



CITIES POWER PARTNERSHIP



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Information for councils



climatecouncil.org.au

Cities Power Partnership

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**Australia's largest
network of
cities and towns
tackling
climate change**

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Executive Summary

Australia is on the frontline of climate change and its impacts.

We continue to swelter through record breaking heat, lengthening bushfire seasons, worsening coastal flooding and supercharged storms. Meanwhile, the national energy debate is reaching fever pitch, with renewable energy lambasted by our nation's political and industry leaders as unreliable and unaffordable, whilst "clean coal" technology and gas expansion is being promoted as Australia's future energy solution. As climate impacts worsen and government action stagnates, the window of opportunity to limit the warming of the planet is rapidly closing.

Throughout all of these challenges, local heroes have quietly been getting on with the job. Cities and towns across Australia are surging ahead with emissions reduction plans, switching to cleaner energy and building greener, efficient and more resilient communities. The Cities Power Partnership (CPP) elevates and accelerates this action across the country. We know that transforming the way cities use and generate energy alone has the potential to deliver 70% of the total emissions reductions needed to stay on track for the 2 degrees limit set under the Paris Agreement.

The program engages with towns and cities, via local councils, throughout Australia and incentivises councils to increase renewable energy and energy efficiency, improve transport and engage in advocacy. Members are also given access to a national knowledge hub and a project assesment and tracking tool. They are buddied with other cities to knowledge share, visited by domestic and international experts, connected with community energy groups and celebrated at events with other local leaders. We also showcase the incredible achievements of cities in national, local and social media to millions and share their successes with our community of over 200,000 members and supporters.

"Cities and towns across Australia are surging ahead with emissions reduction plans"

\$102m

worth of
media.

448m

cumulative
audience.

112

reports.

The Climate Council

The Climate Council is Australia's leading climate communications organisation. To date the Climate Council has produced 112 reports on climate impacts and solutions and was the number one organisation communicating on climate change nationally in 2018.

The Climate Council brings a unique set of skills that enable us to build and deliver the Cities Power Partnership program and ensure that it differs from existing programs for local councils. The Climate Council has significant media reach, generating nearly \$102 million worth of media, reaching a cumulative audience of 448 million. This media reach is a key incentive for cities to join the program as well as working to strengthen public support across the country for climate action at the local level.

In addition, the Climate Council hosts a wealth of leading experts in climate impacts and renewable energy solutions whose technical knowledge is key to helping local councils to implement emissions reduction measures.

The Climate Council also uses its national status and the credibility of its Climate Councillors to connect councils across the country with community energy groups and local organisations who can help councils to implement energy efficiency and renewable energy measures quickly and effectively, as well as assist with accessing funding and incentives for councils to act.

The Challenge

Global heat records have been broken again, with the past four years being the hottest years on record. In Australia, 2018 was the third hottest year on record, and nine of the ten hottest years on record have occurred since 2005. Australians continues to swelter through record breaking heat, lengthening bushfire seasons, worsening coastal flooding and supercharged storms.

The emission of greenhouse gases from the burning of fossil fuels like coal, oil and gas, are driving these dramatic changes of the climate system and need to be drastically reduced. However, the window of opportunity to limit the warming of the planet and its catastrophic impacts is rapidly closing and governments are struggling to meet this challenge at the pace required.

Local Champions

In the face of these challenges local champions have emerged.

Around the world and across Australia, towns and cities of all shapes and sizes are getting on with the job. They are surging ahead with emissions reduction plans, switching to cleaner energy and building greener, efficient and more resilient communities. From booming urban centres to small rural townships, local governments and groups of determined residents have been energy and climate trailblazers in many ways. Towns and cities can shape how land is used, investments are made and millions of dollars worth of renewable energy is rolled out. They can influence how new homes and businesses are built, determine the ways in which hundreds of thousands of residents will travel each day and band together to lobby for much needed state and federal policy change. Transforming the way cities use and generate energy alone has the potential to deliver 70% of the total emissions reductions needed to stay on track for the 2 degrees limit set under the Paris Agreement (IEA 2016).

"Local governments and groups of determined residents have been energy and climate trailblazers in many ways."



100

Member
councils &
growing.

300+

Towns
and cities
represented.

12m

Australians
represented.

A Snapshot of the Cities Power Partnership

The Climate Council's Cities Power Partnership (CPP) seeks to celebrate and accelerate the emission reduction and clean energy successes of Australian towns and cities to date. We are calling on Mayors, Councilors and communities to take the next step towards a sustainable, non-polluting energy future by joining the CPP.

The CPP launched mid 2017, along with a Climate Council cities report authored by some of Australia's leading experts, a brand new CPP website and a media campaign featuring the 35 trailblazing councils who joined the partnership in round 1.

A round 2 launch in January 2018 saw us grow to 70 members, representing 8 million Australians and making us the largest climate action program for local government in the country. Round 3 launched in late 2018 and brought the CPP up to 100 local government areas. We now represent over 125 local governments and more than 300 towns and cities and rural shires across all Australian states and territories. See Appendix C for member list.

The CPP launch broke Climate Council media coverage records

The CPP media launch was held at the Mt Majura Solar Farm in the ACT and featured Climate Councilor Professor Tim Flannery, Climate Council CEO Amanda McKenzie, ACT Environment Minister Shane Rattenbury MLC and Lane Crockett, Head of Renewable Infrastructure, Impact Investment Group.

A record breaking coverage of 8 front pages, 250+ broadcast media items and 210+ print & online items. Each of the attending Mayors and Councilors and council communications teams received a comprehensive media kit including:

- › Tailored media hits report,
- › Certificate ceremony photos with Professor Tim Flannery,
- › Mayoral test drive photos of the CPP branded Tesla electric cars, › Individual interviews to camera explaining reasons for joining the Cities Power Partnership and what Council hopes to achieve,
- › Drone footage of the Mt Majura solar farm tour,
- › Parliament house media stop video footage

Participating councils who join the partnership have 6 months to select 5 key actions from the partnership pledge ranging from renewable energy, efficiency, transport and advocacy (see Appendix A for full pledge list and Appendix B for pledge examples).

Future applications

Please contact us at cpp@climatecouncil.org.au to find out how your council can join the program

How the Cities Power Partnership Works



Become a Partner

Act:

Councils sign up to be a Partner.

Knowledge:

Partners get exclusive access to the extensive online knowledge hub, webinars and Azility reporting tool.

Connect:

Each Partner is connected with other local councils to knowledge share throughout the year.

Profile:

Partners are profiled in national and local media, online and to our 200,000 members and supporters.

2

Power Up

Act:

Partners have 6 months to select 5 key actions from the partnership pledges ranging from renewable energy, efficiency, transport and advocacy. They must identify a point of contact within council who will liaise with the Climate Council and work to implement their actions. Pledges are submitted by each partner and profiled online.

Knowledge:

Partners will have ongoing access to the knowledge hub, reporting tool, webinars with domestic and international experts as well as communications and advocacy training where required.

Connect:

Partners are connected with councils across state borders to deepen knowledge sharing across joint project areas of interest. Councils can also be connected with their local community energy group and relevant local organisations who can help with implementation of emission reduction actions. Councils who are already leading will play an important knowledge sharing role with other partners.

Incentives:

Partners will be assisted with applications for project funding, third party grants and renewable energy incentives as they become available.

Profile:

Partners and their local success stories will be profiled in the media by our dedicated CPP team Media Advisors working with Council communications teams. Climate Councillors will travel to a range of communities across Australia to engage in community events and talk to councils.

3

Power On

Act:

Partners report on progress against key actions in a 6 monthly survey, following the submission of their 5 pledge items.

Knowledge:

Partners access local and international knowledge and inspiration at through our knowledge hub and various roundtables.

Connect:

Partners are brought together to celebrate the high achieving towns and cities at our national Summit and networking events throughout the year.

Profile:

Success stories are continually celebrated in the media. The CPP annual awards, recognise & celebrate best practice project outcomes, collaborations and individual contributions. Climate Councillors travel to a range of Australian communities, as more towns and cities become Partners and lead the switch to non-polluting energy across the country.

What Does Success Look Like?

By the end of 2019, the Cities Power Partnership generated more than 5000 media items and at 128 members and growing, is now the largest climate action program for local government in the country.

The Partners are supported to implement their pledge items through webinars with topic experts, access to shared project data via the knowledge hub and networking with their peers.



Frequently Asked Questions

When did the Cities Power Partnership launch?

It launched in July 2017. This launch included the launch of the CPP website, the Local Government Action research report, a media and stakeholder launch which showcased the 35 towns and cities who had already pledged and a national media campaign.

A round 2 launch was held in January 2018 to welcome a further 30 councils joining in the latter half of 2018, bringing the total to 100 councils in every state and territory.

Can the broader community nominate their town or city to be part of the Cities Power Partnership?

Yes. Nominations can easily be made through the website at citiespowerpartnership.org.au/nominate/. Tell us why you think your council or any other would be a good fit and if you have recommended points of contact within councils, either staff or elected representatives, we're all ears.

How do community energy organisations get involved?

We are actively reaching out to community energy organisations across the country to get involved. The Cities Power Partnership wants to profile and connect community energy groups with councils involved in the partnership. There is an action pledge under "Work Together and Influence" for councils to strive to "support community energy groups with their community energy initiatives". This connection is vital to help councils achieve success as community energy groups and the community more broadly can provide on the ground support, including workshops and modelling, to help councils achieve their energy and sustainability commitments.

What if a town or city is already leading in renewable energy and sustainability, what does their city get out of joining the partnership?

Cities leading the way play an essential role in the partnership. They share their knowledge with other cities, their successes are celebrated to an audience of millions to inspire others and they will have access to resources and incentives to help them to continue to lead.

Many trailblazing cities who are already leading will have some of their existing initiatives counted towards their partnership pledges.

Appendix

Appendix A: The Partnership Action Pledges

Participating councils who join the partnership will have 6 months to select 5 key actions from the options below.

Renewable Energy



1. Develop supportive planning laws to encourage residents and industry to adopt renewable energy.



2. Use council resources to support the uptake of renewable energy



3. Install renewable energy (solar PV and battery storage) on council buildings.



4. Support community facilities to access renewable energy through incentives, support or grants.



5. Power council operations by renewable energy, and set targets to increase the level of renewable power for council operations over time.



6. Provide incentives and/or remove barriers to encourage local businesses to take up solar power and battery storage.



7. Support local community renewable energy projects, and encourage investment in community energy.



8. Opening up unused council managed land for renewable energy.



9. Facilitate large energy users collectively tendering and purchasing renewable energy at a low cost.



10. Set minimum renewable energy benchmarks for new developments.



11. Electrify public transport systems and fleet vehicles and power these by 100% renewable energy.



12. Lobby electricity providers and state government to address barriers to local renewable energy uptake.



13. Identify opportunities to turn organic waste into electricity.



14. Implement landfill gas methane flaring or capture for electricity generation.



15. Create a revolving green energy fund to finance renewable energy projects.

Energy Efficiency



1. Set minimum energy efficiency benchmarks for all planning applications.



2. Adopt best practice energy efficiency measures across all council buildings, and support community facilities to adopt these measures.



3. Roll out energy efficient lighting across the municipality.



4. Provide incentives for energy efficient developments and upgrades to existing buildings.



5. Incentivise use of energy efficient heating and cooling technologies.



6. Create a green revolving energy fund to finance energy efficiency projects

Sustainable Transport

- 

1. Ensure Council fleet purchases meet strict greenhouse gas emissions requirements and support the uptake of electric vehicles.
- 

2. Provide fast-charging infrastructure throughout the city at key locations for electric vehicles.
- 

3. Encourage sustainable transport use such as public transport, walking and cycling through council transport planning and design.
- 

4. Ensure that new developments are designed to maximize public and active transport use, and support electric vehicle uptake.
- 

5. Support cycling through provision of adequate cycle lanes, bike parking and end-of-ride facilities.
- 

6. Reduce or remove minimum car parking requirements for new housing and commercial developments where suitable public transport alternatives exist.
- 

7. Lobby state and federal governments to increase sustainable transport options
- 

8. Create disincentives for driving high emitting vehicles.
- 

9. Convert council waste collection fleet to hydrogen or electric power.

Work Together and Influence

- 

1. Set city-level renewable energy or emissions reduction targets.
- 

2. Lobby state and federal government to address barriers to the take up of renewable energy, energy efficiency and/or sustainable transport.
- 

3. Set up meetings and attend events to work with other cities on tackling climate change.
- 

4. Develop education and behaviour-change programs to support local residents and businesses to tackle climate change through clean energy, energy efficiency and sustainable transport.
- 

5. Lobby for state and federal support for a just transition away from coal-driven industry for local workers and the community.
- 

6. Develop procurement policy to ensure that the practices of contractors and financiers align with council's renewable energy, energy efficiency and sustainable transport goals.
- 

7. Support the local community to develop capacity and skills to tackle climate change.
- 

8. Support local community energy groups with their community energy initiatives.
- 

9. Achieve 100% divestment from fossil fuel aligned investments at the earliest possible date.

Appendix

Appendix B: Pledge Examples

Renewable energy

Action	Examples	Link
Install renewable energy (solar PV and battery storage) on council buildings	Bathurst Council installed solar systems across nine council buildings	https://www.bathurst.nsw.gov.au/environment/energy-sustainability/solar-power-on-council-buildings.html
Facilitate large energy users collectively tendering and purchasing renewable energy at a low cost.	The Melbourne Renewable Energy Project involves bringing together a number of large energy users to collectively tender for renewable energy.	https://www.melbourne.vic.gov.au/business/sustainable-business/mrep/Pages/melbourne-renewable-energy-project.aspx

Energy efficiency

Action	Examples	Link
Roll out energy efficient lighting across the municipality.	Wingecarribee Shire Council - participation in Lighting the Way Streetlighting upgrade	http://media.wsc.nsw.gov.au/council-and-endeavour-energy-roll-out-street-light-upgrade/
Create a green revolving energy fund to finance energy efficiency projects	Penrith City Council Sustainability Revolving fund has supported 42 projects to the value of more than \$1.5 million. Combined these projects result in savings of almost \$600,000 each year, along with abatement of more than 3,100 tonnes of CO ₂ e.	https://www.penrithcity.nsw.gov.au/Documents/Waste-and-Environment/Sustainability-Revolving-Fund-Guidelines/

Sustainable transport

Action	Examples	Link
Ensure Council fleet purchases meet strict greenhouse gas emissions requirements and support the uptake of electric vehicles.	Charge Together initiative	https://www.chargetogether.com/about-the-program
Provide fast-charging infrastructure throughout the city at key locations for electric vehicles.	Regional 3 Council Program Waverley, Woollahra & Randwick Councils	http://www.waverley.nsw.gov.au/top_link_pages/news_and_media/council_news/news/a_nsw_first_for_electric_vehicle_owners

Work together and influence

Action	Examples	Link
Set city-level renewable energy or emissions reduction targets.	Darebin has set a target of zero net carbon emissions across Darebin by 2020 and released the first ever Climate Emergency Plan.	https://www.bathurst.nsw.gov.au/environment/energy-sustainability/solar-power-on-council-buildings.html
Support the local community to develop capacity and skills to tackle climate change	Hepburn Shire and ZNet Hepburn Shire created the 10 year Community Transition Plan	https://z-net.org.au/hepburn/

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Cities Power Partnership - Profile

Three short paragraphs on:

What council has achieved in the past in energy efficiency, renewable energy, sustainable transport or broader sustainability

The Town of Cottesloe has an ongoing commitment to climate change action across the organisation with a 15kw solar PV system at the administration, Gold Waterwise status with the Water Corporation, sustainable travel initiatives and strong urban greening strategies. Coastal monitoring is carried out to ensure the Town is proactive in responding to coastal hazards and mitigating risks associated with coastal vulnerability. The Town's Strategic Plan further outlines our aspirations to achieving long term financial, social and environmental sustainability.

What council hopes to achieve in the future in energy efficiency, renewable energy, sustainable transport or broader sustainability

In recognising the shared responsibility of climate change action, the Town seeks to develop a robust climate change policy which will guide future works and decision making processes across the organisation, ensuring best practice measures are maintained. In doing so, we hope to identify further opportunities for energy efficiency, energy reduction and stakeholder engagement and position ourselves as leaders in the field of sustainability.

What council hopes to gain from being a member of the Cities Power Partnership

We are excited to join the success of the Cities Power Partnership and become part of the movement of dedicated Councils across Australia taking action on climate change.

In joining the CPP, we hope to share in the wealth of knowledge our counterparts offer, demonstrate our commitment to action on climate change and celebrate our

work along the way. The Town of Cottesloe aims to ensure best practice across the fields of energy efficiency, sustainable transport, communication and governance. By joining the CPP, Council hopes to knowledge share with other LGAs and learn how we can better serve and protect our community from the impacts of climate change.

Local Government Template Major Proposals

Energy Sustainability and Renewables Project

Date 09/03/2021

Prepared by:

Title:

Proposal sponsor:

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Business Case Template – Energy Sustainability and Renewables Project

1.0 Executive Summary

As the peak representative body for Local Government in Western Australia, WALGA continually adapts and innovates to meet the needs of our Members. The Organisation is uniquely situated to facilitate positive collaboration between Local Governments across the state.

