

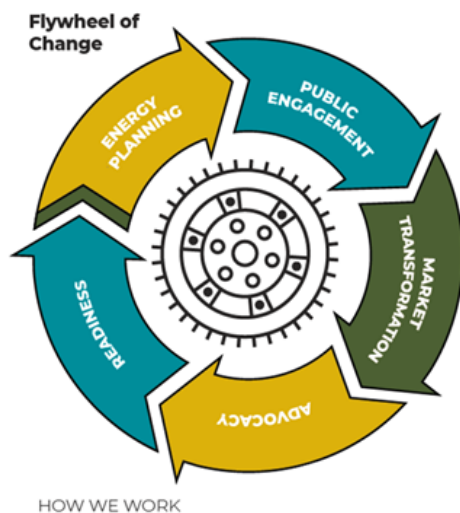
# How to Start and Grow a Clean Energy District

## Preamble:

### What is an Energy District, and Why do we need one?

At an early age, most of us develop a sense of community. People enjoy participating in the positive feedback loop created when individuals who realize the benefits of feeling included, in turn, serve the community, which delivered the positive feelings of inclusion. Serving a community makes a community strong and, in part, creates a content population. Helen Kellar simply explains, “Alone, we can do so little; together, we can do so much.” To exist, humans consume energy, and in a monopoly utility environment, no one chooses where they shall purchase the energy needed to subsist. As a result, millions of dollars flow out of our communities to pay for energy use, and thousands of carbon tons are emitted as a byproduct of energy consumption. These emissions are a leading contributor to planet Earth’s climate crisis. And the burden of rising energy costs is felt deepest by the most vulnerable segments of our community.

Universally energy districts exist to strengthen communities and do so by locally leading, accelerating, and implementing the clean energy transition. Currently and geographically defined by county lines, energy districts figuratively reside at the county’s intersection of clean energy prosperity and climate stewardship. Energy districts understand when community members wisely use energy, energy expenses are reduced, spurring local wealth retention and investment. Additionally, the collective actions of energy conservation simultaneously combat climate change...A Win-Win where green meets green. Through local clean energy planning, community engagement and education, market transformation, and advocacy, energy districts serve their local communities creating stronger communities.



With the potential for an idyllic society, smart communities desire an established and embedded energy district.

**This manual will cover Energy District 101: Organizing and energizing an energy district in one year!**

## Stage One: From Conversation to a Team of Champions

### **clean en•er•gy dis•trict**

/klēn/ /enərjē/ /distrikt/

noun

**a local institution created to strengthen communities by leading, implementing, and accelerating the inclusive, locally-owned clean energy transition. Fair access to locally-owned clean energy is a win-win generating community-wide energy prosperity and climate stewardship.**

### **con•ser•va•tion**

/ˌkɑnsərˈvāSH(ə)n/

noun

**the wise use of a resource**

When a community moves forward to improve or renew, often they do so because a problem has been identified and a transformation is needed. The pain perceived by existing energy districts is similar to the problem realized in Middle America's 1930's perfect storm of economic and environmental crisis - the Great Depression and the Dust Bowl. President Roosevelt authorized the United States Governors to establish Soil and Water Conservation Districts (SWCD) using a platform of social reform. This program enabled local champions of land conservation, with federal aid and the structure necessary to put boots on the ground to address the challenges specific to their communities. As a result, and at an accelerated rate, solutions with beneficial ecological and economic impact were implemented. Universal SWCD authorization led to locally formed and governed agencies, with empowered local experts who still provide valuable land conservation technical assistance to their communities in all 3000 US counties.

The replicable soil and water land conservation model from our past holds the problem-solving promise for our present. The replicable energy conservation model underpinning today's energy districts has a tremendous opportunity as the missing link needed to strengthen our communities as we weather today's perfect storm of the climate crisis and growing economic inequality.



### Today's problem & solution defined:

To survive and thrive, people consume energy. In the current complicated monopoly utility system, community members have no liberty in choosing from whom they will purchase power or how that purchasing power will be generated, and even less ability to control their power cost. In the current monopoly utility area, energy expenses are drained from our communities, contributing to ever-growing wealth inequality. Secondly, carbon emissions

from “dirty” energy consumption allow the climate crisis to march on. The combination of wealth extraction and the climate crisis has resulted in a new economic and environmental perfect storm, laying demand for energy democracy and energy conservation...a clean energy transition is born.

