



**Melbourne  
Renewable  
Energy  
Project**

# Project planning

So you want to investigate renewable energy purchasing more thoroughly. How do you start? This section explains how to begin, including mapping electricity consumption, engaging consultants, building a business case and determining whether to work with purchasing partners (and if so, identifying those partners).

Before you begin, it is critical that you understand your organisation's corporate objectives and drivers for taking this initiative, and that your internal stakeholders and decision makers agree. Refer to What's driving your organisation for more information.



**CNCA**

The full guide is available here:  
[melbourne.vic.gov.au/mrep](http://melbourne.vic.gov.au/mrep)



CITY OF MELBOURNE

# Understanding your electricity needs

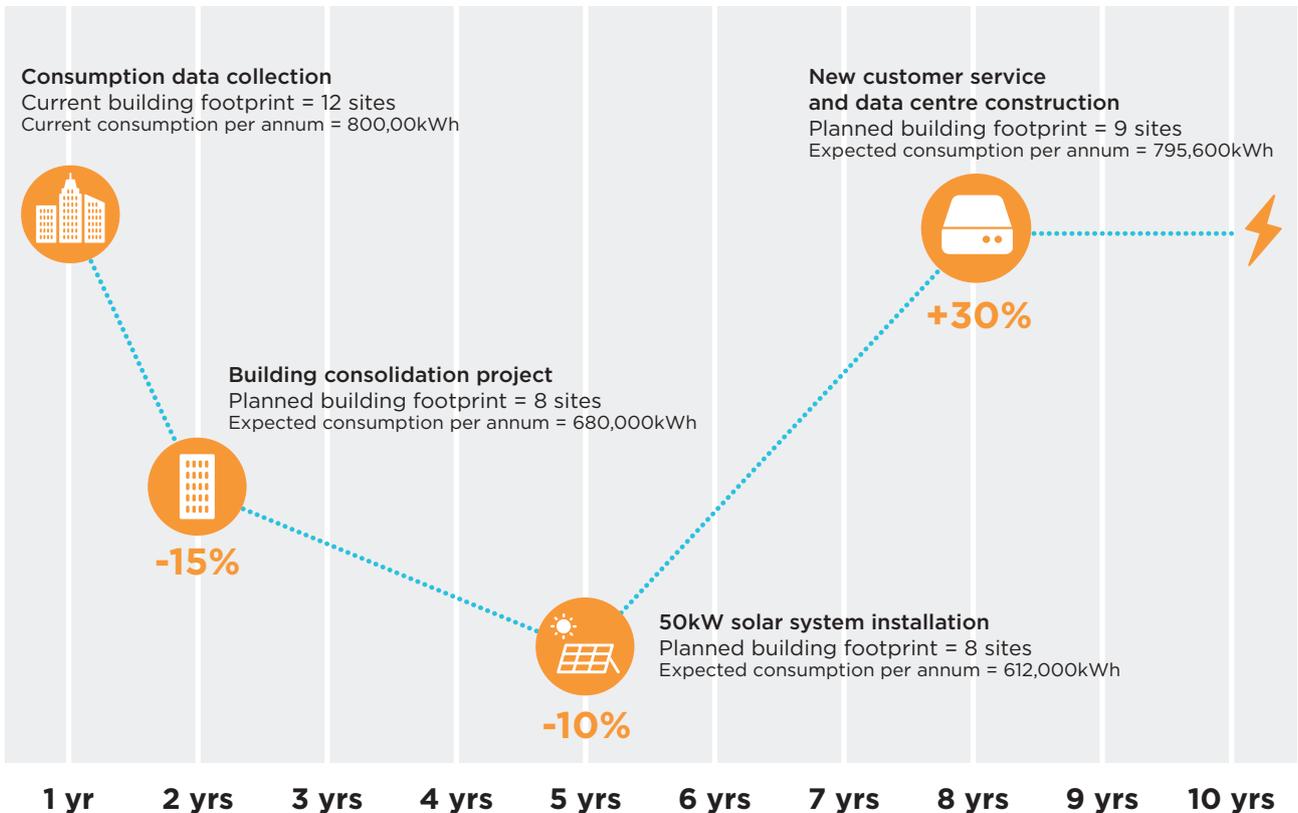
Entering into a large-scale renewable energy purchasing model requires a medium term commitment of about 10 to 15 years and can involve contracts for 20 or 25 years. You will need to map out your current and projected energy needs.