WALGA's Corporate Strategy 2020-2025 set a sector vision in which Local Governments enhance community well-being and enable economic prosperity. The proposed Energy Sustainability and Renewables Project encapsulates this very vision by leveraging the economic scale of the collective Member base to deliver a positive and inspiring longer term solution. It is clear that if our developments are not sustainable Local Government will face unpredictable challenges in future generations.

Local Governments have requested aggregation assistance for Energy and Sustainability related supply charges (lowering costs to Members) and evolving a Power Purchase Agreement (PPA) to support renewable energy targets in response to Member policy adoption.

Current to January 2021, forty-six Local Governments have made declarations acknowledging that climate change is occurring and that climate change will continue to have significant effects on the WA environment, society, economy and Local Government sector. Many of these Local Governments have adopted environmental policies with carbon neutral targets included. There is an evident and emerging movement towards sustainability across all levels of Government across Australia.

WALGA intends to procure and implement a State-wide energy structure, which aims to reduce the cost of renewable electricity, standard electricity, gas, and carbon offsets for the sector. The initial stage of this project aims to facilitate a market process for the procurement of contestable energy with renewable options. It is intended that new Energy contracts under this project will commence from 1 April 2022.

Once the sector is aligned and accustomed with sustainable energy processes, WALGA will scale towards 100% renewable energy proposal for the sector under the structure of a Power Purchase Agreement (PPA). The aim of this project is to establish a purchasing arrangement to enable Local Government to buy power with net-zero emissions from WA renewable energy projects complemented by carbon offset activity. The need to procure carbon offsets is broader than offsetting energy supplies alone (additional emissions from fleet, waste and other operations) and the overall cost of being carbon neutral is intended to be ultimately accommodated by this project.

In the current market, premiums for renewable energy to Local Government can reach up to an additional 35% on top of their current bill. The high premium to procure renewable energy is the largest deterrent in renewable adoption from the sector.

WALGA will obtain legal advice and lodge an ACCC exemption to satisfy consumer and competition law. Both an interim and substantive exemption will be sought to satisfy Member cartel and competition policy risk concerns. The full exemption will cover a 15 year period and include broader carbon-offset trading activity relating to electric vehicles, sustainable fleet, alternative fuels, hydrogen infrastructure, and energy generation. The wide scope of WALGA's Exemption application is in anticipating for the shifting needs of Local Government sustainability.

The perception of sustainability is often one of viability rather than the choice to engage. Rather than predicting the future of sustainability WALGA wishes to help Local Government help create it. By pioneering a sustainability-buying group in Western Australia, Local Government is facilitating positive change in the Western Australia, supporting both National, State and Local Government level commitments to climate change.

2.0 Background

2.1 Challenges for Local Government

On November 9, 2016, Australia ratified the Paris Agreement committing to reduce greenhouse gas emissions by 26 to 28 percent by 2030. The West Australian Government has sponsored the Commonwealth's target by introducing a plan to reduce emissions through the Western Australian Climate Change Policy. The Policy underscores Western Australia's commitment to adapting to climate change and went a step further by setting a state-wide target of net-zero greenhouse gas emissions by 2050.

WALGA initially released a Climate Change Policy Statement in July 2018 calling for strong climate change action, leadership and coordination at all levels of government. In August 2019, the Western Australian Government set aspiration of net-zero greenhouse gas emissions for WA by 2050 under the WA Climate Change Policy. Despite Australia's commitment towards the Paris Agreement, we are currently not on track to meet this goal.

Local Government current uses brown power, with a handful opting for a small renewable percentage, in their supply agreements; this is a contributing factor to climate change. Energy supply agreements are negotiated individually, predominantly under the current Preferred Supplier framework. This results in varying rates and benefits back from the Energy Industry. One of the risks borne of individual contracting is Take of Pay obligations. An aggregate market approach will protect local Government from paying additional fees in instances such as installing solar or introducing energy efficiency strategies as the risk are absorbed by the aggregate body.

There is currently no efficient avenue for Local Government to switch over to renewable sources in a commercially viable manner. This is in part to a limiting bargaining power but also a varying commitment to renewable energy. For this reason WALGA is assisting as an aggregator to achieve a viable solution for the Sector.



Energy is a commodity that cannot be stored, and is supplied and accounted for through a market operator rather than a typical trade between tangible assets. For this reason, it is a natural area of operation in which Local Government can aggregate to provoke pricing incentives from the Market.

WALGA is in a position to administer and aggregate Member Local Government energy spend where possible. Energy represents a prime strategic area to enable a cost effective net-zero solution for WALGA Members. The project will secure achievement of renewable energy targets and long-term security of energy supply for WALGA Members, deliver aggregated cost benefits, and offer a robust platform in which to diversify current WALGA Preferred Supplier services.

2.2 Current Situation

A Large number of Western Australian Governments have adopted environmental policies with carbon neutral targets included. There is an evident and emerging movement towards sustainability across all levels of Government across Australia.

To be carbon neutral means that the net greenhouse gas emissions associated with Local Government activities are equal to zero. Outside of reducing emissions and procuring renewable energy, this is achieved through a combination of measuring and reducing greenhouse gas emissions and procurement of carbon offsets. The terms zero net emissions and carbon neutral are often used synonymously.

Some WALGA Members have proceeded to implement their policies and advance their own sustainable energy procurement; others are currently in a stage of research. During 2020 a proposal was provided to some WALGA Members by an Eastern States based organisation to a group of Councils to develop a PPA project. Although some scoping was undertaken, issues were raised regarding the commercial structure being applied such as the procurement governance associated with the application of a Tender exemption, and the unique nature of the WEM (Wholesale Energy Market) that operates in Western Australia which differs from the NEM (National Energy Market).

WALGA was requested by Members to explore alternative options for a whole of sector PPA. In the course of engaging with Members it emerged that a PPA would deliver some benefits, but other aspects of energy procurement aggregation that sit beyond the scope of a PPA could also be integrated into a broader Energy Procurement Project.

All current major energy retailers in WA sit on the WALGA Panel, complemented by a number of smaller retailers who supply infrastructure and operate as vertically integrated companies. There are six suppliers to the current WALGA Panel that maintain a significant level of Preferred Supplier business, with one dominant supplier (Synergy) maintaining legacy market share.

The majority of WALGA's large energy spend Members have already set renewable energy and net-zero targets, some of these are mandated and KPI driven. In order to achieve these at the best options for our members we believe an aggregate approach is required. Through the WALGA project alignment to specific Members policy objectives can be delivered through a scaled and incremental approach.

3.0 Proposal Description

The project will enable smaller consuming Members to have access to competitive and uniform pricing and a commercially viable option for renewable electricity procurement. By directly administering the process, WALGA can ensure that Members are Tender exempt, subject to robust due diligence and will receive fair and cost effective innovation in sustainability technologies.

3.1 Objectives

There are three key objectives identified for this project:

- Enhance access to renewable energy for WALGA Members thereby driving positive climate change outcomes
- Diversify supply options and use of new energy technology
- Leverage best price outcomes for energy supply

This project aligns with the core strategic values of WALGA. The Association is collaborating with Members and industry to ensure compliance and freedom of information. WALGA is building relationships and trust with Members through the delivery of technical expertise and collaboration. WALGA is also working transparently with industry to assist with the achievement of renewable energy targets through energy supply. Through this project, Local Government is innovating to provide a product that will be the first in Western Australia of its type. The Association anticipates that this project will enable our Members to achieve their supply renewable energy targets, and be able to clearly report and articulate their renewable energy accomplishments to the community.

The project aims to secure a minimum of 60GWh of energy per year with an incrementally increasing percentage of renewables in the mix if a fully renewable option is not considered initially. 60GWh is an attractive benchmark for a customer in the energy market and has the potential to open up bespoke products for the Sector group.

WALGA aims to include the soon to be contestable Pilbara region into the project scope as soon as reasonably viable. Contestability thresholds are considerably higher in the Pilbara (1.6GWhp.a compared to 50MWhp.a).

3.2 Scope

The initial scope of this project brings together contestable energy spend with a PPA and sustainable energy infrastructure projects. This optimises the whole of energy spend and delivers a fully integrated solution. WALGA has a vision for an end suite of supply options for Members, which will allow them to integrate their own sustainable energy projects with whole of sector supply projects to deliver the best of all options for energy delivery.

The project targets a start date of 1 April 2022 (at which the first adopting Members will go live with energy supply rates) and will continue for an indefinite period subject to the ongoing contracting needs of the Sector. Renewable procurement will be scaled according to policy targets, demand and capacity.



At early development, WALGA anticipates an initial contractual supply term of three years. This is due to an identified need to familiarise Local Government with the group contracting and operating structure. However, WALGA and the Steering Group will consider multiple options through the market process with contract lengths spanning a minimum of two years and a maximum of ten years for supply. Under the current market conditions, a longer supply agreement represents the best opportunity to obtain lower cost renewable energy.

Local Governments that are not part of the initial contract commencement will have options to join the project during the term. In such instances, the project value may not be optimised to the late adopters; however, a level of benefit will still be extended. Not all-participating Members will have the ability to align their contracts with the proposed start date of 1st April 2022. All scenarios for misaligned and solutions contracts are addressed in Figure 1: Group Alignment Structure Proposal.

Local Government gas supplies will be aligned and rolled into the project after the initial phase for electricity has been achieved. Although gas consumption is relatively small within the sector compared to electricity, it nonetheless represents a significant carbon emission volume. Another service that will be introduced as a part of the project will be group procurement of carbon credits or Australian Carbon Credit Units (ACCU's) These units represent one cubic meter of carbon dioxide sequestered and are used to offset emissions to achieve net-zero target. This element of the project is necessary to assist Members to achieve and evidence their emission reduction policy commitments.

WALGA will also develop a strong base of aligning goals through project activity in which to evolve sustainable technologies such as hydrogen and electric vehicle infrastructure.

The proposed implementation for this Project is laid out under a series of Key Phases as outlined in Appendix A. Sustainability Project Gantt Chart. These timeframes are subject to the collection and analysis of information in a timely manner.

Group Alignment Structure Proposal

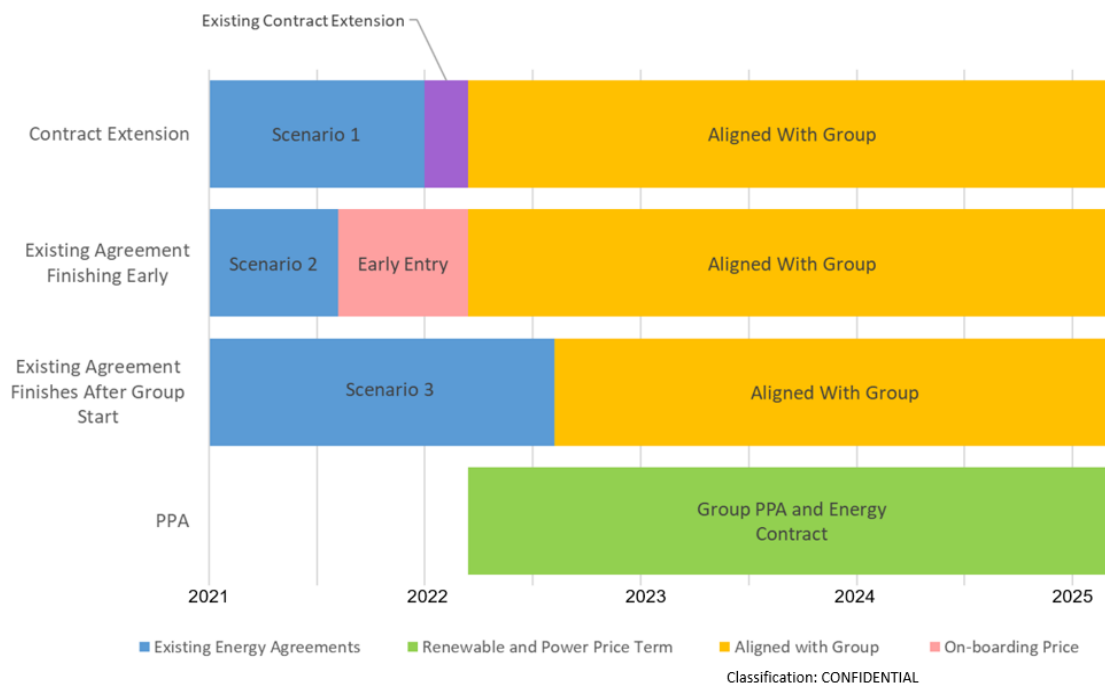


Figure 1: Group Alignment Structure Proposal – Alignment scenarios and solutions for Local Governments who adopt following the commencement date.

3.3 Identifying Contract Structure Options

There are a number of options to achieve the goals of net-zero for Local Government:

Power Purchase Arrangement (PPA)

- A Power Purchase Agreement represents the best option for long-term renewable price security. A PPA is effective in index based energy markets, as Western Australia exists in a unique market it is unknown how viable a self-managed PPA will be for our Members.

Retailer-backed Power Purchase Arrangement

- Under the current market structure the likely long-term solution for the project will be a retailer backed PPA. The difference is that the green energy component whether it be partial or full green is provided through the retailing services of an existing energy supplier. This means the supplier will facilitate the contracts between Local Government and the generator.

Separate LGC procurement

- WALGA may procure LGC's on the open market and sleeve them into a group contract to achieve a net zero status. This option provides a high degree of risk, as we will not have a fixed price for renewables to forecast costs.

Australian Carbon Credit Units (ACCUs) procurement only

- ACCUs can be procured by Local Government to offset emissions in energy to achieve net zero status. This option provides a high degree of risk as we will not have a fixed price for renewables to forecast costs.

Combination of the above

A combination approach is favoured and the procurement process will inform the end balance of the above options.

3.4 Savings and Efficiencies

This project aims to deliver a savings and efficiency towards Local Government, which is difficult to realise without WALGA's platform and guidance. There are four key areas in which this project enhances the Local Government Sector, these are outlined below:

Savings:

- Energy expenditure reduction through:
 - Competitive procurement plan
 - Industry literate negotiation
 - Economy of scale price reductions
 - Cost avoidance energy initiatives
 - Identifying market dynamics for the most opportune contract tenures
- Reduction in emissions
- Reduction in energy consumption
- Investment in renewables
- Investment in carbon initiative
- Demonstrating a commitment to the future of Local Government

Efficiencies:

- Diversifying renewable options
- Administration from WALGA
- Aggregating sector supply
- Delivering a transition solution

Influencing Positive Industry Change:

- Contestable street lighting lobby
- Contestable market solutions outside of the SWIS
- Leading by example in sustainability solutions
- Adopting alternate fuel sources and sustainable fleet

Sustainability:

3.5 Estimated Contract Value

With the combined spend of energy, carbon offsets and infrastructure development WALGA anticipates an overall level of contractual spend commitment at the point of commencement to exceed \$50 million dollars.

There will be an area of spend for carbon offset, which the project will facilitate for both energy and broader operations. Many Local Governments will need to budget and prepare for this expenditure in line with the adoption of net zero emission targets.

Gas expenditure will represent an estimated \$3-5 million spend and is substantially lower than the sector's electricity spend. Predominantly gas is used for heating pools in recreation centres, in some cases as a hybrid supply with geothermal. The integration of gas supply into an aggregation process is projected to begin in calendar 2023. This is due to most incumbent users being under term of contract. The gas supply component of the project is not as strategically significant as electricity due to the lower levels of spend and lower capacity to leverage a reduction in supply costs.

At the inception of the project some Members have already called into question the commercial component of the project and even the prospect of an ongoing management fee to WALGA. The costs of operating this contract are considerable with the Contract Management and Business Development staffing resources, alongside substantial costs associated with contract administration, reporting and promotion. Additional investment into legal and technical consultancy for this project will also be overheads funded by WALGA resources. The overall cost of operating the Commercial Team is approximately \$1.8 million per annum, of which about 20% of activity directly relates to the Energy portfolio. Any surplus revenue is provided to enhance the capacity of WALGA as a Not For Profit Member based Association through advocacy and representation. WALGA Members understanding of both the scale of project cost, and the reinvestment of dividends is an important component of the project communications strategy.

A list of Members who have initially committed their information to the indicative quotation process and the value of their load is included in Appendix Two – WALGA Members under Data Consent Forms.

3.6 Governance

WALGA's commercial activity is governed by the Finance and Services Committee as a delegate of the WALGA State Council. The Finance and Services Committee meeting on 17 February 2021 received and endorsed the project.

At the Member level, this project may require sign-off at multiple phases including project plans, milestone risk assessments and official tender recommendation.

Through the initial consultation phase WALGA has already obtained consent from some Members to represent their energy load into an indicative quotation process which will signal intent and obtain a high level response regarding current market capacity and price.



WALGA intends to provide Memorandum of Understanding (MoU) to formalise a point of entry to the project. The MOU will address project objectives, commercial in confidence obligations, a list of project contacts, the procurement process, sharing of information and the process to consider and commit to any resulting contracting. The MOU will bind Members to the quotation process. It is important for Member Councils to preapprove commitment to the RFQ process based on the criteria outlined in the MOU in order to achieve the most favourable price from Industry. The project itself is Tender exempt under the WALGA Tender exemption, nonetheless the market is fully tested under the project structure. Participants will proceed to contract where inherent value is identified and accepted by their organisation.

