circumstances, advocates face deep challenges in **organizing the public** into durable and effective political movements, particularly around abstract issues like democracy.

Environmental justice

This issue has risen in prominence in recent years, as more Americans have come to recognize **structural inequities in environmental and public health harms**. This issue overlaps with energy justice insofar as the methods by which we acquire and use energy produce those environmental and public health harms. Consequently, the pursuit of energy democracy is intertwined with the environmental justice movement.

Economic inequality and employment

Income and wealth inequality have reached shocking levels not seen since the Gilded Age, creating a variety of social challenges. Widespread poverty threatens the basic well-being of millions of Americans. Economic inequality exacerbates patterns of racial

injustice. The concentration of wealth in fewer hands risks destabilizing our economy and democratic form of governance.

Significantly, the fossil fuel-based energy systems on which our economy runs have contributed to economic inequality. This connection suggests that the transition to post-carbon energy systems can build a more just and equitable economy. At the same time, though, any major economic transition is likely to create new "winners" *and* "losers." Indeed, workers in the fossil fuel-based economy are at risk of being left behind. Energy democracy is well positioned to ensure their fates are accounted for as part of a just transition to a post-carbon economy.

Technology

The rapid development of energy technology will affect how we think about energy democracy in ways that are hard to predict. For example, low-cost decentralized rooftop solar systems may significantly reduce the importance of transmission lines, legacy utilities, and other factors of our electric system — but in unpredictable ways. As such, proponents of energy democracy will need to remain flexible while maintaining a clear sense of their goals.

International issues

In our globalized world, events that take place outside the United States — and beyond the reach of our laws — can profoundly impact how we obtain and use energy. Russia's invasion of Ukraine, for example, has deeply affected the global price of oil and significantly shaken energy policy debates in the United States. These developments provide new opportunities and constraints for proponents of energy democracy and will need to be accounted for in analysis and advocacy.

Trade-Offs and Tensions

'Too much' energy democracy?

For years, lawmakers from both parties have called for reforms to various permitting programs and the National Environmental Policy Act, arguing in effect that these policies have enabled people to block important economic activities. In recent years, this debate has focused on the need to build new energy infrastructure as part of the transition to cleaner energy sources. In essence, it casts energy democracy as incompatible with achieving our climate goals as quickly as possible. Do compromises need to be made to accommodate these goals, as permitting reform proponents argue?

Many argue that energy democracy and effective climate action are not only compatible but even mutually reinforcing. They contend that creating *more* constructive opportunities for public participation would expedite the construction of new energy infrastructure. If anything, constraining public participation in energy infrastructure decisions risks backfiring. Indeed, public interest in energy policy has never been greater, and members of the public are highly motivated to meaningfully impact energy policy decisions. Reforming our permitting process would likely interfere with productive public engagement and slow, rather than expedite, the construction of energy infrastructure.

Failures of publicly owned energy

Americans from Texas to Nebraska obtain electricity through publicly owned corporations. Yet, these corporations often operate in ways that are inconsistent with the public interest. Indeed, they are often as hostile to policies to protect our environment and climate as for-profit energy corporations. Further, people served by these corporations encounter many of the same barriers to energy policy.

Local choices and conflicts

Many proponents of energy democracy embrace more decentralized energy systems that empower the public through greater local control. One problem that arises from this vision is the possibility of conflicts between communities. For instance, there might

be a conflict between **host communities** where energy infrastructure is built and communities that consume the energy produced **(end-use communities)**.

Energy democracy helps resolve these kinds of conflicts. Proponents can press project developers to better engage host communities and help ensure they derive meaningful benefits from projects.

Another potential conflict may arise when local energy choices clash with national or international energy policy goals. The reverse dynamic raises similar concerns: Broadly shared national energy policy goals may clash with local economic and employment considerations. This tension is most apparent in communities whose local economies are built on fossil fuels, such as Wayne, West Virginia, and who face grave economic challenges as we address climate change.

Energy Democracy in Action

While there is much theoretical discussion of energy democracy in academic and policy circles, advocates and affected "frontline" communities are advancing this issue in the real world.

Several communities are pursuing campaigns to **municipalize their electricity provider**, which occurs when communities are able to obtain independence from large privately-owned utilities by establishing their own small-scale energy generating and transmission facilities operated on their behalf through their local government. These campaigns are often expensive and time-consuming, especially in the face of resistance from large privately owned utilities.

Other communities are developing **community solar** options to meet their electricity needs. Community solar projects typically involve a smaller-scale solar array that is jointly owned by a group of individuals who live nearby and obtain their electricity from it. Participants in these campaigns view community solar as a vital energy alternative for low-income households.

Community-based organizations across the country are working to reduce barriers to engagement in the policymaking process that many people encounter, especially marginalized communities. Environmental groups have petitioned the Federal Energy Regulatory Commission (FERC) to revisit its rules, which allow utilities to use the guaranteed profits they receive from customers (ratepayer funding) to support membership in trade associations. These trade associations have long operated as a strong political force supporting the continued use of fossil fuels for electricity generation. FERC has received the petition and is developing its response.

Advocates in California are pushing the California Public Utility Commission to make it harder for natural gas companies to lock in new customers. Under one proposed rule change, these companies would no longer be able to exempt new customers from certain fees that apply to other energy providers. In other states, advocates are asking state utility commissions to adopt new rules that would prevent natural gas companies from using ratepayer funding to support pro-industry propaganda (*e.g.*, advertising, booklets, etc.).

Conclusion

This paper presents just a few examples of how members of the public are working to reclaim control over our nation's clean energy future by exercising their collective power. These cases illustrate the multiple dimensions of energy democracy described above.

Staff and Member Scholars of the Center for Progressive Reform will continue to track these and other developments to help members of the public, policymakers, and the press better understand the crucial role that energy democracy plays in our society.