Energy districts strengthen communities by leading, implementing, and accelerating the inclusive, locally-owned clean energy transition. Fair access to locally-owned clean energy is a win-win generating community-wide energy prosperity and climate stewardship.

### Energy District Key Principles

- **Local leadership exists everywhere.** Energy districts empower local champions to lead the clean energy transition in their beloved, unique neck of the woods. In every hometown, some individual doers are part of the community's positive feedback loop. This pool of leaders will contain open-minded leaders ready to lead the clean energy transition via their county's energy district.
- **Through direct action, energy districts simplify and clarify the complicated energy system, making a community-wide difference.** Energy districts put boots on the ground providing community-wide technical assistance with high-quality energy evaluating services, direct installation of energy-saving measures, and providing high-quality advanced energy planning services.
- **When the “Green” of economic prosperity meets the “Green” of climate stewardship, communities unite and thrive.** A locally-led, implemented and accelerated clean energy transition will create jobs, retain wealth, build energy prosperity (one green), and simultaneously advance climate stewardship(another green).
- **Energy Districts are inclusive and replicable.** Regardless of age, gender, race, way of life, socioeconomic status, or geography, energy districts exist to benefit everyone. Universal replication of the energy district model is entirely possible. The clean energy future will be accomplished through energy democracy -clean power of, by, and for the people. Energy Districts green meets green mission to strengthen the community happens in three fundamental aspects:
  - To positively affect the local economy by retaining energy dollars within the district.
  - To slow climate change by promoting wise energy use.
  - To facilitate inclusive (for everyone) access to clean and local energy.

## Local Generalist power Energy Districts!

pas·sion·ate

/ˈpɑSH(ə)nət/

*adjective*

showing or caused by strong feelings or a strong belief.

cham·pi·on

/ˈCHampēən/

*noun*

a person who fights or argues for a cause or on behalf of someone else.

Energy districts are local organizations composed of resident, passionate champions. These local champions know what works in their neck of the woods. Energy districts have a broad mission to strengthen their local community, focusing on energy conservation, but do so with agile and smart techniques localized for their county.

## Seed Planting Meetings & Conversations

[This “Energy District 101” presentation](#) can be used at energy district “seed planting” meetings for community members. Ultimately after some conversation and examples of passionate clean energy champions are shared these questions are asked, **Who is in?** or more to the point, **Are you a passionate champion for a locally owned clean energy transition?**

Energy districts are full of diverse people, who are passionate about clean energy and are willing to champion the cause for the common good. They are skilled and come from all corners of the district. Not necessarily in equal measure, this group is ready to give their time, talent, and treasure to advance the clean energy transition. Energy district leaders are often represented by a range of ages and have both gender and racial balance. Often it is good to have at the table: conservationists, clean energy professionals, local business leaders, farmers, neighborhood, civic and church leaders, landlords, and climate activists. This group of champions is connected to their community; they have strong relationships in their communities, which gives them leverage to advance the energy district’s mission.

These local champions roll up their sleeves for the common good; they are doers, understanding talk is cheap unless followed by boots-on-the-ground action.

Above all, energy district champions love their communities and the planet they inhabit. This group firmly believes the right thing is active leadership of the inclusive, locally owned transition to clean energy.



## Fishing for additional champions

Pioneering spirits can identify the community members, organizations, and institutions linked to the clean energy arena. These early energy district pioneers should look to the established order to lead future energy district champions and partner entities. The Community Action Corporations, Green Iowa Americorp Energy and Community teams, Habitat for Humanity Chapters, housing authorities, County Conservation departments, chambers of commerce, Main St programs, economic development authorities, churches, social justice leaders, solar and electrical contractors, school green teams, and last but not least, community foundations for the future, can be excellent resources for the people power needed to explore the establishment of a county-wide energy district.

## No Need to Operate in a Vacuum

Geographically defined by Iowa county lines, existing energy districts are currently structured as incorporated non-profit organizations. Emerging energy districts are equipped with a blueprint for establishing the intersection of green meets green; and should have peace, knowing they operate in good company with fellow Clean Energy Districts of Iowa.