Appendix D - Energy Sustainability and Renewables Fact Sheet and Appendix E - ACCC Compliance Protocol will be attached to the MOU. With assistance from the Steering Committee WALGA will develop a procurement plan with evaluation criteria, acquisition strategy, and probity plan. The procurement process will clearly outline the objectives and schedules that will be completed as a part of the RFQ process.

The complexity of this project requires governance to be satisfied at the Member level, which may entail some compromise and variance to meet specific requirements. Much of this will occur through supplier negotiations at the evaluation phase. The MOU will provide clarity on issues such as how decisions are made, what level of sign-off is required at which milestones, how information is shared, and how the project communications are managed.

An area of high risk to the success of the Energy Sustainability and Renewables Project is the level of commitment from industry and Local Government. Strong lines of transparent communication between key stakeholders within industry and within WALGA's Members base will be maintained. The project lead will facilitate communication within industry and Local Government supported by WALGA governance.

The proposed governance structure is included in Appendix C – Energy Sustainability and Renewables Project Proposed Governance Structure.

3.7 Resourcing and Stakeholders

Role	Allocation	Responsibilities
Project Lead	Toby Costanzo, Contract Manager, Management	<ul style="list-style-type: none"> - Manage Project timetable, exercising flexibility while adapting to new knowledge - Chair Steering Committee - Present on behalf of the project - Research Energy Markets, pricing, contracting models and procurement processes in the energy industry - Research and identify project partners - Manage External Consultants and advisors and call on additional advice where necessary - Facilitate and chair steering group and Member meetings and decision outcomes - Manage stakeholder, including relationships with any partners in the purchasing group - Understand and oversee consistency in agreements and legal documents in partnership with legal advice. - Oversee and ensure project delivery and milestones are met including flexibility to innovate where necessary

Project Support	Andrew Blitz, Manager Commercial Development	<ul style="list-style-type: none"> - Provide information on incumbent Contract and structure - Provide oversight in project plans - Provide oversight and guidance with Senior Local Government and Elected Member engagement - Develop tendering and tender reporting processes
Sustainability probity	WALGA Environment Team	<ul style="list-style-type: none"> - Advocate project and milestones through the SONG network and other communications and interactions with Members
Direction and Key Decision Making	External Local Government Steering Committee	<ul style="list-style-type: none"> - Provide recommendations for LG Advocacy - Steer Project decisions and objectives - Recommend award of contract for successful supplier(s) on basis of evaluation - Advocate for project - Provide guidance to the project

External – Regulators

- AEMO – Australian Energy Market Operator. This body is the regulator of the Australian Energy Market
- CER – Clean Energy Regulator. This body is the regulator of the green energy market and oversees the issuance and trading of Renewable Energy Credits.
- ACCC – Australian Consumer and Competition Commission. This body regulates consumer and competition law and ensures a market open to competition.

External – Supplier

- | | |
|---|---|
| <ul style="list-style-type: none"> • Energy retailers • Risk Consultants • Legal Consultants | <ul style="list-style-type: none"> • Advisory • Network Operators (Western Power and Horizon) |
|---|---|

All WALGA Members and Associate Members are invited to participate in the project. This means all 139 Local Governments, Regional Councils and ancillary or associate organisations.

3.8 Market Composition and Analysis

In the currently Western Australian Energy Market WALGA has identified six key energy retailers who have the capability to service Local Government for the estimated load associated with this project.

Suppliers to this project are limited to those who hold a commercial electricity retailer licence and who have the capacity to administrate and deliver to the requirements of the Contract. For any given supplier to be considered there also needs to be easily accessible access to additional renewable options at short notice.

Current and Potential Suppliers identified are:

- | | |
|---|--|
| <ul style="list-style-type: none"> • EDL Energy • Synergy • Alinta Energy • Infinite Energy | <ul style="list-style-type: none"> • Perth Energy • ERM Power (Shell Energy) |
|---|--|

There are a number of inhibiting factors placed on the project due to the current market environment. The largest is that Western Australia (trading on the WEM, and unlike the NEM) trades almost all of its power through discrete bi-lateral contracts. Without visibility of an open market, it is difficult to create a market standard Power Purchase Arrangement (PPA), as there are no financial instruments to price against. Although there exists nation-wide pricing instruments for renewable energy certificates, our Members have requested that all renewable sources relating to this project originate from Western Australian generation projects.

There are many smaller and bespoke suppliers in the market. However, WALGA considers that only the above six have the capital and operational resources to supply significant renewable energy load whilst maintaining a high and competent level of serviceability across many sites. Despite the numerous renewable generation projects running across Western Australia, an end user consumer cannot have access to their power without the administration of a retailer. The option to facilitate this process is called sleeving.

In the Eastern States and Global Energy Markets it is commonplace to aggregate supplies for the purpose of achieving a better price. Multiple Local Government aggregators of this type such as the Eastern Energy Buyers Group and Darebin Buyers Group have found long-term success in securing energy and renewables through this model. Because these buying groups exist in markets with different operating and pricing mechanisms, it is less complex to price variable loads. In the instance of Western Australia, and for the purpose of this project, which is likely to be the first of its type within the State, an economy of scale aggregation is sufficient within its own right to deliver benefits.

WALGA notes that the eastern states based organisations have received approval from the ACCC and WALGA will seek a similar approval as a part of the project development. Based on the total generation in the market, and an estimate of the Local Government sector's collective load profile, WALGA estimates that the scope of this project represents approximately 0.3% of the State's total electricity consumption.

Providing renewable energy achieves a net-zero emissions status for electricity consumption only. WALGA recognises that there are other forms of emissions through Local Government operations such as fleet usage, construction, gas consumption and waste treatment. In order to be compliant to a net-zero status, Local Government will need to be cognisant that in addition to procuring renewable energy, these other activities will also need to be offset to achieve net-zero policy objectives. A Carbon Credit represents one tonne of carbon dioxide avoided or sequestered. These credits can be procured to offset emissions to achieve net zero where a complete abolishment of emissions is not possible. These carbon credits are sold as financial instruments through bi-lateral agreements or through a federal government exchange.



There are many forms of eligible units for offsets that have been assessed as meeting the Australian Government's Climate Active Carbon Neutral Standard's offsets integrity principles. They are:

- Australian Carbon Credit Units (ACCUs) issued by the Clean Energy Regulator
- Verified Emissions Reductions (VERs) issued by the Gold Standard
- Verified Carbon Units (VCUs) issued by the Verified Carbon Standard
- Certified Emissions Reductions (CERs) issued under the Clean Development Mechanism of the United Nations Framework Convention on Climate Change.
- Internationally Accredited Carbon Offsets

Whilst there exist a number of options, it is preferred that the project secures ACCUs only for offsets. This is because they are derived from Australian operated projects and are strictly regulated to ensure compliance. For this reason they are the least likely source of carbon offset that can be discriminated by the public however they are the most expensive. WALGA will also consider other forms of offsets, even international if the commercial requirement sees these options as the best outcome.

International carbon offsetting credits such as Kyoto credits are a disputed topic amongst Australian Regulators and Office due to the adoption of the Paris Agreement. There is a risk that Kyoto Credits and internationally certified credits may not be accepted under a carbon neutral audit. For this reason it is preferred that the project seek Australian accredited offsets as a priority. Some WALGA Members, at their sole discretion, may mandate Australian accredited offsets for their organisation.

Fleet represents a large emission technology in many of our Member Local Governments carbon portfolio. In order to achieve commercial viability for a fleet transition into more sustainable technologies WALGA will be looking longer term to facilitate whole of sector group purchasing and infrastructure negotiations on Electric and Hydrogen transport options.

There may be a further opportunity to aggregate nationally with Local Government through the National Purchasing Network (NPN) in order to achieve a viable outcome in this field. Grant applications could also potentially be accessed to support this future development.

Developing this product with suppliers may also have the flow on benefit of enabling them to utilise the same supply model for the broader commercial market and kick-start a renewable movement.

Quotations sought under this Contract may be awarded to a number of suppliers depending on the available sources of generation, level of value and changing market dynamics. Multiple rounds of pricing may be required to leverage an optimal outcome, and this cannot be determined until the initial market process is evaluated. WALGA is conscious that this project is operating in a small and specialised energy market. It is likely that the project may total sector load to a single company in eliciting minor disruption in Industry. However, it is the allure of the energy volume and Local Government's unique connection to community may open up competitive forces within the current market that would otherwise not exist.



Through the project development WALGA has consulted with the ACCC and has commissioned legal guidance on consumer and competition law via Lavan Legal. On legal advice, WALGA is proceeding with an interim ACCC exemption to manage the first round of indicative quotations, and will then lodge a substantive application for the project. A compliance protocol found in Appendix 4 - Energy Sustainability and Renewables Fact Sheet and Fact Sheet Appendix 5 - ACCC Compliance Protocol have also been prepared through the legal brief.

The legal advisory costs in relation to project governance and competition law are approximately \$22,000 inclusive of a \$7,500 ACCC lodgement fee.

Through consultation with legal advisors and the ACCC WALGA is confident that the necessary exemptions can be approved and formalised. This has occurred in other States, and initial feedback suggests that the project put forward will meet the criteria required by the ACCC.

3.9 Impact of Not Proceeding

If WALGA does not proceed with the Energy Sustainability and Renewables a consortium of Local Governments may opt to proceed independently. Other aggregate bodies such as Procurement Australia have already proposed projects to the market, however unlike WALGA are not Tender exempt to Local Government. The commercial dividends associated with other projects are also not retained within the sector for the purpose of advocacy and representation.

Without this project Local Governments across the State will also no longer have a favourable and trusted source of renewables. WALGA Members who have mandated targets would be left with the cost and risk of needing to individually source their sustainable energy requirements.

The future development of this project may be able to secure cost effective carbon and hydrogen technologies that would remain un-achievable without an aggregate market approach.

4.0 Project Cost/Benefit/Risk Analysis

Across the establishment phase and first five years of operation, the cost of the project is broadly estimated at \$900,000. Fixed and variable labour costs constitutes the lion share of expenditure to the project. This is a result of the current employment market and high level of niche complexity associated with energy industries. The majority of labour costs are accounted in WALGA's staffing and consultancy budget.

The financial benefits of the project can be broadly projected on the basis of a cost reduction. This will be informed by tendering itself, but on the basis of a first year spend sector contract of \$30 million and an indicative reduction in current supply charges then the WALGA Member base could save \$5 million in supplier charges in the first year alone. The non-financial benefits of supporting the sector to achieve renewable energy targets with a collective approach are very significant for the sector and its broader stakeholders. This project represents one of the most ambitious and effective energy procurement initiatives in Australia. Until now, Members have needed to choose between cost savings or sustainability credentials. This project creates the capacity to deliver both, based on the power of sector spend aggregation

4.1 Project Management

The project has already identified new buying structures and innovation from the Project Lead with both industry and Members responding favourably to this new opportunity. As the cheapest rate structure will likely be an un-bundled approach, there is going to be significant development of energy literacy for many of our SWIS members including hands-on educational pieces and guidance regarding procurement for any associated systems and processes.

The aforementioned un-bundled scenario is the reason for the forecasted technical consultancy costs. Whilst larger Local Governments have the relevant systems in place, Smaller Local Government Members will require an alternate solution managed and implemented by the Project Lead external consultancy.

WALGA has identified a requirement to engage further in the Pilbara region in order to achieve a higher energy literacy before beginning a power aggregation in the area. At each stage of project development education, advocacy and lucid communication will be the key focus of WALGA Project Stakeholders.

4.2 Member Benefit Analysis

Cost Savings are representative of potential financial savings available to Members through the market preferential aggregated Preferred Supplier activity. The projected savings have been calculated using the weighted average costs currently under contract for Local Government as a benchmark.

WALGA developed a pricing model template using the aggregate load of Members who provided data consent forms. The volume to be priced was set at 60 - 115GWhp.a. A conservative range of volume was provided to reflect participating Members installing more rooftop solar photovoltaics. In this schedule WALGA requested a Peak/Off Peak structure, flat rate and additional renewable premium over a 3 and 5 year period. This was in order to assess the best structure in the current energy market.

Using this model, the savings identified through the initial RFQ provided to the market have been distributed as a pro-rata allocation. Whilst the largest of Local Governments may realise a marginal cost saving on their current supply rates, there are additional measurable additional benefits they will receive. This includes a substantial reduction in price for renewable energy and contractual protection from future price increases. Smaller Local Governments will receive a greater immediate cost saving due to aggregate rates. All levels of Local Government will effectively have the ability to remove take or pay risks as the consumption obligation is absorbed by the aggregate load.

From this exercise, the most competitive whole of sector offer is as following:

Peak c/kWh	Off-peak c/kWh	Supply Charge \$/day
5.62	4.55	1.5
17.357	18.622	1.5

Benchmarking rates for the sector listed below:

Local Gov. Size	Peak c/kWh	Off-peak c/kWh	Supply Charge \$/day
Large (>7 GWhp.a)	21.49	14.57	2.99
Medium (1-5 GWhp.a)	26.37	11.53	2.00
Small (<1GWhp.a)	32.99	15.88	1.88
Un-bundled	6.50	4.81	1.35

Due to the unique nature of how each Local Government operates the supply charge per meter has not been factored into this analysis. The whole of sector quote offers a lower daily supply charge per meter against three of the control benchmarks with exception of the un-bundles structure. Typically, Local Governments with large energy usage per meter profiles are offered a competitive un-bundled structure that is more competitive than a standard bundled rate. Because their energy usage per site is much higher than smaller consuming profiles there is a far greater cost benefit realised from a lower commodity rate compared to their daily supply charge.

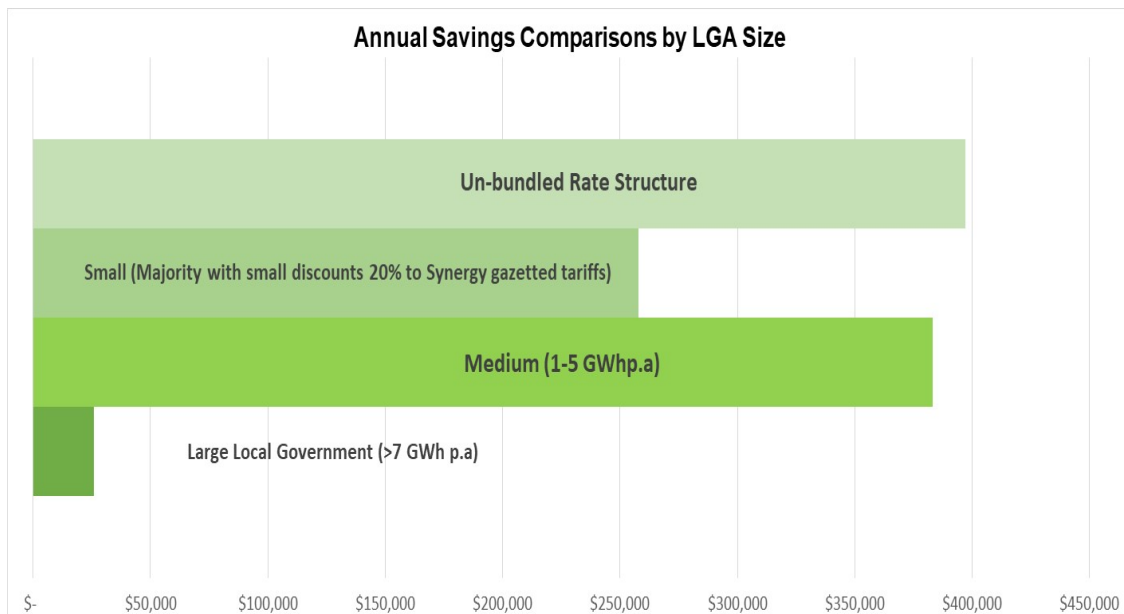


Figure 3. Annual Savings Comparison by LGA Size

Using a Peak-Off Peak split of 50% in Figure 3. Annual Savings Comparison by LGA Size, estimated savings ranges from \$25,783p.a to \$397,133p.a depending on the size and current structure of Local Government rates. WALGA is conscious that Large Member Local Governments may currently be on a more competitive rate as the priced supply period is between 2022 and which could be in comparison to a market price obtained in 2017.



From a brief survey to five Member Local Governments, the average premium quotes for 100% renewable energy provided was 4.7c/kWh. The standard rate for Synergy Natural power sits above 6c/kWh, which indicates that there is room for movement if their customers can provide them certainty through contracting. In order to assess the premium for procuring renewable energy over traditional generation sources, WALGA requested that energy suppliers split out the premium for achieving a renewable energy status for the load.

The best results from this process were as follows:

Renewable Source	Premium c/kWh
Renewable Energy Multi Source	1
Carbon Offset	0.9
5 Year PPA Directly Tied to a WA Wind Farm	2.06

As a result of aggregating the sector, the most competitive price quoted has reduced the cost of renewable energy by 78% against our average benchmark as indicated in the Renewable Energy Multi Source option.

