

Participant Guidance

Act in character throughout. Do not worry if you do not understand everything - the role play itself will help you clarify what you may not understand on first reading. Experienced role play and FairShares Commons experts will brief you before the role play begins.

About You

You are a member of Future Energy Ltd. During the role play you will exercise your right to vote on proposals that change the co-operative company's constitution. The proposal is supported by an argument that the co-operative's core IP (the designs for its solar panels) would be more valuable if turned into a 'commons resource' using Creative Commons licensing. The proposers of the change want to open source the solar panel designs and use 3D printing technologies. Changing to a FairShares Commons Company would accelerate the process.

As a member, you share in the distribution of surpluses each year which are allocated as follows:

- 30% is converted to co-operative capital (an indivisible collective reserve) to fund Future Energy's development.
- The remainder is paid out as follows: Founder members (10%), Employee members (35%), Customer Members (35%) and Investor Members (20%)

About the Decision You Face

There are numerous unresolved questions about the business model to support a shift from private property (with fee charging for use of patented solar panel designs) to commons property (open source production). One member has suggested that HACT (the membership body for housing associations across the country) should control access. This way, only housing association members would have access to the new commons resources created by Future Energy Ltd.

At present, Future Energy works directly with six housing associations (who are Customer Members). These vary from national housing projects serving specific groups (e.g. a housing co-operative providing shared-equity options for working age families across the country), to local providers who provide social housing to people referred by their local council, particularly vulnerable people and the elderly. Collectively, there are 120,000 solar panel installations (the largest is 23,000 units and the smallest is 5,500). Individual tenants are not members of Future Energy (but they do elect a representative to speak for them in Future Energy General Meetings).

HACT claims it can provide indirect access to 3 million properties nationwide and expand the market for Future Energy's solar panel products, thereby increasing its revenues from selling electricity back to the national grid. HACT also claims the licensing scheme currently offered by Future Energy Ltd is only viable for housing associations with over 5,000 properties (those large enough to maintain their own panels). Creating a commons resource and updating solar panel designs for 3D printing would benefit smaller housing associations.

Even through Future Energy Ltd would still manufacture and install solar panels for domestic customers (this part of the market would not change), some Directors are concerned that open sourcing product designs risks changing its 'closed commons' to an 'open commons' where competitors (and even existing members) could access the company's most valuable IP, causing revenues to fall. Furthermore, if there is a change from centralised production to a distributed model, it raises the question of whether housing associations should be their own member category. If HAs develop 3D printing technologies, they will do production work currently done by Employees.

3D printing is part of the long-term vision of the proposal. HACT believes that a network of 3D Printers could localise production, save on transport (and environmental) costs and reduce the overall cost of ownership. Other members (particularly Employee members) are sceptical that 3D Printing

can operate successfully on the scale required. Evidence provided by Founder members¹ supports both arguments – costs *could* drop 20%, but mass production may be difficult.

About the Proposal

Directors cannot agree the likely impact of changed property rights on different member groups. Despite this, Customer Members have prepared a General Meeting proposal with strong support from two founder members (original scientists).

The proposal brought to the General Meeting is asking you “Do you agree to the *principle* of converting from a Level 4 FairShares Company to a Level 5 FairShares Commons Company?”

There is no specific business model in the proposal, and no specific commitment to open sourcing the co-operative’s solar panel designs. However, Directors expect that further proposals would be forthcoming if conversion takes place. However, the business model and open sourcing options are not being decided today – the only decision is whether to become a FairShares Commons Company.

A Level 4 FairShares Company is structured as a solidarity co-operative to protect core IP through patents and copyrights owned by its members. Its commitment to ‘commons’ is limited to document sharing and compensation schemes that distribute financial benefits fairly through dividends and welfare arrangements.

As a Level 5 FairShares Commons Company strengthens the solidarity co-operative model by adding commitments to Elinor Oström’s commons principles to the constitution. This commits the company to managing its property as commons resources for the benefit of the co-operative’s members. Over time, this would likely result in private property rights being eroded and membership rights increasing. Members would gain personal rights of access based on their contributions to the commons, and the co-operative would change from a controller to a steward of commons resources, to ensure their availability for current and future generations.

You have to decide whether to support the proposal. You vote as a member of one of four shareholder groups (see below). Discuss the proposals with other members of your group, and then listen to all member groups’ views in the ‘Fishbowl’ discussion. Only then, decide how to vote.

You vote as an individual, not as a group – either ‘Agree’, raise ‘Concerns’ or ‘Object’

About the shareholder groups

Founders: There were four founders of Future Energy Ltd (three scientists who did PhDs together and a former-GP who became a social entrepreneur). They formed Future Energy Ltd to bring the scientists’ research to market. The social entrepreneur provided seed funding. Whilst each wants some financial return for their efforts, they are motivated by *providing low cost / free energy for everyone*.

Employees become members of Future Energy Ltd after 1 year of service. There are trainers, engineers, sales representatives, administration and technical support staff alongside social marketing experts. As members, employees share in the surplus and vote on key decisions. Although most are sympathetic to the pursuit of sustainable development (which is checked at recruitment), most are principally interested in advancing their careers and ensuring a good quality lifestyle for their families.

Customers: There are two groups of customer members: private (individuals); housing associations (organisations). Private customers become members when they buy their solar panels. They receive all cost savings and income from electricity generation. Housing associations each have two member representatives (one elected by tenants, one appointed by their Board of Directors). Private customers tend to be more sympathetic to sustainable development issues. Housing association members are more focused on benefits to tenants and income generation for social housing.

Investors: Future Energy has an investment community of social and impact investors who collectively made an initial £5m investment. Whilst they are all sympathetic to sustainable development, most are under an obligation to achieve a 5% or better return on the financial capital stakes they have made (either in the form of dividends or increases in the share price).

¹ See: <https://www.azocleantech.com/article.aspx?ArticleID=975>