

Energy Framework Offer Document

RFQ 06/21

Contestable Electricity Supply for Western Australian
Member Local Governments

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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
LGA	Local Government Authority
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

2. Executive Summary

2.1. Background

Synergy have been awarded the supply of energy, renewables and integrated projects enclosed in phase one of the Energy Sustainability and Renewables Project subject to contracting, satisfaction of minor variations and the minimum thresholds of Local Government participation reached. WALGA estimates the product will deliver a collective saving of 5 million dollars a year and deliver the single largest reduction in carbon footprint for the Local Government Sector if, fully adopted.

Forty-seven (47) 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 Power Purchase Agreement (PPA). In the course of the investigation, while engaging with Members, it emerged that a PPA would deliver some benefits, however other aspects of energy procurement such as contract misalignment, transitioning networks and Local Government infrastructure agreements, put the sectors needs beyond that of a conventional PPA. It was identified that there are varying levels of commitment to renewable energy across the sector. Many of the Local Governments participating in this market process identified a strong desire to procure renewable energy, however they are limited by the current options being offered individually in the market.

WALGA concluded that an alternate solution was necessary in order to align contracts and develop integrated systems to allow for proper aggregation. A Steering Group comprising of WA Local Governments was assembled with the task of conceiving an optimal solution to rising energy costs and inflated renewables prices.

The founding members of the Steering Group include: Stirling, Mandurah, Perth, Fremantle, Cockburn, Bayswater, Canning, Joondalup, Wanneroo, Gosnells and Armadale. On the 28th of November 2021, The Finance and Services Committee, a delegated authority of State Council endorsed the recommendation from the Energy Sustainability and Renewables Local Government Steering Group to award the supply to Synergy.

On the 26th of August 2021, the Australian Competition & Consumer Commission (ACCC) decided to grant authorisation to the Western Australian Local Government Association to enable local governments who are current and future members of a proposed joint renewable energy purchasing group to pool their demand and collectively tender for and negotiate an electricity supply arrangement. The ACCC has decided to grant authorisation for 15 years, until 30 September 2036. The ACCC determined the period intended to cover an initial 3-year agreement, which will provide price transparency to the Proposed Energy Group and align Local Government contract terms for the development of a longer-term 10-year agreement when the initial 3-year agreement expires.

The group is seeking a cost-effective and long-term 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 which mandates a solution that is able to clearly report and articulate sustainability accomplishments.

2.2. Scope

As part of the greater Energy Sustainability and Renewables Project, the scope of the exercise and of Phase 1 is the aggregation of contestable energy supply. 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, non-contestable supply investigation, preparation for carbon offset integration and preparation for a PPA

Phase 3 – Carbon management, offsets, integrated technologies

Phase 5 – Long Term PPA

Phase 6 – Sustainable Fleet Transition and Sustainable Infrastructure Technologies

Phase 7 – Large-scale Local Government Sustainability projects

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 and development of renewable energy for Western Australian Local Government thereby driving positive climate change outcomes
- Diversify supply options and application of new technology
- Leverage the best price outcomes for Local Government supply.

3. Offer in Brief

You may select from **Option 1** or **Option 2** for your electricity supply:

Option 1. Western Australia Uniform Supply

Unbundled		Supply Period (3 Years)			
1/04/2022 - 31/03/2023 (Yr. 1)		1/04/2023 - 31/03/2024 (Yr. 2)		1/04/2024 - 31/03/2025 (Yr. 3)	
Peak (c/kWh)	Off-Peak (c/kWh)	Peak (c/kWh)	Off-Peak (c/kWh)	Peak (c/kWh)	Off-Peak (c/kWh)
5.691	5.174	5.940	5.400	5.862	5.329
Daily Supply Charge (Per NMI)		N/A (\$0)			
CPI		There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.			

Benchmarking range for non-Commodity Cost (Applied flat)	Low-Point Rate (c/ kWh)	High-Point Rate (c/ kWh)
	13.692	18.322
Local Government's managing their energy profiles and consumption may expect lower non-commodity costs. Factors such as remote locality and intermittent supply result in a higher rate.		
Weighted Average Price (Calculated using the total WA portfolio. Each Local Government will have minor variations due to unique energy profiles)	Flat (c/ kWh)	
	5.57	

Option 2. Specific to Town of Victoria Park

Bundled		Supply Period (End of Existing Agreement – 31/3/2025)	
Peak (c/kWh)		Off-Peak (c/kWh)	
26.45		14.50	
Daily Supply Charge (Per NMI)		\$2.53	
CPI		There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.	

Renewable Energy.