One supplier returned a quote for carbon offsets derived from a WA sustainability project. Whilst this represents the most commercial option from the exercise, it does not fulfil the requirement to transition over to accredited renewable energy, and may pose as a compliance risk for some of our Members who have clearly defined targets for renewable energy.

In the pricing schedule released WALGA included an additional segment for bespoke products outside of the scope of our exercise. This was to enable retailers the opportunity to provide alternate options that they believed may be attractive to the Sector so that we may achieve our sustainability goals. One supplier in this field offered a Corporate PPA tied directly to a WA Windfarm spanning a 5-year period from April 2022. Whilst the premium appears to be more expensive, it provides flexibility in supply for our Members. As all of the energy is coming from a renewable source regardless of Local Government Consumption, WALGA and the participating Members will not be required to keep track of their consumption and purchase any additional LCG's further into the contract period.

The renewable premium rate for the PPA was calculated using the current market prices for power non-commodities. WALGA expects the premium to be less than the estimate presented when the market process is run, however chose to use a conservative premium in order to highlight the price difference for a long-term option. As the retailer is now taking the risk on this supply, it is natural that we will see a higher price on this offer. A PPA offer poses an exciting option for the Sector, as individually Local Governments would not be presented with a competitive, long-term renewable contract direct with a generation source. This offer also spans a five-year period which adds another level of benefit to Local Government as it provides certainty in a rising and dynamic energy market and insulates the sector from inflation during this period.

As WALGA only provided a donor profile of meters and back solving analysis was required by both WALGA and participating suppliers in order to attain bundled rate pricing this exercise can only be used as an indication of savings potential and not an exercise for budgeting purposes.

4.3 City of Stirling Analysis

City of Stirling represents one of the largest electricity spends in Local Government. As the City is in the large Local Government category, they represent a Member that is likely to receive the lowest benefit in energy spend, on a percentage basis. This is because they have access to the most competitive pricing due to their size. Using the City of Stirling as an example, the results of the high-level analysis are as following:

Energy Structure	Annual Spend	Reduction p.a	3 Year Contract Savings
Current – Brown	\$1,418,391	N/A	N/A
3 Year Group Price - Brown	\$1,022,942	\$395,449	\$1,186,347
3 Year Group Price – Transition to Green Energy in Final Year of Supply	\$1,044,183	\$374,208	\$1,122,624
5 Year PPA with 100 % renewables derived from a WA Wind Farm	\$1,154,212	\$264,179	\$792,537

The PPA offering provided the largest reputational and sustainability benefit as it is easiest to communicate the direct relationship from a designated wind farm. The PPA is projected to achieve an annual reduction of \$264,179 whilst achieving a 100% renewable status by as early as 01st of April 2022 and securing guaranteed renewable energy from WA wind farm for the next 5 years, at a fixed price.

The Aggregate process indicates a significant saving towards the City of Stirling. As this is an indicative exercise it demonstrates the vast different in supply charges between Local Governments as the non-commodity costs can vary big such a large degree. Considering the current movement in the energy market and considerable difference in the energy rates it's likely that a proper RFQ process will yield a smaller saving.

The City of Stirling has disclosed that their energy consumption was affected COVID-19 restrictions and as a result expects their consumption moving forward to increase back to normal levels. The projected increase in consumption will realise an even greater annual saving as the City's operations return to full capacity and additional buildings are included in their energy contracts.

Despite the forecasted success off the indicative pricing exercise for the City of Stirling, each Local Government will need to conduct their own analysis based on the figures presented as a guide. WALGA is happy to assist with any analysis for internal case studies.



4.4 Market Factors

The Western Australian Energy market is in the process of phasing out coal. Coal represents the cheapest baseload power source in the SWIS and as a result, it is likely that the cost to produce will increase. Whilst renewable energy sources like wind and solar have running cost close to zero, they are not generation sources that can be scheduled. For this reason, additional balancing and ancillary services are needed to support renewables, which poses a significant cost. This is reflected in the increasing price of Western Power Tariffs each year. Until we see a reduction in energy storage or an innovation in grid balancing technology, it is likely that the total cost to supply power in Western Australia will continue to rise.

By aggregating the whole of the Sector spend to a large enough volume we open up longer term solutions from the market as demonstrated by the PPA offering. Local Government continues to install and develop rooftop and other infrastructure solar and energy efficiency initiatives, and these will continue to complement the efficiencies delivered by the WALGA project.

Process savings are indicative of the benefit to Members as a result of not having to undertake their own RFT or quotation processes. The average resource cost for each Member to run, evaluate and contract an independent energy contract is conservatively projected at \$10,000. If 80 Members sign into the WALGA project this translates to an administrative efficiency worth at least an additional \$800,000.

WALGA will develop and assist in administering a ledger and sustainability framework as part of the metrics for this project. Additionally, Members may develop their own internal reporting structures as required.

5.0 Risk Analysis

Risk	Causes	Likelihood	Consequence	Treatment	Revised Risk After Treatment
Procurement Risks					
Suppliers do not respond to tender	<ul style="list-style-type: none"> Poor communication from WALGA Project scope too large or complex 	Low	High	<ul style="list-style-type: none"> Engagement of current suppliers Identification and engagement of important suppliers to the sector 	Low
Local Government Members withdraw after RFQ process	<ul style="list-style-type: none"> Product is not fitting to individual needs Communication between Members is poor 	High	High	<ul style="list-style-type: none"> Clear Project plans and updates distributed by WALGA Memorandums of understanding signed by participating parties 	Medium
ACCC interim Exemption not granted prior to market RFQ process	<ul style="list-style-type: none"> Wide scope of the exemption produces many rounds of questioning from ACCC 	Medium	Low	<ul style="list-style-type: none"> Interim exemption is likely not needed due to WALGA's PSP exemption Strong communication and relationships built with the ACCC exemptions team 	Low
ACCC Exemption not granted	<ul style="list-style-type: none"> ACCC deem our process uncompetitive 	Low	High	<ul style="list-style-type: none"> Strong communication and relationships built with the ACCC exemptions team Build our application off Eastern States precedence. 	Low
Project Management Risks					
Incorrect charging	<ul style="list-style-type: none"> Prequalified pricing is not extended at the Member Quotation stage The Supplier includes additional costs or charges not in accordance with prequalified rates Billing not in accordance with quotation 	Low	Medium	<ul style="list-style-type: none"> Spend analysis and quotation control Review of reporting Local Government feedback Compliance audits carried out during term of contract Meeting with members during the course of the contract 	Low
Market Risks					
Supplier of choice goes into liquidation during the term of the contract	<ul style="list-style-type: none"> Financial viability of the company Inadequate cash flow Reputational risk relating to adverse publicity or market events 	Low	Medium	<ul style="list-style-type: none"> Consistent monitoring of market Ongoing monitoring and assessment of financial due diligence during the term of the contract Open dialogue with suppliers 	Low
Green Energy Price Spikes in WA	<ul style="list-style-type: none"> Corporate PPAs and unplanned outages of Renewable Projects 	Low	Medium	<ul style="list-style-type: none"> Begin initial procurement of LGCs under phase one of contracting Begin negotiating long term PPA as soon as possible Stay informed with industry 	Low

5.1 Assessment of Constraints and Critical Success Factors

While a MoU establishes everyone's intentions to participate in the quotation process, there is no obligation to accept the outcome. Members will be able to reserve the right not to proceed to Contract if they are not satisfied with the quotation process outcome. In order to mitigate challenges at key decision making points WALGA has engaged with Members early and intends to facilitate open and clear lines of communication with senior management. This poses significant risk as it is unclear how many Members will remain at the end of the initial quotation process and how much load will be required to successfully contract with the successful bidder or bidders. The reverse dynamic may also evolve with greater than anticipated participation in the project from Members. The collective level of spend over time will grow and continue to inform aggregate pricing mechanisms over time. WALGA will not guarantee a minimum spend level through the market process but will guide the anticipated level of spend with meaningful data and analysis.

5.2 Project Management

Once a Sector-wide contract is awarded, WALGA and the Project Lead Contract in cooperation with Local Government Members will be responsible for the ongoing management, development and oversight of the Project.

6.0 6.0 Conclusion

Aggregating and managing renewable energy contract across multiple body corporates is a first in Western Australia. Energy is a controversial and polarising subject at all levels of government. The difficult balance between affordability, reliability and sustainability is often perceived as un-sustainable in the current technological environment. There is no obvious solution for prompt sustainable transition without impeding, to varying degrees, the plans of government at State and Federal level. This is evident as there is a commitment from all involved parties towards sustainability however; the proposed acceleration to transition is vastly different.

Local Government finds itself in a unique position to achieve a transition without affecting key areas of operation and capability by realising an influential sustainability entity. This project will continue to enhance Local Government by leading and problem solving a critical issue facing the Sector in Western Australia, The Association is establishing itself as a trusted and capable Peak Body for Local Government in Western Australia.

The reputational, financial and sustainability benefits from this project affirms Local Government as the agile and enterprising sector we aspire to be in our communities.

7.0 Approval

It is recommended that the Chief Executive Officer approves this Procurement Business Case, and thereby approves to proceed with the further development of Energy Sustainability and Renewables Project.

Prepared By:

**Procurement Business Case
Endorsed:**

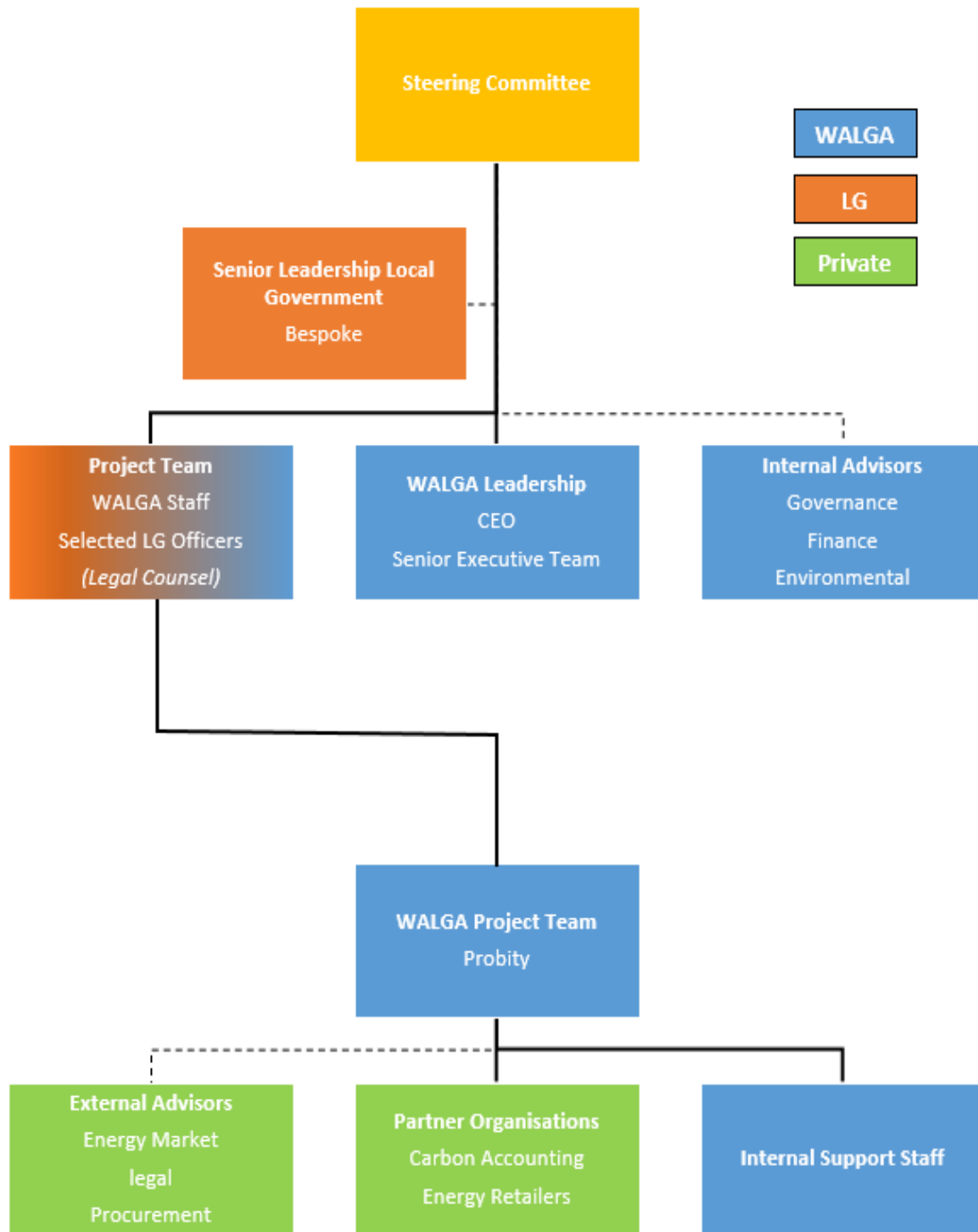
**Procurement Business Case
Approved By:**



Appendix B - WALGA Members under Data Consent Forms as at 1 March 2021

City of Albany	City of Armadale
Shire of Augusta Margaret River	Town of Bassendean
City of Bayswater	City of Belmont
Bunbury-Harvey Regional Council	City of Bunbury
City of Busselton	Town of Cambridge
City of Canning	Shire of Carnamah
Shire of Corrigin	Town of Cottesloe
Shire of Cuballing	East Metropolitan Regional Council
City of Fremantle	City of Greater Geraldton
City of Gosnells	City of Joondalup
City of Kalamunda	City of Kwinana
City of Mandurah	Shire of Manjimup
City of Melville	Town of Mosman Park
Mindarie Regional Council	Shire of Mundaring
Shire of Northampton	City of Perth
City of Rockingham	Shire of Serpentine-Jarrahdale
City of South Perth	City of Stirling
City of Subiaco	City of Swan
Town of Victoria Park	City of Vincent
City of Wanneroo	Shire of Williams
West Metropolitan Regional Council	City of Kalgoorlie
City of Cockburn	Shire of Plantagenet
Shire of Northam	Shire of Murray

Appendix C - Energy Sustainability and Renewables Proposed Project Governance Structure.





Appendix D - Energy Sustainability and Renewables Fact Sheet

[On WALGA Letterhead]

[insert reference]

[insert date]

[insert contact]

[insert organisation]

[insert address]

Transmission by email: [insert]

CONFIDENTIAL

Dear [insert]

Application to the ACCC authorising WALGA's Proposed Energy Group

As you know, WALGA and [insert] (**Interested Party**) have discussed the prospect of WALGA establishing a joint energy procurement and coordination group (**Proposed Energy Group**), subject to authorisation by the Australian Competition and Consumer Commission (**ACCC**).

- 1 The purpose of this letter is to:
 - 1.1 notify the Interested Party of WALGA's intention to engage with the ACCC and make an application to authorise the Proposed Conduct and the Proposed Energy Group more generally in January 2021, under the *Competition and Consumer Act 2010* (Cth) (**CC Act**); and
 - 1.2 obtain the Interested Party's agreement to comply with the competition law protocol described in paragraphs 9 to 19 of this letter.

The Proposed Energy Group

- 2 Subject to the ACCC authorising such conduct, WALGA considers that the Proposed Energy Group should be established to encompass the following "**Proposed Conduct**" for a period of 15 years.
- 3 Preparing and issuing tenders, negotiating terms for and jointly acquiring:
 - 3.1 electricity sourced from the South West interconnected system (**SWIS**) whether from retailers, wholesalers, direct from the wholesale electricity market (**WEM**) or by underwriting new generation directly or indirectly up to a specified capacity;
 - 3.2 electricity sourced outside of the SWIS, whether from Horizon Power or other suppliers, including by underwriting new generation directly or indirectly up to a specified capacity;
 - 3.3 natural gas for consumption across Western Australia up to a specified capacity;

- 3.4 renewable energy and low emissions technologies and renewable, non-fossil fuel or low emissions fuels, including hydrogen and electric vehicles and related technologies; and
 - 3.5 Large-scale Generation Certificates, Australian Carbon Credit Units, and similar renewable energy certificates, carbon credits, abatement certificates, however created including certificates, credits or units that may be introduced in future,
- together, “**Relevant Products**”.
- 4 Coordinating operations, energy consumption, generation output and Relevant Products in order to be able to collectively:
 - 4.1 offer aggregated electricity demand response services and/or ancillary services to participants in the WEM; and
 - 4.2 otherwise, reduce the cost of electricity to members of the Proposed Energy Group.

Competition law risks

- 5 Group buying and coordination arrangements, like the Proposed Energy Group, raise the prospect of competition law risks.
- 6 Specifically, there is a risk that coordination of conduct between competitors, such as fellow energy consumers, may amount to a cartel provision, an anti-competitive agreement or an exclusive dealing arrangement that, in each case, contravenes the *Competition and Consumer Act 2010 (Cth)* (**CC Act**) and, potentially, other competition laws (**Relevant Laws**).
- 7 The nature of these risks is described, more particularly, in the **enclosed** fact sheet.
- 8 The ACCC is empowered under the CC Act to authorise conduct associated with group buying arrangements and has done so in recent years. The effect of such an authorisation is to remove risk of legal action in respect of authorised conduct.

