

pre POWER Co-ops

Local Ways to Raise Capital
East Gippsland Symposium April 2019
Kevin Cox
kevin@wlpc.com.au

pre POWER Co-op ONE Ltd - purpose

The co-operative will deliver fair and affordable energy to its members by owning and operating renewable energy assets, including solar panels, inverters and batteries, and selling the electricity these energy assets produce to its members at a discount compared with the price of fossil fuel electricity.

Why pre POWER?

Local Consumers are the prime beneficiary of the business, not shareholders

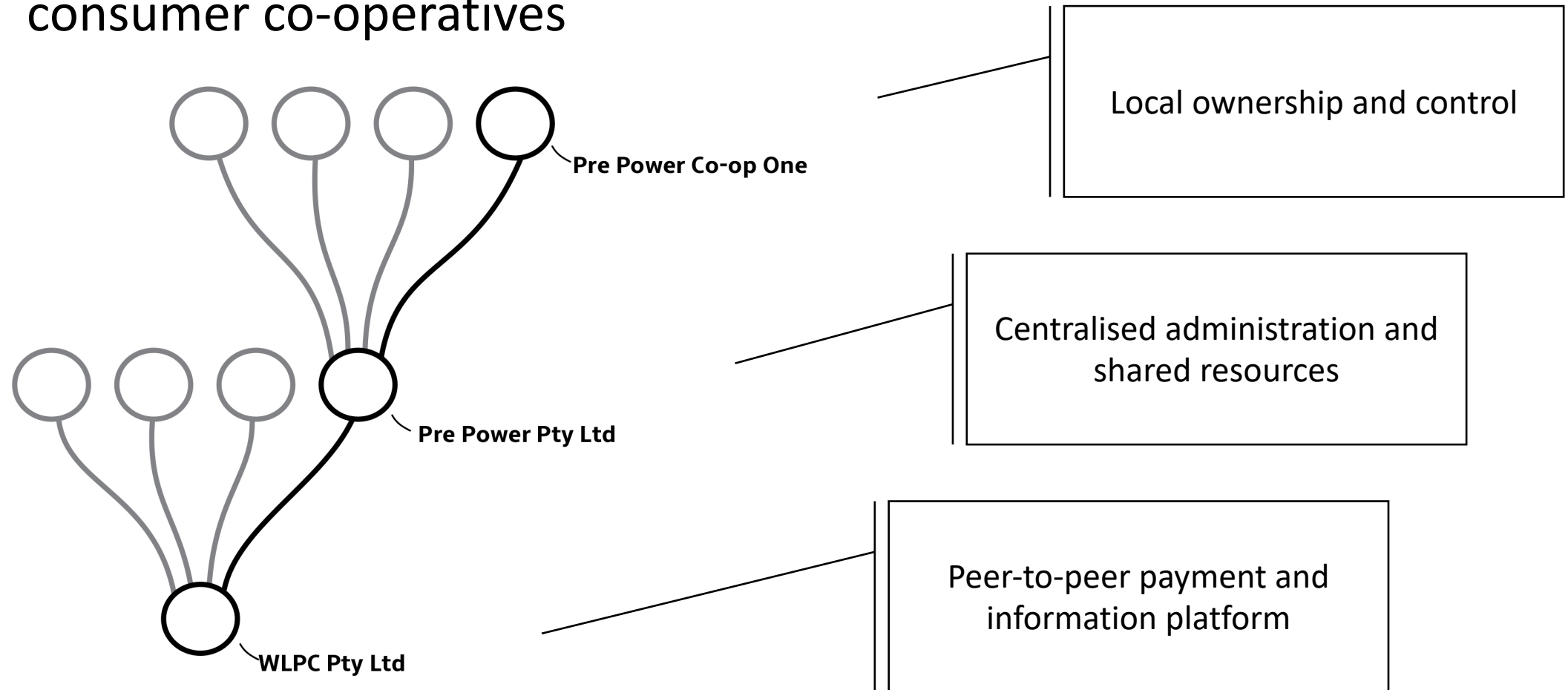
Government and for-profit sectors have failed

We need a “fast and fair” transition to clean energy

Disruption is happening anyway; will it be what we want?

What is Pre Power?

An interconnected ecosystem of consumer co-operatives



Shareholder Controlled Organisations



**Getting a return R leaves X
unchanged**

Consumer Controlled Organisations



When R is returned so X decreases

Marginal cost of producing R amount of electricity for same customer is near zero

Summarising the Difference

Shareholders expect to be paid “rent” on their investment that does not decrease even though they get a return.