Natural Power (Renewable Energy)		Option available per Supply Period
1/04/2022 - 31/03/2023 (Yr. 1)	1/04/2023 - 31/03/2024 (Yr. 2)	1/04/2024 - 31/03/2025 (Yr. 3)
Rate (c/ kWh)	Rate (c/ kWh)	Rate (c/ kWh)
3.00	2.60	2.23
CPI	There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.	

Bridging Offer for Town of Victoria Park

Bridging Offer		Supply Period (End of Existing Contract – 31/03/2022)
Peak (c/kWh)	Off-Peak (c/kWh)	
25.17	14.50	
Daily Supply Charge (Per NMI)	\$2.52	
CPI	There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.	

In order to realise the full potential of this product and to align energy structures to any future PPA, the Project Team highly recommends electing for the unbundled offer. Unbundled energy allows Local Governments to immediately realise a reduction in non-commodity charges that make up your energy bill. When Local Governments are quoted a bundled price, the retailer will fix your non commodity costs for the life of your contract. These charges typically represent 60-70 percent of your invoice charges. By unbundling your supply and taking an active role in energy management with Synergy, the Project Team and WALGA, Members will be granted the ability to reduce an additional component of their energy bill and realise the cost saving immediately.

WALGA recognises the complexity and additional account management required for an unbundled structure. In conjunction with Synergy, WALGA will produce any relevant models, ledgers and management systems in partnership with Local Governments. For more information, please reach out to Toby Costanzo on how Local Governments can manage their energy supply. The project team can direct you to Local Governments who have been managing their supply through unbundled structures as an active reference to their experience and cost saving.

The renewable energy market is experiencing a steady increase in competition, placing upwards pricing pressure on supply. For this reason, the project Team recommends taking a renewable adoption of the final year in order to enable a stepped approach for renewable supply and to secure a trip of dedicated renewables to your Local Government to protect against the rising market. Please contact the Project Manager for more information.

4. Summary Offer



Electricity Generation and Retail Corporation trading as Synergy

Summary Sheet

Dated: **30 September 2021**

If there is any inconsistency between the Agreement and the Amendments, the terms of the Amendments will prevail to the extent of the inconsistency

Term:	<p>3 Years</p> <p>Contract Year 1: 1 April 2022 - 31 March 2023</p> <p>Contract Year 2: 1 April 2023 - 31 March 2024</p> <p>Contract Year 3: 1 April 2024 - 31 March 2025</p> <p>Where an LGA has a contract date that starts prior 01/04/2022, Synergy has provided a preliminary Bridging Offer.</p> <p>Where an LGA has a contract start date starts after 01/04/2022. They will be able to take up this offer on the expiry of their current contract.</p>
Agreements:	<p>Option 1:</p> <p>Unbundled Electricity Sale General Conditions April 2021.</p> <p>Option 2:</p> <p>Bundled Terms and Conditions April 2017.</p> <p>Bridging Offer (Where Applicable):</p> <p>Bundled Terms and Conditions April 2017.</p> <p>Please note the following relates to Synergy's unbundled offer:</p> <p>Metering charges may apply for sites to move to Comms, these charges will be passed through. Synergy's proposal and the details described herein (including pricing) are not legally binding on Synergy or the LGAs (the Customer). A binding contract will not be formed between Synergy and the Customer until a contract has been executed by Synergy and the Customer in writing.</p> <p>Any contract resulting from Synergy's proposal will be subject to:</p> <p>(1) Synergy management approval prior to contract execution; and</p> <p>(2) Synergy's terms and conditions referenced in the contract.</p>