Competition Law Protocol

Statement of compliance

- 9 WALGA and the Interested Party agree that they will comply with all Relevant Laws and the matters described in paragraphs 10 to 19 of this letter (**Protocol**).

Principles

- 10 WALGA and the Interested Party agree that they will continue to operate independently and compete with each other and other energy consumers, except to the extent the ACCC authorises conduct otherwise.
- 11 At no time will any agreement, arrangement, understanding or concerted practice be proposed or entered into between any of WALGA, the Interested Party or any other potential members of the Proposed Energy Group with respect to:
 - 11.1 the terms and conditions (including rates) at which either Party acquires or proposes to acquire Relevant Products;

- 11.2 coordinating operations, energy consumption, generation output, Relevant Products and related conduct by the Parties in order to be able to:
- 11.2.1 offer aggregated electricity demand response services and/or ancillary services to participants in the WEM; and
 - 11.2.2 otherwise, reduce the cost of electricity to members of the Proposed Energy Group.
- 12 No officer, employee, adviser, consultant or agent of the WALGA or the Interested Party is authorised to make, or attempt to make, any agreement, arrangement, understanding or concerted practice of the kind referred to in paragraph 11 or which is otherwise inconsistent with Relevant Laws or the Principles in this Protocol.

Sensitive Information

- 13 For the purposes of the Protocol, “**Sensitive Information**” means any information relating to and including:
- 13.1 terms and conditions (including rates) under which WALGA or the Interested Party acquire or propose to acquire Relevant Products;
 - 13.2 any other commercially sensitive information which would impact competition between WALGA, the Interested Party and any potential member of the Proposed Energy Group; or
 - 13.3 any information or document reasonably identified by the disclosing Party at the time it is provided to the receiving Party to be competitively sensitive or agreed between the Parties to be competitively sensitive.
- 14 Information will not be Sensitive Information if:
- 14.1 the information is already in or becomes part of the public domain, due to no fault of the recipient; or
 - 14.2 the information is of a historic nature (including, for example, historic financial accounts or records describing historical energy consumption).

Procedures for exchange of information

- 15 WALGA and the Interested Party must only exchange information to the extent necessary in order to consider and progress an application to the ACCC in respect of the Proposed Energy Group, including an authorisation from the ACCC.
- 16 WALGA and the Interested Party must not otherwise exchange:
- 16.1 Sensitive Information; or
 - 16.2 information in contravention of Relevant Laws,
- as between each other of any potential member of the Proposed Energy Group.



- 17 If WALGA or the Interested Party forms the view that it is necessary to disclose Sensitive Information specific legal advice must be obtained that such disclosure is acceptable under the Relevant Laws.
- 18 Any face-to-face meetings or other communications between the Parties where it is anticipated that Sensitive Information will or may be exchanged must be conducted in accordance with an approved agenda that has been circulated prior to the meeting and approved by each Party's respective legal advisers. No topics that are inconsistent with this Protocol must be listed for discussion, or discussed.

Governing Law

- 19 This Protocol is governed by the law of Western Australia, Australia. WALGA and the Interested Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia.

Please arrange for this letter to be signed and returned on behalf of the Interested Party as soon as practicable to indicate its agreement to the Protocol.

Feel free to phone me if you wish to discuss on [insert].

Yours sincerely

[insert signatory name]

[insert signatory role]

WALGA

Enc.

Appendix E - ACCC Compliance Protocol

WALGA PROPOSED ENERGY GROUP – COMPLYING WITH COMPETITION LAW

[insert date]

The purpose of this fact sheet

- 20 This fact sheet answers the following questions:
- 20.1 What is WALGA's Proposed Energy Group?
 - 20.2 Why is WALGA applying to the ACCC for an authorisation in relation to the Proposed Energy Group?

What is the Proposed Energy Group?

- 21 Subject to the ACCC authorising such conduct, the Proposed Energy Group is intended to comprise a number of WALGA members and associated organisations who would undertake the following activities "**Proposed Conduct**" for a period of 15 years.
- 22 Preparing and issuing tenders, negotiating terms for and jointly acquiring:
- 22.1 electricity sourced from the South West interconnected system (**SWIS**) whether from retailers, wholesalers, direct from the wholesale electricity market (**WEM**) or by underwriting new generation directly or indirectly up to a specified capacity;
 - 22.2 electricity sourced outside of the SWIS, whether from Horizon Power or other suppliers, including by underwriting new generation directly or indirectly up to a specified capacity;
 - 22.3 natural gas for consumption across Western Australia up to a specified capacity;
 - 22.4 renewable energy and low emissions technologies and renewable, non-fossil fuel or low emissions fuels, including hydrogen and electric vehicles and related technologies; and
 - 22.5 Large-scale Generation Certificates, Australian Carbon Credit Units, and similar renewable energy certificates, carbon credits, abatement certificates, however created including certificates, credits or units that may be introduced in future,
- together, "**Relevant Products**".
- 23 Coordinating operations, energy consumption, generation output, Relevant Products in order to be able to collectively:
- 23.1 offer aggregated electricity demand response services and/or ancillary services to participants in the WEM; and
 - 23.2 otherwise, reduce the cost of electricity to members of the Proposed Energy Group.

Why is WALGA applying to the ACCC for an authorisation?

- 24 Group buying and coordination arrangements are a popular way for participating organisations to use the aggregated scale and scope of a group to reduce costs.
- 25 However, such arrangements risk contravening the competition provisions of the *Competition and Consumer Act 2010* (Cth) (**CC Act**). This is because such arrangements:
- 25.1 frequently involve parties who may be taken to be competitors cooperating, rather than competing in relation to matters such as setting or fixing prices and in some circumstances, restricting or controlling supply;
 - 25.2 may have the purpose, effect or likely effect of substantially lessening competition; and
 - 25.3 may contain exclusive dealing provisions that have the effect of substantially lessening competition.
- 26 Contravention of the competition provisions of the CC Act can give rise to serious penalties and fines.
- 27 WALGA anticipates that the members of the Proposed Energy Group are likely to include organisations that may be taken to be competitors for the purposes of the CC Act because they are energy consumers that compete in the market for energy supply. Further, given the potential scale of the group in terms of its share of the market for Relevant Products in Western Australia, there is some risk, albeit reasonably remote, that the Proposed Conduct could have the effect of substantially lessening competition.
- 28 It is therefore important that WALGA and any organisations interested in joining the Proposed Energy Group refrain from entering into any contract, arrangement, understanding or concerted practice in respect of the Proposed Conduct unless and until the ACCC grants an authorisation.
- 29 Under the CC Act, the ACCC may grant an authorisation in respect of proposed conduct but only if the ACCC considers that the public benefit of proposed conduct outweighs the likely public detriment of the proposed conduct. Where the ACCC grants an authorisation, the risk of legal action under the CC Act is removed in respect of the proposed conduct.
- 30 The ACCC has granted authorisations in relation to group buying of energy in the past, including:
- 30.1 the Eastern Energy Buyers' Group: see [link](#);
 - 30.2 the South Australian Chamber of Mines and Energy: see [link](#);
 - 30.3 Melbourne Renewable Energy Project 2: see [link](#); and
 - 30.4 Melbourne City Council and others: see [link](#).
- 31 In view of this, WALGA intends to apply for an authorisation in respect of the Proposed Energy Group

Application to the ACCC for Authorisation

WALGA's Proposed Energy Group

DRAFT

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Parties to the proposed conduct

Applicant Western Australia Local Government (**WALGA**)
Contact Person: Toby Costanzo
Position: Contract Manager, Management
Contact Number: (08) 9213 2024
Address: ONE70, LV1, 170 Railway Parade, West Leederville
Western Australia 6007
Fax Number: (08) 9213 2077
Email: tcostanzo@walga.asn.au

Introduction

A Applicant

- (i) WALGA is a peak industry body that advocates on behalf of 139 Local Governments and provides a range of services to its members.
- (ii) WALGA makes this application on its own behalf and on behalf of the proposed foundation members of a proposed energy group detailed in schedule 3 (**Proposed Energy Group**).
- (iii) Subject to the Australian Competition and Consumer Commission (**ACCC**) granting an authorisation along the lines described in this application, the Proposed Energy Group intends to undertake the conduct described in this application.
- (iv) It is anticipated that the membership of the Proposed Energy Group will initially include WALGA and the proposed foundation members but will be joined over time by Local Government Authorities and entities owned and/or operated by Local Government Authorities.
- (v) WALGA intends to operate as a contracted facilitator in respect of the Proposed Energy Group, with a range of functions to be granted under contract allowing WALGA to organise and facilitate the conduct of the Proposed Energy Group.

B Authorisation

- (i) The ACCC may grant authorisation for conduct to one or more of the provisions in Part IV of the *Competition and Consumer Act 2010* (Cth) (the **Act**) and are authorised to do so under the Act.
- (ii) This application requests authorisation for group buying and coordination arrangements which may amount to a cartel provision, an anti-competitive agreement or an exclusive dealing arrangement that risks contravening the Act.
- (iii) The Applicant recognises that the ACCC must not grant authorisation unless it considers that the statutory test contained in sub-sections 90(7) and 90(8) of the Act are satisfied.

C Application

- (i) This application is made under sections 88 to 89 of the Act and is compliant with the ACCC's Guidelines for Authorisation of Conduct (non-merger).
 - (ii) WALGA seeks:
 - (a) an interim authorisation from the ACCC to allow WALGA and the Proposed Energy Group to prepare and issue tenders, negotiate terms for and jointly acquire electricity and gas as more particularly described in section 1, below; and
 - (b) authorisation in respect of all the proposed conduct described in section 1, below, for a period of 15 years.
-

1 The Proposed Conduct

Description of proposed conduct

- 1.1 WALGA seeks an interim authorisation to allow members of the Proposed Energy Group to jointly pool their aggregate forecast demand for, prepare and issue tenders in respect of, negotiate terms, jointly acquire and jointly manage contractor for the purchase of electricity and gas from licenced electricity and gas retailers in Western Australia.
- 1.2 WALGA also seeks an authorisation for a period of 15 years in order to allow members of the Proposed Energy Group to:
 - 1.2.1 pool their aggregate forecast demand for, prepare and issue tenders in respect of, negotiate terms, jointly acquire under contract and jointly manage contracts for the following "**Relevant Products**":
 - (a) electricity from the South West interconnected system (**SWIS**), whether from licenced retailers, wholesalers or by underwriting new generation plant up to a maximum of 200,000MWh per annum;
 - (b) electricity sourced from outside the SWIS up to a maximum of 40,000MWh per annum;
 - (c) natural gas up to a maximum of 250 TJ per annum;
 - (d) renewable, low emissions and energy efficient fuels and technologies, such as:
 - (i) solar PV generation facilities and related plant and equipment;
 - (ii) battery energy storage systems and related plant and equipment;
 - (iii) renewable or low emissions fuels, such as green and blue hydrogen technologies and related plant and equipment;

- (iv) electric and hydrogen vehicles and fuelling facilities and related plant and equipment;
 - (e) Large-scale Generation Certificates, Australian Carbon Credit Units, and similar renewable energy certificates, carbon credits, abatement certificates, however created including certificates, credits or units that may be introduced in future up to a volume sufficient to reduce proposed members' energy consumption to net zero emissions.
- 1.2.2 coordinate operations, energy consumption, generation output and Relevant Products in order to be able to jointly offer aggregated "**Ancillary Services**", including:
 - (a) demand response services;
 - (b) network or dispatch support services;
 - (c) other ancillary services,to participants in the WEM, network operators or the Australian Energy Market Operator and otherwise reduce the cost of electricity to members of the Proposed Energy Group.

Relevant provisions affected

- 1.3 WALGA is aware that future members of a group buying initiative similar to the Proposed Energy Group may be taken to be competitors in the market for the acquisition of Relevant Products and also in respect of the supply of Ancillary Services and in respect of the reduction of electricity costs, more generally.
- 1.4 In view of this, WALGA considers that there is some risk that the Proposed Conduct may result in members of the Proposed Energy Group entering into and giving effect to a contract, arrangement, or arrive at an understanding, which contains a cartel provision within the meaning of Division 1 of Part IV of the Act.
- 1.5 WALGA also considers that there is some prospect of the Proposed Conduct resulting in members of the Proposed Energy Group:
 - 1.5.1 entering into a contract, arrangement, arriving at an understanding or engaging in a concerted practice that may have the purpose, effect or likely effect of substantially lessening competition in a relevant market within the meaning of section 45 of the Act; and
 - 1.5.2 engaging in exclusive dealing that may substantially lessen competition in accordance with the meaning given in section 47 of the Act.

Rationale for Proposed Conduct

- 1.6 A transition from primarily grid-based, fossil fuel generated electricity to an increasingly decentralised and de-carbonised electricity supply has commenced across Australia with all levels of Government, corporates and industry bodies calling for, and adapting to, energy transition to a greater or lesser degree.

- 1.7 As the peak representative body for Western Australia's local government sector, WALGA is keenly aware of the challenges and opportunities associated with the transition from a local government perspective.
- 1.8 Specifically, WALGA is concerned to support local governments' interests in meeting and exceeding community expectations with respect to decarbonisation of energy supply and a prudent approach to expenditure or ratepayers money. In WALGA's view, the task of decarbonising energy supply is likely to be more successful where, to the extent practicable:
- 1.8.1 the costs of transition are low;
 - 1.8.2 any potential financial and operational benefits of transition to the local government sector are maximised; and
 - 1.8.3 risks associated with contracting for Relevant Products are shared among members of a sector, allowing for a diversified approach to decarbonisation and a portfolio approach to risk.
- 1.9 In WALGA's view, the Proposed Conduct will improve the chances of members of the Proposed Energy Group being a part of an energy transition by:
- 1.9.1 Jointly securing long-term energy supply, beyond the customary two to three year contracts that are generally available in retail markets. Joint energy procurement is anticipated to:
 - (a) increase the preparedness of electricity and gas retailers to offer more competitive prices and for longer terms than is generally the case in the market, at this time – thereby increasing member certainty and capacity to plan for the transition; and
 - (b) provide sufficient risk sharing between members to allow for the Proposed Energy Group to consider directly or indirectly jointly underwriting new entrant renewable energy generation projects and associated environmental certificates.
 - 1.9.2 Jointly securing renewable and low emissions fuels and technologies in order to obtain more competitive terms and conditions of supply and incentivise opportunities for increased greenhouse gas abatement. In turn, this lower expenditure increases the likelihood that ratepayers will maintain support for a broad decarbonisation strategy adopted by individual members. For example, the Proposed Conduct with respect to fuels and technologies would allow for members of the Proposed Energy Group to:
 - (a) to transition light and heavy vehicle fleets from petrol and distillate to electric and hydrogen fuel cell vehicles on comparatively better terms and conditions, including as to price; and
 - (b) to jointly acquire battery energy storage systems, renewable energy or low emissions generation technologies to increase behind-the-meter generation, again on materially beneficial terms;

- 1.9.3 Jointly procure abatement and/or offset instruments in order to reach materially reduced net emissions, again on terms and conditions that are likely to be preferable to that, which would be the case if members sought to simply source these instruments independently.
 - 1.9.4 Finally, there is a very real prospect of the Proposed Energy Group providing Ancillary Services to the WEM, network operators or AEMO. For example by offering demand response services by agreeing to shed load (whether by temporarily turning off fuel pumps, for example) or indeed deploy technology such as battery energy storage systems to consume load or export energy to the grid for the purposes of providing network or power system support.
- 1.10 In each case the conditions that WALGA considers to be likely to give rise to community support for the energy transition are likely to be maximised by the Proposed Conduct, specifically:
- 1.10.1 mitigating the costs of transition;
 - 1.10.2 maximising any potential financial and operational benefits of transition to the local government sector, putting downward pressure on rates; and
 - 1.10.3 sharing between members of the Proposed Energy Group risks associated with contracting for Relevant Products, allowing for a diversified approach to decarbonisation and a portfolio approach to risk.

Term of Authorisation

- 1.11 WALGA is seeking both an interim, and a long-term authorisation of 15 years. The reasons for this period are as follows:
- 1.11.1 The interim authorisation is sought in respect of the joint tendering, considering, acquisition and contract management in respect of electricity and gas. This is on the basis that some potential members may be approaching the end of their supply contracts with gas and electricity retailers and in order to avoid a one to two year extension of those contracts it would be prudent for the Proposed Conduct to commence as soon as possible.
 - 1.11.2 In terms of the broader term of the authorisation sought, a period of 15 years gives the Proposed Energy Group the required time to effectively establish, maintain and progress the Proposed Conduct, as well as consider broader strategy for decarbonisation over that period. WALGA notes that the ACCC has considered a similar period appropriate for a range of recent authorisations relating to group energy buying arrangements.

Documents in support of application

- 1.12 WALGA consulted with the ACCC prior to the lodgement of this application in order to understand the precise information likely to be required by the ACCC.
- 1.13 Further, WALGA notes that it has in discussions with prospective members of the Proposed Energy Group explained the competition law risks associated

with the Proposed Energy Group and the likelihood that an authorisation would be a mandatory precondition to proceeding with the Proposed Energy Group.

- 1.14 To this end, WALGA obtained from certain prospective members agreement to comply with the competition law protocol set out at schedule 2 to this application.

