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Executive summary

Nafarkoop Energía Sociedad Cooperativa de Iniciativa Social provides assistance to renewable energy projects, communities and activities in rural areas of the Basque Country autonomous community of Spain. Nafarkoop is not an energy community in itself, but rather a non-profit business services cooperative that operates within a wider cooperative called Goiener Taldea. However, its activities in providing technical assistance to various renewable energy initiatives in the region still offer many valuable lessons for renewable energy communities in other EU rural areas. Nafarkoop uses crowdfunding as its main funding tool and has successfully established multiple photovoltaic and hydropower projects in rural areas of Basque municipalities. It counts 1400 people as “socios” (affiliates) and is run by a governing council with 10 members. The main driving motivation behind the establishment of Nafarkoop was the desire to engage citizens in the energy transition and counter dominance of for-profit interests in the energy market.

1. INTRODUCTION

1.1 AUTHOR OF CASE-STUDY AND ORGANISATION
Samuel Gregory-Manning & Antonio Betancor, Ecorys España

1.2 RURAL CHARACTERISTIC OF THE ORGANISATION
Nafarkoop Energía Sociedad Cooperativa de Iniciativa Social focuses its operations across multiple areas of the Basque Country in Spain, including several Basque municipalities in rural areas and as such falls under the remit of the Rural Energy Communities Advisory Hub.

1.3 NAME OF RURAL ENERGY ORGANISATION AND GEOGRAPHICAL SCOPE
Nafarkoop Energía Sociedad Cooperativa de Iniciativa Social focuses on and operates across all three provinces of the Basque Country: Vizcaya, Guipuzcoa and Alava. It also has collaborated with the French Basque Country region of Iparralde.

1.4 AVAILABILITY OF INFORMATION
Nafarkoop has a well detailed website, mostly in Basque and with some sections also available in Spanish: https://nafarkoop.eus. The website elaborates on the projects Nafarkoop has completed or is working on, lists updates on the latest news on its activities, and provides portals for citizens who wish to apply to join. It also has a very detailed “Frequently Asked Questions” section that mostly describes the various financial elements that citizens joining may wish to be aware of.

The cooperative of which Nafarkoop is part of, Goiener Taldea, also has an extensive and active presence on various social media platforms, including a YouTube channel with many videos that presents updates, news features, discussions, debates, etc.: https://www.youtube.com/@GoiEner/featured

1.5 OBJECTIVES, MOTIVATION AND PROCESS FOR ESTABLISHMENT
Nafarkoop was established upon an existing presence in the Navarra autonomous community in Spain, in which they had been actively engaged in for over 10 years via participation in local talks, fairs and other such events. The main objectives of Nafarkoop from the outset were the acquisition, installation, and promotion of renewable energy, and to ensure that these are as distributed, decentralised and local as possible.
Nafarkoop aims to shift the energy model by ensuring that energy generation is as close as possible to the points of consumption and for these to be in the hands of the people, so that they may profit from the ethical, social, participatory, and financial benefits, rather than solely corporate interests profiting.

Nafarkoop is part of Goiener Taldea, a non-profit citizen-based energy cooperative whose main activity is the commercialisation of renewable energy. Within Goiener Taldea, Nafarkoop acts as a main legal instrument through which shareholders can invest in projects. Their approach encompasses three strategies: the democratisation of the energy sector, improving energy efficiency, and raising awareness around the fact that energy communities should not focus solely on electricity but also other forms and aspects of energy, such as thermal energy and building isolation.

1.6 ACTIVITIES AND TECHNOLOGIES

The main activities that Nafarkoop carries out are self-consumption and photovoltaic studies, photovoltaic and small hydropower installations, and facilities, alongside the provision of technical assistance to the creation and development of renewable energy projects. Nafarkoop is also exploring projects relating to biomass. Additionally, a key strength of Nafarkoop is the design of energy installations and facilities.