Offer Validity:	LGAs must sign and accept the offer and pricing by 30 November 2021 with a minimum of 60 GWh committed to access sector wide pricing																
Payment Terms:	30-day payment terms																
CPI	There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term																
Roll In/ Roll Out Allowance	-/+20% roll in/out allowance on the total annual usage across all contestable sites for each LGA																
Minimum or Maximum Take Provisions:	No minimum or maximum take provisions																
Renewables Offering:	<p>Synergy offers the LGAs Natural Power under its standard terms and conditions at the rates set out below. These rates are only offered on the basis that the LGA's, in aggregate, can commit to specified volumes in the total offer:</p> <table border="1" data-bbox="427 831 1385 1048"> <thead> <tr> <th>Start date</th> <th>End date</th> <th>Rate (c/ kWh)</th> <th>Volumes (Certificate/MWh)</th> </tr> </thead> <tbody> <tr> <td>01/04/2022</td> <td>31/03/2023</td> <td>3.00</td> <td>12,200</td> </tr> <tr> <td>01/04/2023</td> <td>31/03/2024</td> <td>2.60</td> <td>24,400</td> </tr> <tr> <td>01/04/2024</td> <td>31/03/2025</td> <td>2.23</td> <td>48,800</td> </tr> </tbody> </table> <p>Local Governments who wish to elect for Natural Power from the outset then this can be provided at the rates above but must be confirmed prior to validity date expiration. Synergy will sell your Local Government a portion of Natural Power, based on your chosen Natural Power contribution (e.g. 25%, 50%, 75% etc).</p>	Start date	End date	Rate (c/ kWh)	Volumes (Certificate/MWh)	01/04/2022	31/03/2023	3.00	12,200	01/04/2023	31/03/2024	2.60	24,400	01/04/2024	31/03/2025	2.23	48,800
Start date	End date	Rate (c/ kWh)	Volumes (Certificate/MWh)														
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01/04/2023	31/03/2024	2.60	24,400														
01/04/2024	31/03/2025	2.23	48,800														
Natural Power - WA Projects	<p>Synergy utilises a total of 3 accredited sites to source LGCs for Natural Power</p> <p>Albany Wind Farm: Synergy's Albany wind farm, a joint venture with Bright Energy Investments, is an accredited energy supplier for the GreenPower program, with 18 wind turbines, with a maximum generating capacity of 35.4 MW of electricity. This wind farm sits 80m above the Southern Ocean. It's in such a prime location that there are only approximately 7 days a year where the wind is not strong enough to turn the turbines.</p> <p>Collgar Wind Farm: A renewable power project located in the central wheatbelt area of Western Australia. The wind farm situated 25km southeast of Merredin is built over a land envelope of 18,000 hectares. With 111 turbines, the wind farm has a total power production capacity of 222 megawatts (MW) and generates between 630-750 gigawatt hours (GWh) each year.</p> <p>Emu Downs Wind Farm: Located 30 kilometres east of Cervantes and approximately 200 kilometres north of Perth, EDWF generates electricity from wind powered turbine technology. The wind farm has 48 turbines with a capacity to produce 80 megawatts of electricity at peak.</p>																

<p>Alternative Natural Power Offer:</p>	<p>Standard Natural Power</p> <p>If the LGA's do not want to commit to volumes upfront, then Synergy recommend their standard Natural Power offer. Synergy offers the standard Natural Power product whereby each LGA has the option to purchase Natural Power as it decides each year. The prices applied will be set each year by Synergy as per our standard terms and conditions. This includes Natural Power for bridging agreements.</p> <p>The current standard Natural Power product is 3.537c/kWh.</p> <p>Please refer to the attached:</p> <p><i>Unbundled: DRAFT Form of Agreement – Unbundled – Special Conditions - Clause 7.5</i></p> <p><i>Unbundled: DRAFT Form of Agreement – Bundled – Special Conditions - Clause 3</i></p>
<p>Natural Power for Streetlights and Non-Contestable Sites:</p>	<p>Synergy can offer Natural Power on your Non-Contestable Sites and Streetlight electricity deemed consumption.</p> <p>Natural Power can be added to any existing Synergy streetlights agreement. For Streetlights, choose how much of your streetlight deemed consumption you want to offset with LGCs from renewable electricity by selecting set increments of 25% up to 100% across all streetlights you own. Synergy will sell Local Governments a portion of Natural Power, based on your chosen Natural Power contribution (e.g. 25%, 50%, 75% etc).</p> <p>The Natural Power charge will be calculated on a percentage of the deemed streetlight electricity consumption. This deemed consumption is based on lamp wattage and turn off time. The Natural Power charge is in addition to your retail tariff and other charges you pay. Synergy purchases LGCs on your behalf to match the amount of your Local Government's chosen Natural Power contribution – that is, the chosen percentage of your deemed electricity consumption.</p>
<p>Transition to PPA:</p>	<p>Synergy has renewable supply from an existing portfolio of contracted renewable generation assets in Western Australia. These assets have been developed by Synergy or a 3rd party. This portfolio includes the recently developed 180MW Warradarge wind Farm and Greenough River Solar Farm (both located North of Perth and developed by Synergy).</p> <p>Synergy has access to all generation and renewable certificates produced from the sites. Synergy, through Synergy Red (a wholly owned subsidiary of Synergy), is actively developing a pipeline of new wind farm locations in the South-West Interconnected System (SWIS) to continue the transition of the market to renewables, including the potential development of a large-scale battery at Kwinana.</p>