Persons affected

- 1.15 In WALGA's view, persons that are likely to be affected by an authorisation of the ACCC include licenced electricity and natural gas retailers in Western Australia, as well as other suppliers of Relevant Products, as well as potential customers for Ancillary Services provided by the Proposed Energy Group.
- 1.16 WALGA also considers that its members and participants in the local government sector, more generally, are likely to be affected by the option of becoming a member of the Proposed Energy Group.

2 Market Information and Concentration

Electricity in Western Australia

- 2.1 Western Australia's electricity sector has the following characteristics.

The SWIS

- 2.2 The SWIS, which is an interconnected electricity system located in the State's Kalbarri in the north to Albany in the South and Kambalda to the East.
- 2.3 With minor exceptions, the electricity network infrastructure in the SWIS is owned and operated by State government owned Western Power.
- 2.4 Large scale generation in the SWIS is owned and operated by State government owned Synergy and a variety of independent power producers, such as Alinta Energy, NewGen, Bluewaters, ERM Power, Perth Energy, Collgar Wind Farm and Bright Energy.
- 2.5 There are a variety of retailers in the SWIS, including Synergy, Alinta Energy, Perth Energy, CleanTech, Kleenheat and ERM Power. Customers that consume more than 50MWh per annum at any connection point are contestable and may purchase energy from a business other than Synergy. Customers that do not exceed this threshold much purchase electricity from Synergy.
- 2.6 Electricity in the SWIS is traded:
- 2.6.1 in one or more of the Wholesale Electricity Market (**WEM**) markets, including the day-ahead Short Term Energy Market or the Balancing Market, which operates as a spot market;
 - 2.6.2 on a wholesale bilateral basis, using either forward price for load following hedge or other hedge options based on relativity to balancing prices;

- 2.6.3 in the retail market between “market customers” and consumers. For more sophisticated consumers, these retail arrangements may have some wholesale exposure, such as a part fixed forward price with the ability to take on exposure to the balancing price;
- 2.6.4 bilaterally between behind-the-meter generation system operators and consumers by means of “solar power purchase agreements”.
- 2.7 In WALGA’s experience, retail electricity supply agreements are typically two to three years in duration. It is difficult to get retailers to agree to terms that are longer than three years.

The non-SWIS areas of Western Australia

- 2.8 The Non-SWIS region of the State comprise:
 - 2.8.1 The North West Interconnected System (**NWIS**), which is an interconnected electricity system in the Pilbara region of Western Australia comprised of electricity networks owned and operated by Horizon Power, Alinta Energy, Rio Tinto and FMG. Generation in the NWIS is owned and operated by Rio Tinto, ATCO Australia, TransAlta and Alinta Energy and retailed by network operators. The State Government is currently progressing a reform program to introduce limited retail contestability in the form of a “light handed” third party access regime, which is anticipated to allow for retail contestability for a small number of large consumers.
 - 2.8.2 The Esperance interconnected system comprised of an electricity network owned by Horizon Power with generation owned and operated by State Government owned Synergy and Infrastructure Capital Group. Electricity is retailed by Horizon Power and Infrastructure Capital Group.
 - 2.8.3 Various non-interconnected systems operated by Horizon Power and various independent power producers. These non-interconnected systems are generally
- 2.9 With the exception of WALGA members located in certain mining towns, such as Newman, Horizon Power is presently the monopoly retailer for all local government authorities outside of the SWIS. However, there is the prospect of local government authorities procuring electricity under one or more power purchase agreements in respect of onsite, behind the meter, generation systems such as solar power purchase agreements.
- 2.10 Some local government authorities outside of the SWIS may have (or intend to) enter direct relationships with resources companies to purchase directly from privately owned infrastructure.

The local government sector and the Western Australian electricity sector

- 2.11 Members of the Western Australian local government sector are, in aggregate, reasonably large consumers of grid-sourced electricity, buyers of renewable energy technology such as solar PV systems.

- 2.12 As large energy consumers, local government are also responsible for sizeable greenhouse gas emissions.
- 2.13 WALGA is constituted under the Local Government Act 1995. All local government authorities in Western Australia are currently WALGA Members. Only WALGA Members and Associate Members are eligible to use WALGA Contracts.
- 2.14 Respective of the total volume of the SWIS local government represents an estimated .01% in market electricity volume and 0.0005% of the annual gas distributed in Western Australia
- 2.15 As carbon offsets, hydrogen and sustainable transport technology are still emerging markets, we cannot analyse Local Governments impact on these sectors. Carbon Offsets represents an emerging market as Local Government is already engaged in procurement outside of the Emissions Reduction Fund or Australian Carbon Credit Unit framework. An objective of our aggregate market processes is to provide stimulation to sustainable initiatives and industries for the benefit of Local Government Members and Communities in the future.

The Western Australian natural gas market

- 2.16 As is the case in gas markets in the Eastern States of Australia, natural gas consumers in Western Australia vary in consumption size, seasonality of demand and whether they are “wholesale” or “retail” consumers. That is, whether they purchase directly from gas producers or gas retailers.
- 2.17 In Western Australia, retail gas contracts typically allow for flexibility of consumption and seasonality, while wholesale gas contracts generally provide for high take-or-pay quantities more suited to sophisticated gas consumers and retailers.
- 2.18 There are a small number of opportunities for gas “spot” trading in Western Australia but no regulatory framework to encourage this, such as a short term trading market of the kind in Queensland, New South Wales or South Australia, or a declared wholesale gas market of the kind in Victoria.
- 2.19 These opportunities are generally through dedicated gas trading/portfolio managers or through industry relationships.
- 2.20 In its Gas Statement of Opportunities, AEMO provides for a low, base and high case forecast of domestic natural gas demand (in terajoules per day) for the period 2021 to 2030 as follows.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	5-year average annual growth (%)	10-year average annual growth (%)
Low	1,035	1,048	1,046	1,051	1,061	1,065	1,061	1,054	1,053	1,048	0.6	0.1
Base	1,068	1,080	1,081	1,099	1,116	1,126	1,128	1,128	1,132	1,135	1.1	0.7
High	1,127	1,154	1,159	1,243	1,330	1,346	1,354	1,358	1,367	1,374	4.2	2.2

- 2.21 Of this aggregate demand, WALGA estimates that the local government sector will account for approximately 0.7 TJ/day. As such, the entire potential

membership of the Proposed Energy Group does not represent a material share of the aggregate market share.

- 2.22 Nevertheless, WALGA considers that the Proposed Conduct will increase WALGA's ability to bargain with suppliers and coordinate consumption among members of the Proposed Energy Group in order to minimise costs.
- 2.23 Characteristics of the Western Australian natural gas market that are relevant to the local government sector are

The market for renewable, low emissions and abatement fuels and technologies

- 2.24 Market Cap vs local government spend (we are looking at spending this in each component). Global Market local government has not done quantitative studies to see what the take-up is so far. Local government represents .06% of state GDP. Safely assume that we will not consume.

The market for renewable energy certificates, abatement instruments and similar

- 2.25 State and Territory Government Demand represents a small portion of the total Australian Carbon Credit Unit demand. In 2019-20 this demand totalled \$200,000 in unites compared to the \$4,270,000 procured through Emissions Reduction Fund Contracts. WALGA Member local governments will require an even smaller percentage of carbon offsets as the scope of local government work produces far less emissions than state government activities. Furthermore, WALGA may seek offset options other than ACCUs in order to enable our Member Local Governments to achieve a carbon neutral status.

The market for "Ancillary Services"

- 2.26 For the purposes of this application, WALGA defined Ancillary Services as constituting a range of services that are necessary or beneficial for power system operation or network support, as well as related coordinated conduct that may reduce member energy costs or provide a source of revenue.
- 2.27 This is a broader definition than the conventional concept of ancillary services typically adopted in wholesale electricity markets.
- 2.28 At present, we are aware of the following ancillary services in place across Western Australia.
- 2.29 In the WEM, Synergy is the monopoly provider of conventional ancillary services, such as spinning reserve and system restart services. "Load following ancillary services" is open to Synergy and other "market generators" in the WEM.
- 2.30 However, the State Government's new design of the WEM allows for expanded participation in "essential system services" in order to aid the decarbonisation of the WEM. In the WEM, we also consider that the Proposed Energy Group could jointly offer demand response services under the WEM Rules.
- 2.31 There are also cases where Western Power in the SWIS network operators outside of the SWIS may require network support services of the kind that are

necessary for power system or network operations or that are prudent to avoid “gold plating” of electricity networks by, for example, load shedding in order to reduce consumption in peak periods.

- 2.32 In each case, the Proposed Energy Group’s competitors are likely to be generators that are market participants in the WEM or generators connected to other interconnected and non-interconnected systems in Western Australia.
- 2.33 In WALGA’s view, local government sector participants are unlikely to pursue opportunities in Ancillary Services in the absence of the Proposed Conduct.

Geographic Area/s

- 2.34 WALGA apprehends that the Proposed Energy Group will principally operate in any part of Western Australia in which members of the Proposed Energy Group operate.
- 2.35 However, WALGA notes that the group may in some cases contract with business interstate or overseas, for example, in relation to the acquisition of greenhouse gas abatement instruments.
- 2.36 Further, WALGA considers that the relevant geographic footprint of the various markets described above are as follows:
- 2.36.1 the retail and wholesale electricity markets in the SWIS;
 - 2.36.2 the retail and wholesale electricity markets in the NWIS;
 - 2.36.3 the retail electricity market in Western Australia outside the SWIS and the NWIS;
 - 2.36.4 the retail and wholesale markets for natural gas in Western Australia;
 - 2.36.5 the market for renewable, low emissions and energy efficient technology and fuels;
 - 2.36.6 the global market for abatement certificates, renewable energy certificates and related instruments; and
 - 2.36.7 the market for Ancillary Services in Western Australian electricity markets.

Tender Process

- 2.37 Subject to obtaining authorisation, WALGA will arrange for a tender process under its existing tender preferred supplier panel process, assess tender responses and make a recommendation to the Proposed Energy Group in respect of the preferred supplier.
- 2.38 WALGA’s procurement governance is overseen by its Finance and Services Committee as a delegate of the WALGA State Council. Local governments will be engaged to the project through a Memorandum of Understanding (MOU) and consulted through the tender evaluation recommendation phase.

Competition Factors

- 2.39 Given the market share of the local government sector in Western Australia in each of the markets described above is less than 5 per cent, WALGA does not

consider that authorisation of the Proposed Conduct is likely to give rise to competition concerns.

- 2.40 In forming this view, WALGA has taken as a benchmark the ACCC's merger guideline threshold.
-

3 Public Benefit

- 3.1 WALGA considers that the establishment of the Proposed Energy Group to carry out the Proposed Activities will provide significant public benefits.

- 3.2 Principally, the benefits are anticipated to be in the form of:

3.2.1 lower energy costs incurred by members of the Proposed Energy Group, which is expected to put downward pressure on local government rates, befitting residents and businesses;

3.2.2 a coordinated approach to transitioning from higher emissions to lower emissions energy consumption by members of the Proposed Energy Group by:

(a) locking in longer term, cheaper electricity and gas contracts and using economies of scope and scale to reduce and abate emissions in order to give members the optionality to reach net zero emissions; and

(b) exploring opportunities to monetise or reduce energy costs through offering Ancillary Services; and

3.2.3 greater risk sharing between members of the Proposed Energy Group than may otherwise be the case. For example, by having the option to negotiate contractual mechanisms that allow for minimum take volumes to be smeared across a portfolio of members.

- 3.3 Finally, in WALGA's view, the Proposed Conduct is likely to increase public confidence in steps being taken to decarbonise Western Australia's electricity system, which will in turn maximise the prospect of its success.
-

4 Public Detriment (including likely competitive effects)

- 4.1 The Applicant does not consider that the establishment of the Proposed Energy Group will result in any public detriments, including any lessening of competition in any relevant markets.

5 Contact Details

- 5.1 [Identify and/or provide names and, where possible, contact details (phone number and email address) for likely interested parties such as actual or potential competitors, key customers and suppliers, trade or industry associations and regulators.]

6 Additional Information

- 6.1 The name and address of the person/s authorised by the applicant to provide additional information in relation to this application are below:

Name	[insert]
Address	[insert]
Contact Number	[insert]

Schedule 1 “Declaration by Applicant”

1 Declaration

- 1.1 The undersigned declare that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.
- 1.2 The undersigned undertakes(s) to advise the ACCC immediately of any material change in circumstances relating to the application.
- 1.3 The undersigned are aware that giving false or misleading information is a serious offence and are aware of the provisions of section 137.1 and 149.1 of the *Criminal Code* (Cth).

Signature of authorised person

Office held

(Print) Name of authorised person

This [insert day] day of [insert month] 2021

Note: If the Applicant is a corporation, state the position occupied in the corporation by the person signing. If signed by a solicitor on behalf of the Applicant, this fact must be stated.

Schedule 2 Competition Law Protocol

Schedule 3 Proposed Foundation Members



02 June 2021

Our Ref: 07-006-15-0028

Mr Scott Matthew
Chief Executive Officer
Town of Cottesloe
PO Box 606
COTTESLOE WA 6911

Dear Scott,

WALGA Energy and Renewables Phase 1 – Sector-wide Energy Arrangement

Further to my earlier correspondence, I am pleased to announce that WALGA has commenced Phase One of the Energy Sustainability and Renewables Project.

This sector aggregated Energy project aims to support Members in achieving renewable energy policy targets and reducing the cost of electricity, gas, and carbon offsets for the sector. Activity through this first phase aims to reduce Members' current energy supply costs whilst also providing a commercial solution to renewable energy utilising Western Australian wind, solar and biomass projects.

Attached is a Memorandum of Understanding (MOU) proposal to Members which, once signed, provides a formal commitment to participate in this Request for Quote (RFQ) stage of the project. In participating, Members will authorise WALGA to include their load profile within the aggregate procurement process and express an intention to participate in the resulting Contract if the outcome proves advantageous for your individual organisation. Please note, signing the MOU does not commit a Local Government to purchase through the resultant contract and Members will be provided with an evaluated best value offer and recommendation with sufficient time to present to Council for consideration if required.

Collaboration with Members has been overwhelmingly positive. To date the following actions have been undertaken:

- WALGA governance endorsement (Finance and Services Committee)
- officer engagement and measurement of collective sector load
- legal advisory support inclusive of ACCC exemption for a sector buying group
- indicative pricing requests lodged with major retailers with responses currently under evaluation
- development of project brief, steering committee and procurement plan, and
- industry and Local Government briefings at Office, Council and Zone level.

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PO Box 1544, West Perth, WA 6872
T: (08) 9213 2000 F: (08) 9213 2077
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www.walga.asn.au

I am particularly appreciative of the contribution to this project by the Renewable Energy Project Steering Group. This Group combines sustainability and procurement expertise and has been developed to ensure that Member needs and policy compliances are represented within the project.

WALGA remains confident that the aggregate collective sector spend will realise a competitive energy structure and a more affordable option for Members to obtain renewable energy. By collaborating, aggregating and aligning our energy, renewable and carbon spending, the sector is best positioning itself as industry leader in achieving net zero energy policy targets.

Through this project and its expanded opportunities, Local Government can ensure they are on the front foot in shaping this new era in energy, being able to claim our space in this emerging market and supporting the commitments to climate change made by all levels of Government. It's an exciting prospect and one I am looking forward to exploring further together with our Members.

For more information about the Energy Sustainability and Renewables Project, please contact Contract Manager, Management, Toby Costanzo, on tcostanzo@walga.asn.au.

Yours sincerely,



Nick Sloan
Chief Executive Officer



Procurement Plan

RFQ 06/21

Contestable Electricity Supply for Member Local Government

Principal: WALGA (on behalf of Member Local Governments)

Prepared by: **Toby Costanzo**

Title: **WALGA Contract Manager,
Management (Project Manager)**

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1. Glossary

Contestable energy	Means, in the context of this Project, any supply point with its own unique National Meter Identifier that is able to be under a contract or sits outside the Synergy gazetted tariff
ESA	Electricity Supply Agreement
Evaluation Panel	The group comprising individual members who will conduct the evaluation of each Response
LGC	Large Scale Generation Certificate
Members	Members of WALGA
MOU	Memorandum of Understanding
NMI	National Meter Identifier
PPA	Power Purchase Agreement
Project	Contestable Electricity Supply for Member Local Governments falling within the greater Energy Sustainability and Renewables Project being undertaken by WALGA.
REC	Renewable Energy Certificate
Respondent or Supplier	Suppliers of energy who may respond to the RFQ
RFQ or Request	Request for Quote
Quote, Submission or Response	The offer provided by a Respondent in response to the RFQ
STC	Small Scale Technology Certification
Steering Group	A volunteer group of representatives of the Local Government's participating in the Project
WALGA	WA Local Government Association

2. Summary of Proposed Procurement

2.1. Background

As the peak representative body for Local Government in Western Australia, WALGA continually adapts and innovates to meet the needs of our Members. The Organisation is uniquely situated to facilitate positive collaboration between Local Governments across the state. WALGA's Corporate Strategy 2020-2025 set a sector vision in which Local Governments enhance community well-being and enable economic prosperity.