**Clean Energy Districts of Iowa (CEDI) is a 2019 established association of energy districts that exists to:**

**Assist:** CEDI aims to efficiently assist the member energy districts with a robust toolkit of resources from startup to operations. This toolkit contains links to fact sheets, graphics, programming ideas & workshop organization tools, fundraising tools, print material templates,

document templates, and more. CEDI also can serve as a resource for messaging, grant writing, web development, reporting software, and other online communication software..... Ultimately CEDI can help each member energy district avoid reinventing the wheel.

**Serve:** Collectively representing energy districts, CEDI is a backbone for the network of energy districts. CEDI is a power-building unified entity addressing everyday needs and energy policy issues at the regional, state, and federal level. This function helps individual energy districts equipped with limited resources focus on local, difference-making impact.

**Develop:** For relevance in today's economic and environmental perfect storm, expanding the universal local network of energy districts is essential. Ultimately, the holy grail for the network of energy districts is for State

authorization legislation to be passed, enabling the formation of county energy district offices in each of Iowa's 99 counties. This authorization would come with base operating budgets which would theoretically flow from a restructuring of the State's energy efficiency fund.

**No Guarantees** - *"It's the possibility that keeps me going, not the guarantee."* Nicholas Sparks, *The Notebook*

Despite access to CEDI's toolkit of resources, building an energy district is not predestined to be a slam dunk success or necessarily sustainable.

In fact, like most new voluntary efforts, they come ready-made with typical challenges. Energy districts strongly advocate the use of theoretically "free" sun power. Yet, a newly formed clean energy district will need much more than free solar power to energize the movement. Financial resources are almost always a limiting factor when it comes to executing a mission. Indeed, other barriers for new energy districts, including a credibility gap, addressing potential sects of climate change deniers, other nonprofits competing for the same pots of revenue, push back from the influential energy companies who recoil at threats to their profit margins.

Because other energy districts have gone before this enterprise, be comforted knowing there is strength in precedent and numbers. Newly incorporated energy districts are in the network, the Clean Energy Districts of Iowa.

## **Decision point**

After facilitated "seed planting" discussions, it will come time to commit to the "growing" process. Energy Districts are locally-led operations and are led by multi-talented, diverse champions. Potential board members will share a common denominator: a passion for locally leading their community's clean energy transition. Organizing the champions will take time and discernment. To set a board of directors, interested champions, based on their self-knowledge and experience, should consider their strengths and weaknesses and share them with the group of potential board members. Future board members will know the work of a volunteer and feel drawn to the energy district board because they are called to serve with a hyper-focus on clean energy.

[This generic job description for board officers gives basic information regarding officer duties and roles.](#)

This [Energy District Board Member Agreement](#) can be used as a tool to guide the thoughts of future board members as they consider a term of service.

## **Stage Two: From a Team of Champions to a Corporation/Organization/Institution**

## The Energy District Approach & Vision

Energy districts exist to transform the current monopoly model for energy consumption into a model that works for, of, and by the people...ENERGY DEMOCRACY. In a unique & local fashion, each energy district exists to strengthen the local community by leading, accelerating, and implementing the clean energy transition.

Iowa's energy districts are currently defined by county lines and are organized as non-profit corporations with 501(c)(3) tax-exempt status. Ideally, this structure will facilitate an eventual transition to establishing quasi-governmental energy district offices with locally elected commissions.

## Nuts & Bolts

### Iowa Secretary State Articles of Incorporation

When the team of champions has been honed, it will be time to incorporate. Here you will find an [agenda for the meeting of incorporation](#), [articles of incorporation template](#) (with online filing instructions with the Iowa Secretary of State), and a [template for bylaws](#) used by existing energy districts. The Secretary of State's filing fee for incorporation at the time of this writing is \$20. The organization will need a permanent mailing address, but that does not mean a physical address where it conducts business. Often the address of the person who will tend the mail of the organization should be used. The person filing the article of incorporation can be the registered agent. The registered agent will file the biennial report with the Secretary of State every other year.

Filing the articles of incorporation can be completed in one online session using [IA SOS Fast Track Filing System](#), and upon submission, the organization will receive a filing certificate. The newly incorporated energy district may consider obtaining a **certificate of existence** (COA), sometimes necessary for grant applications. The COA costs \$5 and is obtained using the IA SOS Fast Track Filing System.