Using prepayments with discounts gives more electricity without having to pay rent on money.

Because the cost is less Consumer Controlled Co-ops can give all members discounts of greater value than the return on investment.

pre POWER ONE Discounts

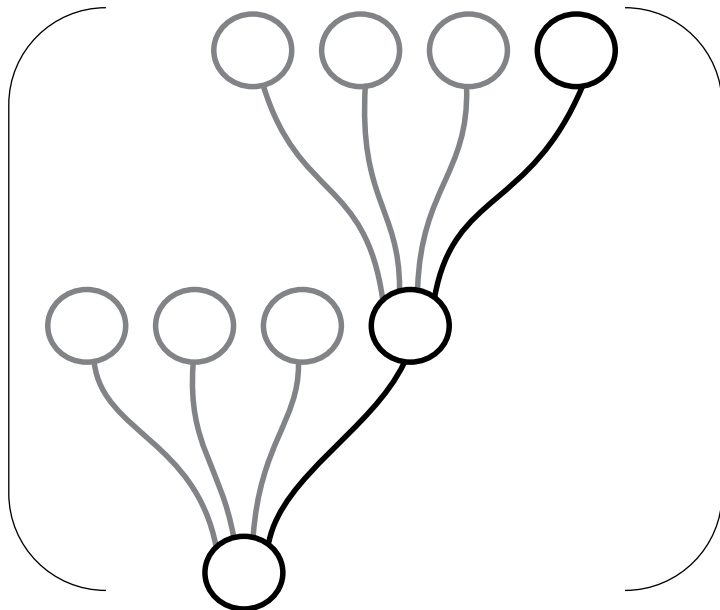
Members pay 70% of the undiscounted grid price for electricity produced by the Co-op. If grid price is 25 cents per kWh price from Co-ops is 17.5 cents

Members who pre pay for electricity produced by the Co-op pay 35% of the grid price. Cost with prepayments is 8.75 cents per kWh.

pre POWER Status

OBJECTIVE: Demonstrate Pre Power in operation
the first customers installed; investors receiving a return

ONE PROJECT



AREAS OF WORK

- Executive team
- Administrative
- Finance
- People
- Marketing
- **Community**

REMUNERATION

Contributions are paid for by issuing pre payment credits

Type of work determines which entity issues the payment

Model can be used for any goods or Service

Customers share in profits with discounts and Investors get more goods and services

PROJECTS

- Housing
- Food
- Electricity
- Motor Cars
- Ecotrails
- Education

Need

Customers prepared to pay

Investors prepared to pre PAY to the Co-op

Integrate

Platform Co-op to link payments via customers not suppliers

Investors need Buyers more than Buyers need Investors



pre POWER Co-ops

QUESTIONS

Kevin Cox

kevin@wlpc.com.au

Link for presentation on pre POWER ONE website blog or on request

Presentation also includes 14 FAQ

Growth in Money

The underlying assumption of the economic system is that money keeps increasing in value because it exists.

It leads to perverse outcomes – it discounts the future and leads to the profligate uses of finite resources and to short term gains for long term loss.

To fix the system we have to change our systems towards prepayments or similar.

Is it too good to be true?

The current financial system costs a lot to operate. There are lower cost ways (at least $1/10^{\text{th}}$ of the cost) to perform the functions of the financial system. One of these is the elimination of rent on money. In ancient times its main form was usury.

Nowadays rent includes interest, dividends, capital gains, insurance, most of real estate, money markets and derivatives markets.

Government funding infrastructure

Government income mainly comes in many forms including rates and taxes. Rate and tax payers can fund government infrastructure by prepaying rates and taxes. This eliminates the cost debt for governments.

The federal government can issue money for specific projects without going into debt. This is less cost than funding with debt or with grants.

Local Exchange Trading Systems - LETS

LETS systems are money systems where the money does not increase in value because it exists.

Value is exchanged between LETS systems and pre PAY systems via the individual using the same government money for the cost of bank transfers.

Money inside pre PAY systems is kept in bank trading accounts. pre PAY systems have their own internal accounting system of value of discounts, money in banks, and invested in assets for each individual.

What is Different about WLPC?

Each individual in a White Label Personal Clouds (WLPC) system has their own copy of all pre payment transactions that only they can see.