Is your energy consumption likely to change significantly over this timeframe? Will your demand increase, decrease, or stay the same?

Future energy needs may be affected by:

- predicted future business growth or contraction
- predicted construction, purchase or sale of buildings
- planned efficiency improvements
- planned increase in equipment requiring energy
- planned on-site renewable energy and battery installations
- external economic, environmental and social factors out of your control.

## Mapping your electricity consumption over time



Analyse your projected electricity needs and note when you expect changes will occur. For example, if you plan to install a 1MW solar system on your building in two years, note that your electricity consumption will decrease by the expected electricity generation of the system at that point in time.

## Understanding your load

If you are considering entering into a retail contract, you should also be aware of any changes to your load profile. Retailers will consider the 'shape' of your load profile: will usage change during the day (for example, between day and night) or between seasons (such as increased demand for air conditioning in summer)?

If you are partnering with another organisation, you should consider their electricity demand profile. Your combined load shape may determine which technologies is suitable. For example, different kinds of renewables may be necessary to account for the consumption patterns of an office operating during work hours and a function centre operating at night. You will need to consider how to factor this into your agreement with the retailer.

### Why is load profile relevant to retail contracts?

Retailers supply electricity all day, including when the sun isn't shining and the wind isn't blowing. At these times, they buy electricity from the 'pool' and pay the spot price, which changes depending on demand. The 'pool' price is influenced by demand which fluctuates during a day and across seasons. Retailers enter into hedging arrangements to manage their risk exposure to fluctuating spot prices and these hedging arrangements come at a cost. For large commercial and industrial customers, the load profile may affect the average retail price that your retailer is able to offer you.

As an electricity customer, it isn't necessary that you understand the relationship between various generating technologies and your electricity demand. However, having a general understanding will give you an expectation of the types of technologies and plant sizes that you may be expecting to secure through your procurement process. A higher daytime demand would be better matched to a solar plant, whereas a wind project would more likely suit a more consistent day and night load. The type of technology you choose may also be significant if you decide to bundle your renewable energy contract with your retail supply contract.

## Project governance

An effective governance framework determines who makes decisions, how and when, as well as protocols for reporting internally and for informing other stakeholders. The project will require sign-off at many stages, including project plans, milestones risk assessments and tender release. By establishing appropriate governance structures, you will ensure your project achieves internal approval at the appropriate milestones. Importantly, these structures will enable you to solve strategic problems as they arise.

The project governance framework must suit the needs of your organisation. Some organisations may require board sign-off, while for others, it may be a role for a general manager. Similarly, depending on your organisation's drivers, you may need to involve key staff. For example, if the project is an opportunity for branding, you may include a communications manager in the steering group.

To make sure the governance framework is effective in practice, engage key decision makers early to make sure the organisation's objectives are aligned with the approach you are taking. Likewise, if you are partnering with other organisations, engage with appropriate senior decision makers and build senior relationships across the group.

As the project lead, the City of Melbourne managed MREP under a governance structure set out in the diagram shown on the opposite page. Internally it formed a senior level steering committee, comprised of directors responsible for sustainability strategy, operations and electricity purchasing, as well as heads of governance, finance and legal services. The steering committee received reports on project direction and timeframes. It reviewed risks and provided direction on strategic challenges. A project working group was formed with a project manager and input from specialist areas such as procurement, legal and finance. The project team managed relationships with partner organisations, who in turn worked through their own governance and reporting processes.

The MREP project team regularly engaged and consulted with representatives from the purchasing group. Partner organisations relied on the project team to research issues, develop options (together with internal and external advisors) and recommend actions. The project team communicated with partners by way of phone calls, regular project emails, workshops and information sessions with key internal and external advisors and presentations to internal decision makers.

An evaluation panel, consisting of six of the 14 organisations, was selected to participate in the tender evaluation process and make a recommendation to award a tender. The evaluation panel was assisted and administered by external specialist advisors.

### Agreeing how to work together

If the purchasing project involves a partnership, you need to agree on a way to work together and a clear decision-making framework in the early stages. This could take the form of a Memorandum of Understanding (MoU) or a Participant Agreement, but the more defined it is, the better. The agreement 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, how the group communicates, who leads the project, whether there will be working groups, and how to define everyone's roles and responsibilities.