The Iowa Secretary of State summarizes the steps for nonprofit incorporation as follows:

#### **The formation of a nonprofit is achieved by:**

- Filing articles of incorporation - drafting articles of incorporation and filing them with the Iowa Secretary of State to create a nonprofit. [Minimum requirements of nonprofit articles of incorporation](#). Filing Fee: \$20
- Upon filing the articles of incorporation with the Secretary of State, a certificate of acknowledgment will be issued to the nonprofit corporation.
- After receiving the certificate of acknowledgment, an organizational meeting is held by the board of directors to: adopt bylaws, elect officers, discuss other business.
- Iowa law requires the initial bylaws of a nonprofit corporation to be adopted by its board of directors.

### Employer Identification Number

All non-profit corporations will need to obtain an [Employer Identification Number](#) (EIN). Incorporation and an EIN are required to begin banking. The EIN application takes minutes to complete and can be done [online](#). The applicant will identify as a corporation and authenticate as a corporation. The reason can be for banking purposes. The responsible party can be the organization's treasurer, chairperson, or program director. The person

will need to submit their social security number. The same mailing address used for filing the Articles of Incorporation should be used. The EIN # will arrive via email upon completion of the online session.

### **501(c)(3) Tax-Exempt Status**

This 501(c)(3) IRS tax-exempt status should be obtained to:

- accept tax-deductible charitable donations
- avoid paying sales tax
- to create a lane of access for grant funds sometimes only available to non-profit corporations

The [1023ez](#) form must be completed to obtain the IIRS 501(c)(3) determination letter. The form is located at [Pay.gov](#). Before applying for the 501(c)(3) status, first, obtain the EIN. The filing fee for tax-exempt status is \$275. Familiarity with the conditions and stipulations of holding a 501(c)(3) is important. The IRS does have strict rules about the amount of time a non-profit with 501(c)(3) determination can spend on lobbying to influence legislation; reviewing the [IRS Lobbying Expenditure Test](#) is good practice. [Here is an example 1023 ez form completed for a generic energy district.](#)  
[Here is typical language that could be used to complete the 1023ez.](#)

### **Annual Tax Filing Requirements**

“Small tax-exempt organizations, whose gross receipts are normally \$50,000 or less, are **not** required to file Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax. **These small tax-exempt organizations must file the e-Postcard electronically, Form 990-N, with the IRS annually.**” [source: IRS.gov](#).

[Form 990-N can be completed in a 15-minute online session](#) and does not require a 3rd party firm to complete the process. The following items of information are needed to complete the Form 990-N e-postcard.

1. Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN).
2. Tax year
3. Legal name and mailing address
4. Any other names the organization uses
5. Name and address of a principal officer
6. Web site address if the organization has one
7. Confirmation that the organization’s annual gross receipts are \$50,000 or less
8. If applicable, a statement that the organization has terminated or is terminating (going out of business)

### **Committees**



When energy districts have completed the formal organization process, their focus will shift to how best to establish and embed the energy districts into the awareness of their communities.

Depending on how the new board of directors prefers to do business, it may make sense to organize into committees, developing short and long-term goals and execution plans. Typical committees might include programming, branding and operations, and finance.

**Programming committees** will devote time to organizing a calendar of events and analyzing the population's needs in the energy district. They will assess their county demographics and determine where best to make inroads regarding the local clean energy transition. This group might determine the amount of locally owned solar. They will determine the number of constituents served by investor-owned utilities, rural electric cooperatives, and municipal utilities. They can assess the potential rural energy planning vs. urban.

### **Identity Building & Operations**

Building the brand for any organization is essential for establishing and embedding an operation of impact. Taking the time to develop a meaningful logo and tagline will help the energy district's constituency quickly understand its mission. Introducing the organization via public speaking opportunities, meetings with community leaders and governments, hosting learning opportunities, and establishing an online presence will be key steps in rooting the new energy district into the neck of the woods where the seeds were planted. In addition, the subcommittee can begin discussions on how to best structure the energy district in terms of staffing and volunteers.

### **Finance**

Energy districts usually secure operating revenue through the following strategies:

- Grant funding ( public grants - city and county budget allocations)
- Donations
- Fee for Service

Each of these strategies can require an established positive reputation, which takes time to develop. [This toolkit of Fundraising Tools can help.](#)

Seed grant dollars may be available through the county community foundation.

Fee for service opportunities may be available as the energy district matures and provides energy auditing and planning services.