Examples of projects Nafarkoop has completed/is engaged in include:

- Photovoltaic installations on schools and cultural buildings in the municipalities of Pasaia, Renteria, Zarautz and Andoain with an annual production of 430,158 kWh and an estimated annual 94.74 MT reduction of CO2 emission.
- Photovoltaic installations on school buildings in the municipalities of Fontellas, Etxarri-Aranatz, Tolosa, Bermeo and Vitoria-Gasteiz with an annual production of 430,158 kWh an estimated annual 118.33 MT reduction in CO2 emissions.
- Hydropower installations in collaboration with the municipal company owned by the municipality of Oñati (Gipuzkoa), with an annual production of 14,300,000 kWh and estimated annual equivalent CO2 reduction of 4118 MT.
- Hydropower installation in the municipality of Hernani (Gipuzkoa), with an annual production of 450,000 kWh and estimated annual equivalent CO2 reduction of 129.6 MT.
- Photovoltaic grid project in various locations of the French Basque region of Iparralde via collaboration between Nafarkoop and I-ENER, a renewable energy project in the French Basque region. The project mostly encompassed photovoltaic installations on municipal and public buildings, with benefits of reductions in emissions and fostering cooperation between the Basque regions. With an estimated annual average production of 63,000 kWh and estimated CO2 emissions reduction of 18 MT, made via contributions of €110,000.

1.7 OVERVIEW OF ACTORS AND STAKEHOLDERS INVOLVED

Nafarkoop is member of the wider cooperative Goiener Taldea, which operates with the same ideology and objectives. The members of Nafarkoop decided to join Goiener Taldea via an assembly vote. Both entities belong to REAS, Red de la Economia Alternativa y Solidaria (The Alternative and Solidarity Economy Network), a network focusing on economic and solidarity alternative initiatives. Nafarkoop is run by a governing council with 10 members, alongside 1400 people joining as “socios” (affiliates).

1.8 ORGANISATIONAL STRUCTURE AND DECISION-MAKING MODEL

Nafarkoop, under Spanish law, is a Social Cooperative with Social Initiative. This places emphasis on it being a non-profit entity with the overall aim of providing social benefits to citizens. The cooperative of which Nafarkoop is a member, Goiener Taldea is a non-profit cooperative, with designation from the Basque Government as a public interest entity. Goiener Taldea acts as an external guarantor to provide the annual remuneration Nafarkoop commits its members to, while Nafarkoop acts as the legal instrument through which Goiener Taldea members’ investments in generation projects are carried out.
All members of Nafarkoop are able to participate in the general assembly, with one vote per member, regardless of the amount of the contribution they made. All adults of legal age may join Nafarkoop but must do so on an individual basis. Companies are also free to join as a natural person would. A contribution percentage cap is set for all who join, which helps promote an equal structure in terms of shares amongst the members.

Nafarkoop uses crowdfunding as its main funding tool and has not yet sought external funding. It opens windows in which new members can join, framed around moments when new investments are to be made in new projects, with the goal of engaging as many members as possible in a project. Members are actively engaged in Nafarkoop’s activities and organisation, for example they are implicated in the decision-making processes via “brainstorming days” where Nafarkoop channels the ideas of its members and volunteers on specific topics or projects for development.

1.9 FINANCIAL AND INVESTMENT CONSIDERATIONS FOR ESTABLISHMENT & MAINTENANCE OF RURAL ENERGY ORGANISATION

Members of Nafarkoop have the right to receive annual interest on their contributions. In previous years, the interest on contributions has been 2%. The value is reviewed every year at the general assembly and is dependent on the results of the year. In any case, it is established that the maximum is the legal interest rate at any given time due to Nafarkoop’s status as a non-profit. Interest remuneration for the voluntary contributions is considered movable capital and is thus subject to withholding tax. Members are given the option of zero interest, by which they do not receive the interest generated, but rather it remains in Nafarkoop’s ownership funds to be reinvested in generation projects. In this case, no withholding tax is paid.

Nafarkoop’s installations produce energy, which following commercialisation, provide an economic return. This return is used to cover management costs of the installations, as well as benefitting members through energy savings on their bills. Through members contributing to Nafarkoop rather than to each individual project, the risk is diversified, and the interest rate is set the same for all members. In cases where returns are lower than expected, members may not receive the amount corresponding to the previously set interest rate.

Voluntary contributions do not have a set repayment period and therefore remain in Nafarkoop until the member requests their return. Projects are designed for approximately 10-year periods, with long-term planning providing stability to the projects.

2. IMPACT ANALYSIS

2.1 ENVIRONMENTAL BENEFITS

The main environmental benefit of Nafarkoop’s various activities is the reduction in CO2 emissions through promoting the establishment and proliferation of renewable energy sources and through improving energy efficiency, particularly of municipal and cultural buildings.

