

Management report to Council

Agenda item 6.6

Statement of Intent with CitiPower

Council

Presenter: Geoff Lawler, Director City Planning and Infrastructure

29 April 2014

Purpose and background

1. The purpose of this report is to seek approval to enter into an agreement (Statement of Intent) with CitiPower. The Statement of Intent seeks collaboration between the two organisations on matters relating to the current and future energy management and supply for the City of Melbourne.
2. CitiPower is the company licensed by the State Government to provide the electricity distribution network for the majority of the municipality (a small part of the municipality, primarily Kensington and parts of West Melbourne, is serviced by Jemena). Council does not have regulatory controls concerning distribution network operators, other than planning provisions, and other regulatory powers that apply to other city users.
3. Significant opportunities exist to reduce the municipality's greenhouse gas emissions through adoption of innovations in the electricity supply network. The Statement of Intent seeks to implement an agreed way of working to realise these opportunities as well as establishing a mechanism to triage issues and differences between the two organisations in a holistic manner.

Key issues

4. The Statement of Intent is a voluntary agreement which identifies key interests and objectives of each organisation and the priority areas where both organisations will collaborate.
5. The Statement of Intent identifies the following main areas for cooperation:
 - 5.1. demand side management
 - 5.2. energy efficiency
 - 5.3. energy fuel switching (including renewable energy)
 - 5.4. planning for urban renewal precincts
 - 5.5. designing the future electricity network.
6. The Statement of Intent establishes a steering committee comprising of senior executive, management and officers from both organisations. Progress will be reported to the steering committee quarterly.
7. The Statement of Intent has evolved from, and builds on, a current practice whereby senior executives of both organisations meet quarterly to discuss issues of interest.
8. Council will be required to commit resources, primarily staff, in the course of implementing the actions identified in the Statement of Intent. These resources will need to be identified through the annual budget and business planning process each year throughout the course of the agreement.
9. Working with CitiPower is included as a draft Year 2 Action in the Council Action Plan (Action 5.1.1):
Work with the local energy distributor to plan the future energy grid for the city.

Recommendation from management

10. That Council approve entry into a Statement of Intent with CitiPower.

Attachment:

1. Supporting attachment

Supporting Attachment

Legal

1. Legal advice will be provided as required in respect to issues arising from interaction with CitiPower.

Finance

2. The Statement of Intent does require budgetary expenditure, primarily in the form of staff time. These actions are broadly consistent with Council objectives and are incorporated in to annual business plans. Work areas will primarily be drawn from the City Planning and Infrastructure Division.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

4. The Statement of Intent has been negotiated with the Network Planning Division of CitiPower and consultation has taken place with senior management at CitiPower. External consultation has not taken place on the Statement of Intent specifically, however extensive community consultation was undertaken in 2013 on Council's *Zero Net Emissions by 2020* which was adopted in February 2014. *Zero Net Emissions* identified as priorities the delivery of energy efficiency programs and development of renewable energy sources. The Statement of Intent is consistent with both of these objectives. Council has also consulted with solar energy suppliers and installation businesses through workshops, surveys and direct conversations throughout 2013. These consultations have identified that improving grid connection processes for rooftop solar installations is a priority for these businesses. These issues have been identified in the Statement of Intent.

Relation to Council policy

5. The Statement of Intent aligns with several Council policies. Aspects of the document relating to the planning and provision of a safe, reliable and efficient electricity supply, and planning the future electricity network align with the 'Prosperous City' goal and ensuring that 'our resources are managed well'.
6. Aspects of the document relating to energy efficiency and achieving fuel switching and enabling renewable energy align with the Eco City goal, and the *Zero Net Emissions by 2020* Strategy.

Environmental sustainability

7. Annually, 3800 GWh of electricity are consumed within the municipality, resulting in 4446 kilo tonnes of greenhouse gas emissions. While the agreement does not set any targets for emissions reductions, several of the actions within the agreement seek to deliver on the objectives of improving energy efficiency, enabling localised renewable energy, delivering smart grids, and delivering large scale upstream renewable energy projects. All of these initiatives aim to result in greenhouse gas emissions reductions and help deliver on the City of Melbourne's strategy to achieve zero net emissions by 2020.
8. The Statement of Intent does not affect water, waste, gas, or other resource consumption.