The MREP partners established an MoU forming a group for the purposes of undertaking market testing. This provided the City of Melbourne with a degree of certainty in the partners' interest in the project prior to committing significant resources. The MoU set out project objectives and roles. After the market testing phase, we developed a Participant Agreement to govern the group's activities during the tender process. Building on the MoU, the Participant Agreement set out decision-making processes and protocols for interacting with the media and speaking on behalf of the project. It provided a framework for ongoing cooperation in the planning, development and delivery of the project. Recognising that we would need to compromise to develop a complex tender

with multiple partners, the group agreed to a decision-making framework that revolved around the question: what can you live with? (and consequently: what can't you live without?).

The group held project meetings involving all members, as required, leading up to critical decisions. As the facilitator, the City of Melbourne provided fortnightly email updates. The group members engaged with senior managers for feedback and decision-making.

The group also agreed on project eligibility and performance evaluation criteria. To be eligible, it was decided that the facility had to:

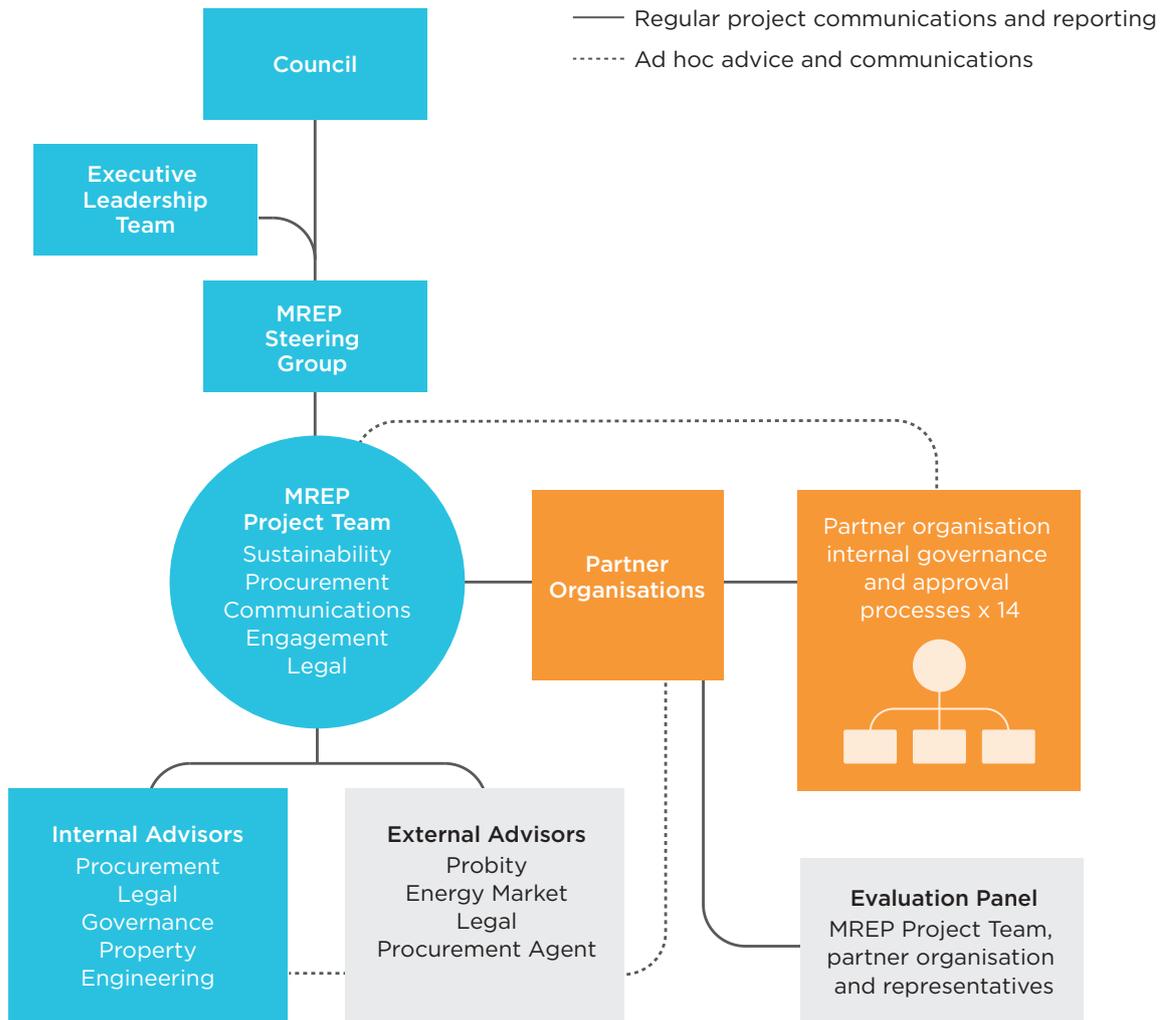
- be a new, utility scale, renewable energy generating project in Australia connected to the NEM
- be in an advanced stage of development (having achieved planning approval and undertaken preliminary network connection studies)
- involve no clearing of native bush, without offsetting the impact on habitat through recognised bio banking mechanisms
- involve no use of biomass products.