2.2 ECONOMIC BENEFITS

Members of Nafarkoop can benefit from their right to receive 2% annual interest on their contributions. Furthermore, the commercialisation of Nafarkoop’s energy generation activities provide funds to cover the cost of installation maintenance and directly benefits members and citizens via reductions in energy bills. In a similar vein, Nafarkoop’s activities that focus on improvements to energy efficiency will also incur cost saving benefits.

2.3 SOCIAL BENEFITS

Nafarkoop underlines that it has a high added value in the realm of beneficial social impacts and has even been acknowledged as being of substantial social value via a “social audit”. Social benefits are at the core of Nafarkoop’s objectives, particularly in driving forward the democratisation of the energy sector and putting the energy transition into the hands of the citizens.
Nafarkoop endeavours to engage citizens as much as possible in its projects and collaborates with local municipalities to provide advice on legal and technical matters. Citizens can feel a sense of ownership in the projects, being encouraged to contribute in different ways, for example in being involved in the drafting of budget proposals.

3. ANALYSIS OF DRIVERS AND SUCCESS FACTORS

3.1 CONTEXTUAL FACTORS ENABLING SUCCESS

Cultural

Nafarkoop was successfully established off an already existing and strong community presence in the region in relation to issues of renewable energy. This strong community sentiment and high engagement in wanting to drive forward a democratic energy transition allowed for the channelling of citizens’ drive and motivation to create Nafarkoop and successfully promote its activities and expansion. This cultural drive is also evident in the presence and activities of the wider cooperative Goiener Taldea of which Nafarkoop is a part of.

Social

The establishment of Nafarkoop was driven by the motivation to put energy in the hands of citizens and tackle energy market dominance of profit-based interests via the promotion of energy democratisation. To this end, members are actively encouraged to engage in the activities and future planning of Nafarkoop. Therefore, this emphasis of the social element required for a just transition was and is an integral success factor to the creation of Nafarkoop and the continuation and expansion of its activities.

Environmental

The main drivers relating to environmental factors in Nafarkoop’s activities are those of wanting to improve energy efficiency and reducing the emissions of CO2 and other greenhouse gases and pollutants. Nafar Koop places emphasis on greater energy efficiency, and more conscious, local, and self-sufficient energy consumption, while also promoting activities that lead to a reduction in the emissions of CO2 and other pollutants like sulphurous and nitrogenous gases, thus mitigating climate change and air pollution.

Political

Nafarkoop has benefited from political support at the regional level through the recognition by the Basque Government of the wider cooperative Goiener Taldea’s value as a public interest entity. This regional recognition acknowledges the social value of the entity, and generally comes with benefits associated with active participation municipal assemblies and collaborative agreements for actions of common interest with the regional or local governments. Furthermore, Nafarkoop has successfully collaborated with various Basque rural municipalities in several projects, thus benefiting from the engagement of local political support.

3.2 FINANCIAL AND ORGANISATIONAL FACTORS

Nafarkoop runs a successful organisational structure in regard to funding its activities, relying on windows of crowdfunding and so far has not required external funding. With citizens contributing to Nafarkoop as a whole rather than individual projects, Nafarkoop secures the stability of its funding by diversifying risk, as does the long-term planning of projects. Furthermore, the returns received from selling energy generation efforts to the grid allows for their reinvestment to cover the costs of maintenance and help fund future activities.

3.3 ROLE OF LOCAL GOVERNANCE AND LOCAL/REGIONAL LEADERS IN IMPLEMENTATION

The role of local municipalities is crucial in the successful activities of Nafarkoop, as Nafarkoop actively engages with them and the local citizens to ensure that they are highly implicated as members in the establishment and development of the activities of the projects. Through this collaboration with local municipal governance, Nafarkoop is able to draw
upon their local knowledge and resources, while in turn providing advice on legal and technical matters to the municipalities to ensure the overall success of the projects.

3.4 INCLUSIVENESS/PARTICIPATION/SOCIAL ACCEPTANCE

Nafarkoop’s high social value sees it operate with a good degree of social value and inclusiveness, with citizens strongly encouraged to participate and contribute to the activities and projects, via brainstorming sessions to provide input and ideas, engagement in the process of technical assistance, for example in budget drafting and being a key part of the decision-making process. This emphasis on citizen member engagement is central to the Nafarkoop’s ethos of democratising the energy transition.