Transition to PPA:	<p>Synergy is currently developing a long-term Renewable Energy Supply Agreement (RESA) for customers wanting to commit to longer term renewable purchases, often referred to as a PPA in the market. Synergy is happy to discuss options on how it can work with the Local Governments to ensure a smooth transfer from the existing customer agreement to a future PPA or alternative contract structure. This may include clauses for the existing agreement to roll off earlier/extend until the new agreement and relevant supply are operational (if linked to a new asset).</p> <p>Synergy is well positioned to provide this type of product given its existing fleet of generation assets, ability to firm renewable generation and proven ability to develop new assets.</p>
Synergy Project Capability:	<p>In addition to supporting Western Australian renewable energy projects and working towards a PPA agreement to secure long-term renewable energy for the sector, Synergy seek to expand this commitment above and beyond to innovate and engage the community through industry leading DER projects.</p> <p>With Synergy as the Local Government energy partner, LGAs and their members have the opportunity to be involved and benefit from a number of green and community focused initiatives.</p> <p>These include, but aren't limited to:</p> <ul style="list-style-type: none"> • Project Symphony • Virtual Power Plants for Schools • The EV Highway • Solar Energy for Social Housing. <p>With the high impact and visibility of these pilots within in the community, Synergy values a strong relationship with the Local Governments that help makes these possible through the Sector's support. Through Retailer and Local Government co-operation, the Sector can amplify these messages and create momentum to help change the lives of all West Australians.</p>
Service Level arrangements and capabilities:	<p>Participating Local Governments will be provided with a dedicated Account Manager who is supported by a Contract Management, Billing, Local Government Energy Steering Group, WALGA and Synergy Support team.</p> <p>The Contract Management Team proactively manages and administers Synergy's sales contracts. The members of the Contract Management team have extensive account management experience and sound knowledge of the supply system.</p> <p>The Billing and Support teams have highly experienced support Members who are equipped to assist the account managers with varying tasks to deliver to our customer requests.</p> <p>In addition, Synergy has a dedicated Supply Services Manager with extensive knowledge of the transmission and distribution networks system. The Supply Services Manager will complement the Account Manager in providing service and attend to supply issues related to the networks system by liaising directly with Western Power</p>

Peak Demand Notification:	<p>Synergy offers a Peak Demand Notification subscription service intended to provide information that can inform energy consumption decisions during predicted periods of high system demand for electricity sites.</p> <p>Please refer to <i>Appendix 1 - Peak Demand Notification</i></p>
Group CSV billing file:	<p>Grouped Electronic billing is available to the LGAs.</p> <p>Please refer to <i>Appendix 2 - Sample CSV file.csv</i> for the format in which the file will be provided.</p> <p>WALGA will assist in modelling to translate to any existing Local Government Ledgers.</p>
Consumption and Expenditure reports:	<p>Consumption and Expenditure reporting is available to all Synergy Customers.</p> <p>Please refer to the <i>Appendix 3 - Consumption and Expenditure Report</i>.</p>
LGA Customer Details Report:	<p>Synergy offers to provide each LGA Customer Details Reporting. This report can be run on postcode or suburb level for each LGA providing high level data for residential and business customers within the LGA jurisdiction area. This report can also be amended to include/exclude data. Granularity is subject to what is available in Synergy's data system.</p> <p>Please refer to the <i>Appendix 4 - LGA Customer Details Report</i></p>
Network Tariff Analysis:	<p>Synergy can complete a network tariff analysis for sites within each Local Governments energy portfolio. Synergy can provide one complete analysis per contract year.</p> <p>Synergy has a successful and well-established relationship with the Network Provider. This strong relationship ensures the customer's requirements for network provisions are met. Synergy has an extensive understanding of the Technical Rules and are able to assist the customer in network related issues.</p> <p>Synergy can provide contestability requests to the Network Provider for Local Governments upon request given the request is compliant to the Access Agreement and Network Regulations.</p>

5. Offer Acceptance

WALGA and the Local Government Steering Group encourage confirmation in writing to tcostanzo@walga.asn.au as soon as practicable in order to set a transition plan for each Member's energy supply.

When writing in your acceptance to WALGA, we request that each Member indicate their preferred option for energy and the renewable adoption structure desired, if applicable.

Once acceptance has been received, WALGA will deem that as confirmation to enter into agreement with Synergy under the agreed terms. Your volumes will be attributed to a Sector portfolio in order to calculate committed volumes. Once the minimum volumes of Electricity Supply and Renewable Adoption have been met, Synergy will distribute contracts for execution.

Timeline

The following table provides a timeline for the current and next steps of the project.

Stage	Timeframe
Finance and Services Committee Endorsement	28 th September 2021
Award of Tender to Synergy	30 th September 2021
WALGA Award of Contract	20 th September 2021
Local Government Internal approvals and Written Acceptance.	20 th September 2021 – 18 th November 2021
Offer Notification Deadline	18 th November 2021
Offer Contracting Deadline	30 th November 2021
Contract transition	December 2021 – April 2022
Contract Live Date for Portfolio Pricing	1 st April 2022