As of January 2021, forty-six (46) Local Governments have made declarations acknowledging that climate change is occurring, and that climate change will continue to have significant effects on the WA environment, society, economy, and Local Government sector. Many of these Local Governments have adopted environmental policies with carbon neutral targets included.

WALGA was requested by its Members to explore alternative options for a whole of sector PPA. In the course of engaging with Members it emerged that a PPA would deliver some benefits, but other aspects of energy procurement aggregation that sit beyond the scope of a PPA could also be integrated into a broader Energy Procurement Project.

The founding members of the Steering Group include: Stirling, Mandurah, Perth, Fremantle, Cockburn, Bayswater, Canning, Joondalup, Wanneroo, Gosnells and Armadale.

WALGA is assisting the Local Government sector in order to facilitate an aggregate market process to reduce the cost of conventional energy supply and renewable energy. WALGA is seeking a cost-effective solution to enable Local Government in Western Australia to achieve their renewable energy and carbon emissions targets. The sector sits in the level of government closest to the community and desires a solution that is able to clearly report and articulate sustainable accomplishments.

2.2. Scope

The scope of the procurement is the aggregation of contestable energy supply, as part of the greater Energy Sustainability and Renewables Project. In general terms the phasing is as follows:

Phase 1 – Contestable energy supply and Renewable Energy options

Phase 2 – Load shifting, minimising cost (i.e. energy management systems, contestability assessments, understanding emissions, prepare for carbon offsets and PPA. Un-contestable supply investigation and renewables).

Phase 3 – Carbon offsets, other technologies

Phase 4 – Transport Vehicles and sustainable infrastructure technologies

Phase 5 – Large scale Local Government sustainability projects

There are varying levels of commitment to renewable energy across the sector. Many of the Local Governments participating in this market process have a strong desire to procure renewable energy however are limited by the current options being offered individually in the market. Respondents will be requested to demonstrate best value through their response.

WALGA is assisting to facilitate a three-year (3) agreement in order to align Local Government contracts for the future development of a long-term r PPA in order to secure affordable long-term renewable energy for the sector.

Using a staged approach, WALGA is looking to develop a long-term partner, or consortium of partners, to provide energy and sustainability solutions for the sector.

Three key objectives for the greater project include:

- enhance access to renewable energy for WALGA Members thereby driving positive climate change outcomes;
- diversify supply options and use of new energy technology; and
- leverage the best price outcomes for energy supply.

2.3. Transition

The successful Respondent must comply and manage a smooth transition from any existing supply arrangements into the new agreement, if applicable, including:

1. All the required arrangements with Western Power to transfer sites over, as applicable, in a timely manner prior to commencement of the new Electricity Supply Contract (Contract).
2. Establishment of account data (billing data, contact details, billing arrangements and similar items).
3. Introduction of the Account Manager to the relevant Local Government Officers upon request.
4. Changes associated with the transfer and new arrangements including meter upgrade where required.
5. Compliance to the achieved Sector-wide pricing arrangement and contract structures for individual contracts.
6. A non-commodity cost schedule to analyse unbundled viability for Local Governments who are not familiar with the structure. This schedule will be provided to the successful supplier upon approval to participate from and for each Local Government who has confirmed their participation after award from WALGA. The project manager may assist with analysis at the request of each Local Government who has confirmed.
7. Where Local Governments have contracts that expire prior to commencement Respondents are expected to, in their best efforts, provide a similar price presented in the successful bid.
8. Where Existing Local Government contracts expire past the commencement date of 1st April 2022, Respondents are expected to offer the rates provided in the successful bid commencing during any period between the 1st April 2022 – 31st March 2025.
9. It is preferred that there will be flexibility to transfer contestable sites in or out of resulting Local Government contracts, I.e. NMIs, meters, without affecting either peak and/or off peak bundled/un-bundled pricing as agreed under the contract.
10. The successful Respondent will be required to provide annual reviews on loss factors, network tariffs included with any cost saving optimisation services. The WALGA Project Manager will assist with reviews.

2.4. Contract Management Plan

A contract management plan will be developed for this project. Elements will include but may not be limited to:

- a) Transition in / transition out of participating Local Governments.
- b) Performance Monitoring of Contractor(s).
- c) Dispute resolution issues.
- e) Assistance when requested for billing and payments.
- f) Statutory compliance assistance with issues such as OH&S, Environmental, Industrial and Human Resource Management.
- g) Assistance with Commonwealth, State and Local government licenses and approvals.
- h) Monitoring of the currency of relevant insurance coverage.

2.5. Key Performance Indicators

The criteria that may be used to measure the performance of the contractor by each Local Government respective to their contract with assistance from the Project Manager and participating Members are as follows:

- a) Billing accuracy.
- b) Customer satisfaction.
- c) Delivery.
- d) Value for money outcomes.
- e) Conversion rate of non-contestable energy.

2.6. Price Basis

In its simplest form, pricing is for: (1) peak, and (2) off-peak, rates for Contestable energy and daily supply charge.

The Supplier's price/s will be fixed for the duration of the three-year contract term.

It is WALGA's preference that there should be no minimum take or pay provisions applied to any Local Government contracts. However, when required, respondents can demonstrate their ability to manage take or pay obligations as a total group volume. For example, provisions that measure the sum of the electricity consumption of all contestable sites provided in the RFQ will form the combined agreed annual consumption for the purpose of measuring minimum take or pay across the collective project participants.

Alternative offers inclusive of renewable energy offers may be received through the RFQ.

The format for pricing lodgement is in the RFQ documentation and entails the completion of a pricing schedule in a prescribed format alongside an offer document. Further pricing requirements are set out in the response criteria.

2.7. Local Government Data

Respondents are authorised by participating Local Governments to collect meter data from Western Power for the purpose of development of their submission in response to this Request for Quotation ('RFQ'). All Local Governments participating in this RFQ have provided data consent forms authorising Western Australia Local Government Association to:

1. Obtain the electricity meter standing data and historical consumption data, including interval data, billing data, contract information, invoices and data in any online systems, for the purpose of delivering services and in order to prepare a quotation for our electricity supply both individually and as an aggregate body with any other supplies at the discretion of Western Australia Local Government Association.
2. Site lists (NMI, Meter, Supply Address) Contestable and Non-contestable.
3. Obtain and identify standing data and NMI information on un-contestable meters relating to our business from our supplying Electricity and Gas Retailers and the Electricity Network Operator, Western Power with the intent of making our aggregate load contestable.
4. Local Governments will provide an estimate of their future load, taking into account renewable installs, likely increases, EV implications.

2.8. Contract Commencement Date

The proposed contract commencement date is 1 April 2022.

Member contracts shall commence from 1 April 2022 in accordance with the Members transition requirements.

2.9. Contract Term

The proposed contract term is three (3) years, 1 April 2022 – 31 March 2025. WALGA's sustainability procurement will have broader objectives that extend beyond the contract term.

2.10. Number of Contractors

Ideally a single supplier will be appointed from the WALGA Waste & Energy – Preferred Supplier Panel (PSP007). However, this market approach relies on the merits of responses, and WALGA reserves the right to appoint one or multiple suppliers, depending on the best outcome for all Local Governments.

2.11. Funding

The availability of appropriate funding is within the remit of each participating Member. The management of the procurement process and ongoing project contract management sits with WALGA on behalf of its Members. Members will contract manage their Local Government's ESA.

2.12. Governance and Probity

The WALGA Energy Preferred Supplier Panel will be utilised for the RFQ. All current major energy retailers in WA sit on the WALGA Preferred Supplier Panel, complemented by a number of smaller retailers who supply infrastructure and operate as vertically integrated companies.

The Steering Group Members will endorse the recommendation report prior to the report being presented to the WALGA Finance and Services Committee as a delegate of State Council for approval. Members may have their own governance processes including presentation of the recommendation to their Council or Delegation as required.

Due to the complexity, value and stakeholder engagement required, WALGA will consider additional probity measures to be undertaken throughout the process. Probity advisory may be engaged for the evaluation phase. Probity may be sourced from the WALGA Governance Team or externally from a registered probity advisor.

Each Member is able to immediately adopt the energy contract which is Tender exempt through WALGA, under the Local Government Act 1995 and Local Government (Functions and General) Regulations. WALGA will perform a competitive process on behalf of its Members.

The Principal to each Energy Supply Contract is each participating Member. A full list of anticipated, participating Local Governments at date of this Procurement Plan is included in Attachment 1.

2.13. Contract Conditions

It is WALGA's intention to execute a Term Sheet under the framework of its Preferred Supplier Panel to reference the project activity.

Electricity Supply Agreement documentation will be collated; pending review this will be the direct terms for supplying energy to this project.

ESA documentation forming part of this project may be further subject to legal review and negotiation with the intention that this becomes the member contract conditions. Members will have the ability to negotiate departures if required.

2.14. Stakeholder Research

The Steering Group have had extensive input into the development of the project and executive level briefing was hosted by WALGA. Industry has also been consulted on the upcoming project.

An exemption application will be lodged with the ACCC

2.15. Approval to Proceed

WALGA will receive signed MOU's from participating Members which will be accepted as an authorisation to proceed to RFQ.

3. Procurement Risk Analysis

3.1. Risk Analysis

Risk	Causes	Likelihood	Consequence	Treatment	Revised Risk After Treatment
Procurement Risks					
Suppliers do not respond to RFQ	<ul style="list-style-type: none"> Poor communication from WALGA Project scope too large or complex 	Low	High	<ul style="list-style-type: none"> Engagement of current suppliers Identification and engagement of important suppliers to the sector 	Low
Members do not proceed to contract after RFQ recommendation.	<ul style="list-style-type: none"> Product is not fitting to individual needs Pricing is not more favourable Communication to Members is poor 	Medium	Medium	<ul style="list-style-type: none"> Clear Project plans and updates distributed by WALGA Clarity and strength of Recommendation Report. Memorandums of understanding signed by participating parties Aggregation will result in savings according to modelling, and taking a TCO approach 	Medium
Minimum volume not achieved	<ul style="list-style-type: none"> Members withdraw after RFQ process leaving offers below minimum threshold 	Medium	High	<ul style="list-style-type: none"> Clear Project plans and updates distributed by WALGA Memorandums of understanding signed by participating parties Evaluation phase negotiations Supplier proposals for minimum threshold price points. 	Low
ACCC interim Exemption not granted prior to market RFQ process	<ul style="list-style-type: none"> Wide scope of the exemption produces many rounds of questioning from ACCC 	Low	Low	<ul style="list-style-type: none"> Strong communication and relationships built with the ACCC exemptions team Legal drafting of exemption application. 	Low
ACCC Exemption not granted	<ul style="list-style-type: none"> ACCC deem the project uncompetitive 	Low	High	<ul style="list-style-type: none"> Strong communication and relationships built with the ACCC exemptions team 	Low

	<ul style="list-style-type: none"> • Scope of exemption application is too broad 			<ul style="list-style-type: none"> • Build application off Eastern States precedence. • Legal drafting of exemption application. 	
Probity and Process Risks	<ul style="list-style-type: none"> • Tight timeframes on project • Influence of market • Evaluation panel size is large 	Low	High	<ul style="list-style-type: none"> • Declarations completed • Evaluation handbook to outline procedural fairness • Division of duties • Use of Procurement systems 	Low
Project Management Risks					
Incorrect charging	<ul style="list-style-type: none"> • Prequalified pricing is not extended at the Member Quotation stage • The Supplier includes additional costs or charges not in accordance with prequalified rates • Billing not in accordance with quotation 	Low	Medium	<ul style="list-style-type: none"> • Spend analysis and quotation control • Review of reporting • Local Government feedback • Compliance audits carried out during term of contract • Meeting with members during the course of the contract 	Low
Market Risks					
Supplier of choice goes into administration or financial distress during the term of the contract	<ul style="list-style-type: none"> • Financial viability of the company • Inadequate cash flow • Reputational risk relating to adverse publicity or market events 	Low	High	<ul style="list-style-type: none"> • Consistent monitoring of supplier • Ongoing monitoring and assessment of financial due diligence during the term of the contract • Strength of ERA retail licensing process and requirements 	Low
Green energy price spikes in WA	<ul style="list-style-type: none"> • Volatility of renewable projects • High demand for green energy 	Low	Medium	<ul style="list-style-type: none"> • Evaluation process to identify green energy and alternative offers. • Begin negotiating long term PPA as soon as possible • Stay informed with industry 	Low

3.2. Management of Risks

Strategies to manage the risks identified include:

a) Develop energy literacy, hands on education and procurement guidance through strong communication during the project – via communications plan – which includes TCO (total cost of ownership approach).

This may include the benefits of renewable energy, contract protections, renewables, and future phases may source carbon and hydrogen technologies (all only achievable with an aggregated approach).

b) Contractual provisions e.g. removal of take or pay terms, standard industry terms and conditions;

c) Assistance by WALGA to Members in transition to ensure cost savings achieved;

d) Ongoing contract management by WALGA and determined performance measures.

3.3. Assessment of Constraints and Critical Success Factors

Whilst an MOU establishes everyone's intentions to participate in the quotation process, there is no obligation to accept the outcome where preferential value is not identified from the process. Members will be able to reserve the right not to proceed to Contract if they are not satisfied with the process outcome.

In order to mitigate challenges at key decision making points WALGA has engaged with Members early and intends to facilitate open and clear lines of communication with senior management. This poses significant risk as Member commitment will remain unclear until the end of the initial quotation process and how much load will be required to successfully contract with the successful Respondent(s). The reverse dynamic may also evolve with greater than anticipated participation in the project from Members. The collective level of spend over time will grow and continue to inform aggregate pricing mechanisms over time. WALGA will not guarantee a minimum spend level through the market process but will guide the anticipated level of spend with meaningful data and analysis. The evaluation phase determined by offers and alternative offers may entail negotiation to secure a minimum load before proceeding to contract.

4. Communications

Communication with Members will be coordinated by the WALGA Project Manager, primarily through the Steering Group and as set out below.

Stakeholder	Communication method	Who
Steering Group	Ad hoc meetings Newsletters	Project Manager
Evaluation Panel	Weekly meetings Ad hoc meetings RFQ Briefing Consensus meeting	Project Manager (WALGA Commercial Development Manager may attend in the event of an impasse)
Member	General updates, requests for input, endorsements	SG member
	Monthly updates	Project Manager
LG CEOs	Updates, engagement	WALGA CEO
LG Procurement Officers	Advice on process	WALGA Commercial Manager
Suppliers	Updates on process progress RFQ process Intelligence sharing Early RFQ Advice Industry & RFQ Briefings RFQ Clarifications	Project Manager

5. Procurement Specifics and Methodology

5.1. Procurement Methodology

METHODOLOGY
Invitation Method
<p>A closed RFQ through the WALGA Energy Preferred Supplier Panel on APET360 will be utilised to invite Suppliers to respond.</p> <p>WALGA has determined that the closed RFQ process will allow WALGA and the Steering Group to effectively communicate needs throughout the procurement process.</p>
Assessment Method
<p>An Evaluation Panel has been established by the Steering Group, and chaired by WALGA. The Evaluation Panel – made up of the members set out in section 6.1 – is responsible for conducting evaluations and assessments in accordance with the Evaluation Plan. It is recommended where possible that individuals of the evaluation panel differ from individuals on the steering group. Concession may be made where there are limited resources for a Steering Group Local Government Member to delegate two representatives for the Steering Group and the expertise of the delegate is crucial to the Evaluation Panel.</p> <p>The RFQ will incorporate non weighted and weighted assessment criterion with consideration of presented pricing to determine overall value presented.</p> <p>The process will require consensus from the Evaluation Panel.</p>

5.2. Evaluation Process

The following evaluation process will be used in respect of this Request:

- a) Submissions are assessed against the Selection Criteria: Compliance, Qualitative and then Pricing, using a Value for Money approach.
- b) Responses are firstly checked for completeness and compliance by the WALGA Chairperson. Responses that do not contain all information, or do not comply with compliance criteria requested (e.g. completed Offer and Attachments) may be excluded from evaluation.
- c) Each voting Evaluation Panel member will score each Submission against the qualitative criteria. Each criterion is weighted to indicate the relative degree of importance that the Principal places on the different aspects of the submission
- d) It is anticipated that three (3) individual cost models will be prepared for price analysis (Bundled, Unbundled and Renewables). Any alternative price offers will be separately evaluated concurrent to the conforming offers, however will not be considered unless accompanied with a conforming offer. The Project Manager and designated non scoring evaluators will undertake initial price analysis. The cost models will be provided as part of the evaluation consensus meeting to determine best value for money.
- e) A shortlisting process may occur through the evaluation process and additional assessment undertaken. This may include; clarifications, pricing rounds, value for money

considerations, further price analysis, respondent presentations, and any other assessment as required. An additional consensus meeting with the evaluation panel may be required.