### **Staffing**

Staffed energy districts help establish credibility for the growing movement. For sure, hiring a part-time staff person to manage the organization's operations provides essential boots on the ground. A staff person "doing

the work of the energy district” between the meetings accelerates the mission and creates a more profound impact. [Here is a link to a sample role and expectations list for an energy district program manager.](#) According to the board’s wishes, this person will have the ability to manage the operations of the energy district at a high level and act as an ex officio member of the board of directors. A program manager can seek grant funds, write grant proposals, manage communications, attend public meetings, and speak on behalf of the organization.

### **Conflict of Interest & Confidentiality Policies**

The [National Council of Nonprofits](#) stresses the importance of adopting a Conflict of Interest & Confidentiality policies for staff and board of directors. The best practice is to adopt an approach, annually review the policies, require affected persons to disclose potential conflicts of interest, abstain from discussing topics, and vote on issues involving the conflict of interest, and to maintain loyalty through confidentiality.

**Conflicts of Interest** are often either related to financial conflicts or **duality of interest**. Financial conflicts are clear cut when staff or board members could financially gain from inside organizational knowledge. In some cases, the conflict of interest is subtle and may pertain to dual loyalty as in the potential when serving on multiple organization boards with similar interests. Significantly, conflicts of interest might not conflict at all but are a benefit—for example, a board member who owns rental property and provides office space at a discounted rate.

Viewing potential conflicts of interest with a broad perspective can help avoid potential penalties for the individual and organization.

[Blue Avocado - A Magazine of the Nonprofits Insurance Alliance](#) provides a good analysis of the non-profit conflict of interests using a 3-dimensional view. It outlines four safeguards against conflicts of interest:

1. Establish a conflict of interest policy to be signed by key staff and all board members and disclosing information about the person’s financial interest and affiliations.
2. Include the information in a shared roster of personnel and board members and not hold it confidential. This will facilitate appropriate future disclosure and potential benefits for the organization.
3. Make disclosure a standard practice.
4. For significant purchases, get competitive bids.
5. The “conflicted” board member shall abstain from votes concerning the topic

Energy District will utilize a **confidentiality policy** to ensure coalition work, strategy, intelligence, meeting minutes, and listserv communications do not get distributed or communicated beyond our organization. Energy District staff and board members **agree not to disseminate** internal communications, debates, updates, policy discussions, clients’, fellow board members’, and donors’ personal information, or other internal communications outside the organization.

[This template is a conflict of interest disclosure form & confidentiality agreement](#) to be used by appropriate staff and all board members.

### **Banking**

Once the energy district has incorporated and obtained an EIN, it can begin banking. Tax-exempt donations can be accepted before official notification of receiving the IRS 501(c)(3) determination letter and retroactively considered tax-deductible for up to 27 months from the date of incorporation. However, if the IRS does not see fit to issue the energy district tax-exempt, the donations would not be tax-deductible. Best practice, if the IRS tax determination letter is not obtained promptly, a fiscal sponsor can be arranged to handle cases where tax-deductibility letters are necessary.

### **Starter Budget Template**

It has been said, “show me the budget; show me the priorities.” While energy districts will establish their local and unique priorities, using this [energy district starter budget](#) can be helpful.

### **Liability Insurance**

Energy districts engaging in public activities should obtain a general liability insurance policy. The policy will cover the organization and employees for bodily injuries and property damage incurred during the energy district’s work. Locally purchasing the policy helps create leverage or establish goodwill in the community.

## **Stage Three: Go Make a Difference**

### **Get out of the gate & let them know you are alive--Do Something!**

The examples of community engagement

- a. Community engagement: bfasts/talks; newsletter/writings; tours; events/county fair booths...
- b. Technical assistance, “boots on the ground,” will come ... *see network*
- c. Take names & Develop a distribution list

### **Join the Clean Energy Districts of Iowa**

#### **WANTED: Half-Hearted Fanatics**

***“Be as I am – a reluctant enthusiast...a part-time crusader, a half-hearted fanatic. Save the other half of yourselves and your lives for pleasure and adventure. It is not enough to fight for the land; it is even more important to enjoy it.” - Edward Abbey’s Advice to Environmentalists.***

Knowing you won’t build Rome in a day, it is vital to be reasonable and practical with your intentions. New energy district boards and staff must be careful to avoid burnout, work together, build partners, and have some fun! Energy district constituents will be drawn to the mission because it makes sense and it will benefit them. Still, the attraction will be even stronger when they see energy district champions enjoying the transformation.