WLPC provides the same distributed functionality of money tokens as blockchains without the overheads.

Security is high because there are multiple independent copies of transaction details.

WLPC systems are scalable by grouping members into Co-operatives then group the Co-operatives.

WLPC systems are “circular”.

Changing Existing Payments Systems into pre PAY

An existing system can integrate into a pre PAY system by providing WLPC with API access to the relevant transactions and by converting equity or loans into an agreed pre PAYMENT.

WLPC software handles any data items. It means any system that has an API can seamlessly and securely become part of a pre PAY system. This includes bank accounts.

Is there a Theoretical Underpinning to pre PAY?

pre PAY systems use Promise Theory principles. The underlying principles are described in “Smart Space Time: How Information Challenges our Ideas about Space, Time and Process”. Both by Mark Burgess

pre PAY is a Complex Adaptive System.

WLPC software creates systems that have many of the same characteristics of a pre FRONTAL Cortex.

Why isn't pre PAY Widespread

Economics is built on the idea that Money has a Value over time. In the absence of the Internet the Financial System was able to scale but at scale it becomes expensive to operate

pre PAY cannot scale without the Internet and without the development of Cloud computing.

It has been possible for the last five years but – like the fossil fuel industry – there are entrenched interests that work against it.

pre PAY and the Doughnut Economy

pre PAY systems have the goal use of efficient use of finite resources that includes regeneration.

pre Pay systems will reduce GDP for the same output.

Built as scalable local distributed Cooperatives.

pre PAY uses complex adaptive systems technologies.

pre PAY and Degrowth

The more efficient and higher value a pre PAY system becomes the lower the GDP.

pre PAY creates many degrowth opportunities.

In a world of finite resources we pay people not to consume. Instead of Water Restrictions we have Water Rewards which pay people who consume less but they must use the funds to reuse or replace existing water. Instead of Carbon Credits we create Carbon Rewards

Why not DIY and buy Panels

Co-ops bring economies of scale and help individuals when things go wrong.

Co-ops will continuously monitor panels and fix them quickly.

Easy to sell your membership and your investments.

Co-ops enable you to invest in panels on other people's houses.

Why not a Shareholder Co-op?

Money goes out of the Co-op and difficult to give Consumer members a share.

Most share-holders think they own the Co-op not the consumer members.

Costs more to operate a share-holder system than a Consumer Co-operative.

Shareholder Co-operatives with pre Payments is the same as a Not-for-profit Co-op but costs more to operate.

pre PAY RENT Co-op

Half a member's RENT buys equity in the home.

Members require no deposit.

Members pay a maximum of 30% of their disposable income in RENT.

Members can get rental support while buying equity.

Investors get the equivalent of a 10% inflation adjusted annuity.

Co-op pays maintenance and insurance.

Low cost to sell equity.

pre PAYMENTS Systems have Multiple Goals

When Money Tokens create more Money over time
Money is the Goal.

When Money Tokens have a fixed value financial systems
can have multiple goals.

An Australian financial system with no inflation, no tax,
secure jobs for all who want them, rewards for
contributions and effort.

Ethical Investing

It is easy for individuals to invest in pre PAYMENT systems and an individual knows exactly what they are investing in. Members have to join pre PAYMENT systems and agree that they would use the products if they could.

pre PAYMENT systems are highly liquid.

pre PAYMENT systems give high returns for low risk.

pre PAYMENTS for services

In pre POWER ONE it pays pre POWER Pty Ltd with prepayments for services.

pre POWER Pty Ltd pays WLPC with prepayments for services.

Any pre PAY organisation can pay any person or organisation with prepayments if they agree.

Helps in the early days when the cash flow is not enough to cover costs.

The Financial System is Unnecessarily Expensive

The financial system transfers money in return for goods and services. When the goods and services come after payments then extra money in the form of rent on money is created and the buyer is called an investor.

Keeping track of and accounting for this extra money is expensive.

Prepayments eliminate rent on money and give people more goods and services for the same amount of money. It is less expensive to keep track of prepayments than to keep track of rent on money

Prepayments Increase Constructive Competition

Co-ops can be of many sizes and size does not increase per head profitability.

Co-ops compete by finding lower cost ways to produce electricity.

Members can move between Co-ops with no penalty.

When one Co-op finds a way to reduce costs it can pass it on to another without penalizing its members.

Productive competition increases.