- f) A Value for Money decision that includes qualitative ranking, cost, and the risk of each Respondent is made by the Evaluation Panel, and a recommendation report completed.
- g) The recommendation report will be provided, signed off by all evaluators and presented to the Steering Group for endorsement. Upon endorsement, the recommendation report will then be presented to the WALGA Finance and Services Committee for approval. Participating Members may also use or adapt the Recommendation Report to satisfy their own governance requirements.
- h) An award of the RFQ may then be provided to the Respondent whose submission is considered the most advantageous to the Local Government sector.
- i) The award of the contract will be followed by a process of acceptance by each project participant. Should participants withdraw from the project, reducing the minimum requirements of the price offer, alternative negotiations may be required. Upon completion of project participant's approval to proceed to contract, the project term sheet will be executed.
- j) Unsuccessful Respondents will be notified that their offer(s) was not accepted.

5.3. Invited Respondents

The following Preferred Suppliers of WALGA with the identified capacity to supply to the project will be invited to the Request for Quote:

- Avertas Energy Limited
- Alinta Energy
- Infinite Energy
- Perth Energy
- Shell Energy
- Synergy

Other smaller and boutique suppliers to the WALGA Panel that supply contestable energy may not have the capacity to supply energy at the anticipated volume required at this stage of the project. However they may have future opportunities to supply to the WALGA project for sustainable energy generation, PPA development and other renewable developments.

These suppliers will be notified of the quotation process and extended the opportunity to nominate to be invited into the RFQ, if they consider they have the capacity to supply the total number of meters and collective energy volume included in the RFQ. This ensures the entire WALGA Panel is extended notification of the process and the opportunity to respond if relevant.

5.4. Request Period

The Request period will be managed as follows:

Activity	Description
RFQ Number	RFQ 06/21

Activity	Description
Notice of Request	APET 360
Supplier registration on APET360	APET 360
Method of Obtaining Request Documentation	APET 360
Response Period (Days)	29 Days
Questions to be lodged to	APET 360
Management of Questions	Toby Costanzo
Last Day Clarifications to be submitted (prior to deadline)	Five (5) Days
Method of Quote Lodgement	APET 360

5.5. Supplier Briefing

Attendance at this meeting not mandatory.

The purpose of the Briefing session will be to give an overview of the entire project and estimated volumes to the market, formally. The Supplier Briefing will provide Respondents with the opportunity to clarify any uncertainties with the Project Manager prior to the closing of the RFQ.

Suppliers will be requested to lodge questions to the Project Manager prior to the briefing, for example by Close of Business Thursday the 5th August.

Notes will be taken during the Briefing and disseminated to Invited Suppliers shortly thereafter.

5.6. Approval to award

This award may be contingent on a minimum quantity that is specified through the quotation process. WALGA's award will be subject to Members acceptance to the level of the minimum quantity. WALGA Members will be extended a period to commit to the offer (either through delegated authority or Council resolution) prior to WALGA proceeding with the project. WALGA recommends pre-approval for to proceed on the successful offer prior to returning the Memorandum of Understanding. The RFQ recommendation and acceptance of the offer will be constructed on this basis.

WALGA remains the primary approver for the project and through the evaluation will establish the minimum contractual commitment from Members to proceed with the execution of Member contracts.

A Steering Group has been agreed – including the founding members – refer to Attachment 2 for stakeholder names. This group is responsible for taking information back to their respective Local Government, as well as providing directional decisions to support the overall project strategy.

Please see the table below for the key approvals required from RFQ close to acceptance of an Energy contract by a Member.

Approval Milestones for RFQ Process to award

What	Who
Evaluation completed by individual panel members prior to a consensus meeting	Evaluation Panel Chair convenes
Evaluation Panel provides Recommendation to Steering Group via Project Manager	Steering Group endorse
WALGA obtains award of RFQ from WALGA Finance and Services Committee.	WALGA
Local Governments receive and approve offer through their internal governance.	Local Government approve
WALGA collates approved and committed offers.	WALGA Project Manager
WALGA confirms and proceeds to Contract with Supplier(s)	WALGA Project Manager
Suppliers present ESA Contracts to Members.	Member

6. Evaluation

6.1. Evaluation Team

The Evaluation Panel involvement is subject to change due to unknown circumstances such as conflict of interest or unavailability. The evaluation team is to comprise of:

Name	Position	Organisation / Role	Responsibility
Toby Costanzo	Contract Manager (Project Manager)	WALGA Non-Voting Chairperson	<ul style="list-style-type: none"> • Security of bid documentation. • Initial Compliance and Technical Assessment • Oversee evaluation process & meetings • Price Analysis • Consensus
Jenna Waight	Finance Analyst	City of Joondalup Non-Voting	<ul style="list-style-type: none"> • Price Analysis • Consensus
Jennie Arts	Sustainable Environment Strategy Officer	City of Bayswater Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
Tony Natale	Strategic Procurement Manager	City of Cockburn Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
Jade Fong	Strategic Procurement Advisor	City of Wanneroo Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
Darren Turner	Strategic Procurement Lead	City of Perth Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
Karin Wittwer	Energy Efficiency Project Officer	City of Mandurah Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
William Jeon	Senior Sustainability Officer (Energy)	City of Stirling Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
Neil Burbridge	Manager Environmental Services	City of Armadale Voting	<ul style="list-style-type: none"> • Qualitative assessment • Consensus
Andrew Blitz	Commercial Development Manager	WALGA Non-Voting	<ul style="list-style-type: none"> • Consensus in the event of an impasse

6.2. Selection Criteria and Weightings

6.2.1. Compliance and Disclosure Criteria (Non Weighted)

The following compliance and disclosure criteria is to apply for this procurement:

<p>a)</p>	<p>i) Declarations</p> <p>The Respondent declares that to the best of its knowledge, no actual or potential conflict of interest in the performance of obligations under the Agreement exist if the organisation is awarded, nor that any such conflicts of interest is likely to arise during the Contract. If not, provide details.</p> <p>The Respondent agrees that there will be no cost payable by the Principal towards the preparation or submission of this Request irrespective of its outcome.</p>
<p>b)</p>	<p>i) Contract Conditions</p> <p>Respondents are to submit their ESA which they may utilise with any resulting Award</p>
<p>c)</p>	<p>i) Critical Assumptions</p> <p>Respondents are to specify any assumptions they have made that are critical to the Quote, including assumptions relating to pricing and ability to provide the Requirements in the manner specified in this Request.</p>
<p>d)</p>	<p>i) Pricing</p> <p>Respondents are required to provide pricing options under the structure outlined in the pricing schedule provided.</p> <p>Bundled prices must be excluding GST but inclusive of all other items such as Energy Charge, Capacity Charge, Network Charge, Renewable Energy Charge (LGC, STC), Loss Factors, Market Fee and Load Following Ancillary Service Charges etc. Daily Supply Charge if applicable may be quoted separately.</p> <p>WALGA requires that Respondents are able to offer both of the whole of participating Local Government unbundled energy rates and individual bundled rates for each participating Local Government. A portion of Local Governments may elect a bundled structure whilst others may elect for unbundled.</p> <p>For comparative purposes and to determine project level value WALGA requires that respondents provide two price options eligible for each participating Local Government as follows:</p> <ol style="list-style-type: none"> 1. Standalone uniform rate per NMI to Local Government for direct access (bundled) 2. Standalone uniform rate per NMI to Local Government if the group is awarded (bundled) <p>At the whole of sector level, WALGA also requires:</p> <ol style="list-style-type: none"> 1. The offer of a single un-bundled peak/off peak structure 2. The offer of a single rate per year for carbon offsetting or renewable energy certificates. The preferred renewable source is LGCs. <p>Other Pricing considerations:</p> <ul style="list-style-type: none"> • WALGA requires a bundled and un-bundled option for all participating Local Governments with 100% renewable surcharge per contract year, 100% offset fixed surcharge per contract year, peak and off-peak, all connection, daily use charges and cancellation fees. (The participating Local Governments intend that all contestable sites will be awarded to a single supplier).

	<ul style="list-style-type: none"> • For Bundled offers, with the exception of pass-through of changes to Network Charges, and any variations to costs due to changes of operating Energy Laws, the offered price must remain fixed for the duration of the new Contract. • Renewable offering must be sourced from WA generation including the location of renewable energy supply • No security deposit will be payable by any participating Local Government under any circumstance. • Suppliers must provide a minimum threshold of consumption across the aggregate load of supply in this RFQ and additional threshold margins based on lesser levels of collective participation. The mechanism must be based around total volume only and agnostic of bundled and unbundled proportional take up from the sector. • The Price Schedule covers the period from 1 April 2022 – 31 March 2025 without extension. Renewables pricing for the period applicable from 1 April 2024 – 31 March 2025 will be a crucial consideration. • Each Local Government will be provided with the aggregate project pricing alongside their specific bundled price offer. • No Security Deposit will be payable by any participating Local Government under any circumstance. <p>i) CPI</p> <p>WALGA prefers no CPI-related increases during the term of Contract. If required, respondents must clearly outline how CPI adjustments are applied.</p> <p>ii) Alternative Quotes</p> <p>Any Alternative Quote must be accompanied by a conforming Quote. Quotes submitted as Alternative Quotes must in all cases be clearly marked “Alternative Quote”. The Principal may in its absolute discretion reject any Alternative Quote.</p>
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Conforming submissions that are not fully compliant to the requirements set in the 6.2.1. Compliance and Disclosure Criteria (Non Weighted) will not be considered. Where a compliant offer is submitted the Evaluation Panel will consider non-compliant offers and must disclose which criteria specifics their respective offer does not adhere too and provide explanation to why the criteria departure is beneficial for the sector. The evaluation panel must agree to accept on the evidence provided and will disclose the specifics relating to the concession in the evaluation report.

6.2.2. Qualitative Criteria (Weighted)

The following qualitative criteria is to apply for this procurement:

Qualitative Criteria		Weighting
a)	Contract Management and Flexibility Respondents are requested to provide project information and capabilities relating to this RFQ for contract management and flexibility. Key consideration include the following but are not limited to:	60%

	<ul style="list-style-type: none"> • Energy management services (load profiling, capacity alerts, demand management) • Flexibility for roll-in and roll-out • ESA format and structure • Take or pay provisions • Methodology to sleeve energy from locally sourced generation projects, if required • Information relating to process for smart metering, new installation, contestability requests with affiliated cost structures • Service level arrangements and capabilities • Post implementation annual reviews on loss factors and network tariffs • Dedicated and experienced/qualified account management • Information and Billing Systems utilised for this Contract <p>(Maximum 15 page limit)</p>	
<p>b)</p>	<p>Sustainability and Renewable Technology</p> <p>Respondents are requested to provide project information and capabilities relating to this RFQ for:</p> <ul style="list-style-type: none"> • RECs that are sourced from WA generation including the location of renewable energy supply and the environmental benefits of utilising these sources • Methodology to procure against non-contestable meters and street lighting • Current and evolving technology types • Renewables and positive climate change communications • Alternative supply options and contingencies • And any other related information <p>(Maximum 10 page limit)</p>	<p>30%</p>
<p>c)</p>	<p>Value Added Services</p> <p>Respondents are requested to provide project information and capabilities (including emerging capabilities) relating to this RFQ for value added services such as:</p> <ul style="list-style-type: none"> • Ease of transition from current offer to future PPA or alternative contract structures • Batteries and storage • Unbundled to Bundled billing validation (for example tenant on charging services) • Public lighting capability • EV and charging infrastructure • Electricity buy back/feed in capabilities sub-meter monitor or other energy related products and services • Future project development <p>(Maximum 7 page limit)</p>	<p>10%</p>

6.3. Evaluation Rating Scale

The following evaluation rating scale will be used to assess qualitative criteria:

Rating	Definition	Score
UNACCEPTABLE	Was not evaluated as it did not provide any requested information relevant to the evaluation criterion. The Evaluation Panel is not confident that the Respondent would be able to meet the requirements of the Request.	0
INADEQUATE	Totally unconvincing and requirement has not been met. The Respondent provided an inadequate response to the criterion. Claims against the evaluation criterion were not relevant to the requirements. The Evaluation Panel is not confident that the Respondent would be able to meet the requirements of the Request to the required standard.	1
VERY POOR	Significantly flawed and fundamental details are lacking. The Respondent provided a very poor response to the criterion. Minimal information provided in response to the evaluation criterion. The Evaluation Panel has critical reservations that the Respondent would be able to meet the requirements of the Request to the required standard.	2
POOR	Unconvincing. The Respondent provided a poor response to the criterion. Significant shortcomings in claims made against the evaluation criterion. The Evaluation Panel has major reservations that the Respondent would be able to meet the requirements of the Request to the required standard.	3
MARGINAL	The Respondent has provided a marginal response to the criterion and may not cover all aspects. Response has some shortcomings and deficiencies in demonstrating claims against the evaluation criterion. The Evaluation Panel has some reservations that the Respondent would be able to meet the requirements of the Request to the required standard.	4
ADEQUATE	The Respondent has provided an adequate response to the criterion. Claims against the evaluation criterion cover the basic requirements. The Evaluation Panel is reasonably confident that the Respondent would be able to meet the requirements of the Request to the required standard.	5
GOOD	Response complies and is credible. The Evaluation Panel is reasonably confident that the Respondent would be able to meet the requirements of the Request to a good standard.	6
VERY GOOD	Response complies, is convincing and credible. No uncertainties or shortcomings in claims against the criterion. The Evaluation Panel is confident that the Respondent would be able to meet the requirements of the Request to a very good standard.	7

Rating	Definition	Score
SUPERIOR	Response complies, is convincing and credible. All claims substantiated and supported. The Evaluation Panel is highly confident that the Respondent would be able to meet the requirements of the Request to a high standard.	8
OUTSTANDING	Highly convincing and credible. Respondent demonstrates outstanding quality in response to the criterion. All claims demonstrated and substantiated. The Evaluation Panel is very confident that the Respondent would be able to meet the requirements of the Request to a high standard.	9
EXCELLENT	Highly convincing and credible. Respondent demonstrates excellent quality in response to the criterion. Comprehensively documented with all claims fully substantiated. The Evaluation Panel is extremely confident that the Respondent would be able to meet the requirements of the Request to a very high standard.	10

7. Procurement Timeframes

The following table provides an estimated timeline from the commencement of developing the procurement plan, through to the award of a contract.

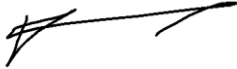
The indicative timeframes for each stage of the procurement process are as follows:

Stage	Indicative Timeframe
Procurement Plan and Evaluation Plan approved	June 2021
MOU's obtained	June – August 2021
Local Governments to provide updated forecasts of energy consumption volume compared to their standing data. (for example Covid-19 having an impact on historical volumes)	June - August 2021
Declarations of Conflict & Interest obtained from Evaluation Panel	August 2021
RFQ released to invitees	Monday 9 th August 2021
Supplier Briefing	Thursday 12 th August 2021 at 10:00AM
RFQ Closes	Monday 30 th August 2021 at 2:00PM WST
Evaluation of RFQ submissions	September 2021
Recommendation Report complete and Steering Group Endorsement	October 2021
WALGA award of contract	11 th October 2021
Member governance approval	November - December 2021
Contract transition	December 2021 – April 2022
Contract commencement date	1 st April 2022

8. Approval

Prior to presentation to the CEO, the Steering Group has received and endorsed this Procurement Plan:

Prepared By:



Toby Costanzo
Contract Manager, WALGA

Chairperson

Endorsed By:



Zac Donovan
Executive Manager Business Solutions, WALGA

Approved By:



Nick Sloan
CEO, WALGA

Attachment 1 – Initial Project Participants

WALGA has received meter consumption data from the following Members, which is intended to be represented into the RFQ on the basis of an MOU. The following list is subject to change

City of Albany	City of Armadale
Shire of Augusta Margaret River	Town of Bassendean
City of Bayswater	City of Belmont
Bunbury-Harvey Regional Council	City of Bunbury
City of Busselton	Town of Cambridge
City of Canning	Shire of Carnamah
Shire of Corrigin	Town of Cottesloe
Shire of Cuballing	East Metropolitan Regional Council
City of Fremantle	City of Greater Geraldton
City of Gosnells	City of Joondalup
City of Kalamunda	City of Kwinana
City of Mandurah	Shire of Manjimup
City of Melville	Town of Mosman Park
Mindarie Regional Council	Shire of Mundaring
Shire of Northampton	City of Perth
City of Rockingham	Shire of Serpentine-Jarrahdale
City of South Perth	City of Stirling
City of Subiaco	City of Swan
Town of Victoria Park	City of Vincent
City of Wanneroo	Shire of Williams
West Metropolitan Regional Council	City of Kalgoorlie
City of Cockburn	Shire of Plantagenet
City of Nedlands	Shire of Northam
Town of East Fremantle	Town of Claremont

Attachment 2 – Steering Group Members

Armadale/Gosnells/Serpentine- Jarrahdale – Jessie Parrish, Switch your thinking Program Officer
Bayswater - Dan West, Acting Manager Sustainability and Environment
Canning - Melanie Bainbridge, Sustainability Lead
Cockburn – Tony Natale, Strategic Procurement Manager Procurement
Gosnells – Jessie Parrish, Switch your thinking Program Officer
Joondalup – David Hale, Electrical Projects Engineer Infrastructure Management Services
Mandurah - Karin Wittwer, Energy Efficiency Project Officer, Environmental Services
Perth – Phill Raso, WA CitySwitch Program Manager
Stirling – Clayton Chipper, Coordinator Sustainability Parks and Sustainability
Wanneroo - Manager Contracts & Procurement