3.5 INNOVATIVENESS

Nafarkoop can be viewed as an innovative entity operating within the wider cooperative Goiener Taldea to act as a main legal instrument through which shareholders can invest in renewable energy projects on generation and auto-consumption, and to provide technical assistance to these projects. This innovative set up allows for Nafarkoop to promote the establishment and expansion of citizen-driven renewable energy initiatives in rural areas that might not otherwise have the means in terms of financial and technical resources to do so themselves. This in turn allows for Nafarkoop to engage in a diverse array of renewable energy activities and technologies.

4. TRANSFERABILITY AND RECOMMENDATIONS

4.1 TRANSFERABILITY

Transferability of internal drivers and factors

The unique status of Nafarkoop operating as an entity within a wider cooperative to facilitate the legal and technical aspects of rural renewable energy communities and their activities is something that could be transferred to other rural contexts and thus provide an alternative way to facilitate energy community establishment. Furthermore, such organisational models could allow for the diversification of various renewable energy generation and efficiency saving activities across a region.

Nafarkoop’s emphasis on directly implicating citizens in the decision-making and operational processes of its renewable energy projects is a success factor with strong transferable potential, as it demonstrates the high value of citizen engagement in the energy transition and in wielding and further nurturing potential pre-existing citizen enthusiasm as key stakeholders.

Finally, Nafarkoop’s collaboration in the French Basque region of Iparralde demonstrates how innovation in such initiatives can foster cooperation and social inclusion across borders that may share cultural and linguistic attributes. Therefore, regions with cultural and linguistic unity offer transferable potential.

Transferability of external drivers and factors

The strong community awareness of renewable energy, energy democratisation and climate and pollution issues is evident in the foundation of Nafarkoop and its wider cooperative Goiener Taldea, therefore they offer transferable models for other regions where such community awareness might be similarly high and could be capitalised upon. Furthermore, the recognition of the Basque Government of the social value and interest of such initiatives also indicate that such acknowledgement from regional governance could be a strong transferrable factor to help encourage and facilitate citizen renewable energy activities in other rural regions.

4.2 RECOMMENDATIONS

Recommendations for Rural Energy Community initiators and developers
• Rural energy communities should endeavour to engage citizens and implicate them as much as possible in the decision-making processes of their activities. In doing so, this engenders a greater sense of ownership of the initiative, securing its longer-term stability both in terms of engagement and finances, as well as driving forward wider citizen participation in the energy transition.

• Emphasising the social element of rural energy communities can be an effective way of garnering wider support and encouraging members to join.

• Diversification of activities and technologies for established Rural Energy Communities or projects, if possible, can provide greater stability and foster longer-term initiatives.

• Drawing upon the support and knowledge of wider regional entities can bring in valuable expertise alongside technological and financial support.

Recommendations for policymakers

• Local
  o Local policymakers are well placed to collaborate with actors and stakeholders fostering renewable energy communities or projects, to the mutual benefit of both sides. Policymakers should therefore readily make available their local knowledge and potential resources (e.g., ideal sites for renewable energy activities).
  o Local policymakers should encourage their citizens to be actively aware of and engaged in the energy transition by highlighting how they can directly benefit (economically, environmentally, and socially).

• Regional
  o Regional designations or recognitions of energy communities as non-profit entities of social value can help protect and promote the proliferation of similar activities in other regions.

• National
  o Dominance in the energy market by relatively few providers hinder the establishment of energy communities in rural areas in Spain, due to infrastructure in terms of grid capacity constraints and mapping limits when scoping and identifying connection points in the grid network due to lack of transparency. Assistance to initiatives to overcome this dominance would help remove barriers to their establishment, for example in improving transparency from providers on grid network connection points and capacities.
  o Transposition issues of EU directives are present at the Spanish national level, causing misconceptions that can hamper the establishment of energy communities.

Sources

Interview and follow-up questions with Jokin Castaños, Generation Area Coordinator, and Chris Merveille, European Projects Manager, of Goiener Taldea.

Nafarkoop website – https://nafarkoop.eus/

Goiener Taldea website – https://www.goiener.eus/es/

Goiener Taldea YouTube channel – https://www.youtube.com/@GoiEner/featured