Through the evaluation criteria, we sought to balance relevant environmental, social and economic considerations:

- price
- renewable energy project delivery risk
- community and environmental benefits
- Victorian or local community economic and promotional benefits.

LESSON: While the MoU and Participant Agreement set out everyone's intention to participate in a tender, there was no obligation to accept its outcome. Partners could pull out if they were not satisfied with the tender result. From a group management perspective this introduced uncertainty. It was unclear how many partners would remain in the group and how much load would be required to successfully contract with the preferred supplier. This presented challenges at critical decision points. Maintaining a smaller group of two to four partners would mitigate this risk to some extent. A greater degree of senior engagement among all participants may also have mitigated this risk. This could also have been addressed by securing stronger commitments about participating in a tender from the outset and committing to the outcome, provided certain criteria were met.

### Melbourne Renewable Energy Project governance structure



# Resourcing

To purchase renewable energy through a PPA, you'll need to develop a team internally, and most likely, draw on specialist external advice across several areas. Use this section to help identify the areas where your internal expertise is lacking and determine how to seek external support.

## In-house

You'll need a team that is able to:

- manage the project flexibly while adapting to new knowledge
- research energy markets and procurement processes and call on existing knowledge from the procurement team, legal team and from your project partners
- develop a procurement process suited to the project objectives while meeting your organisation's internal governance requirements (this may require something different to your standard procurement process)
- learn about energy markets, pricing and contracting models, and communicate this information to decision makers
- manage external consultants and advisors and call on additional advice where necessary
- manage stakeholders, including relationships with any partners in your purchasing group
- understand and engage with legal documents, including contracts.
- bring strong project management skills and experience, strong stakeholder relationship management skills and the ability to think innovatively to solve complex problems.

The MREP project team was comprised of staff from various branches of City of Melbourne, who provided specialist knowledge on legal, procurement, communications and energy market issues as required, but they were not a group of energy procurement specialists. They relied on consultants for external advice. The project team met regularly to maintain project momentum and to work across a range of skills to develop solutions to various challenges.

**LESSON:** The process can become complex – especially where partners are involved – so engage a strong project manager. Bear in mind that because you may not be following a traditional procurement approach, the manager doesn't necessarily need to be a procurement specialist, but must be able to work with a team across a range of skills and knowledge to tailor solutions to meet the project's needs.

## Consultants

Energy procurement and contracting is a specialist area. You will likely need to engage:

- energy market advisors
- procurement facilitators, brokers, or advisors
- probity advisors
- legal advisors.

The costs associated with engaging specialist consultants can be significant – in the tens of thousands of dollars – and may increase with unexpected project developments. You will need to determine how to share costs for the project with your project partners. Will the partners share costs equally, proportionally to their electricity consumption, or will the lead organisation bear more of the costs of facilitating the group and engaging external advice? Scope the roles and likely costs involved before committing to undertaking the project.

### TIP:

Identify consultants who are able to partner with you for the duration of the project rather than simply providing ad-hoc, short-term advice. As you begin, you are likely to discover that there is a lot you don't know about electricity tendering. You will develop a long term working relationship with your advisors. Your advisors will help you learn about the market and solve problems as they arise and will be able to build on experiences and lessons as the project evolves. To ensure you work effectively as a team with your external advisors, communicate your expected timeframes, next steps and project challenges as they arise. This will enable them to adapt and assist you with your project needs.

## Energy market advisors

Energy market advisors will be critical to improving your understanding of the energy market, developing a business case and analysing your tender responses. Their roles will include:

- forecasting electricity prices and understanding price movements
- developing a business case comparing large-scale renewable energy purchasing with business as usual and with purchasing GreenPower<sup>®</sup> over short-term contracts
- identifying risks that could result from energy market movements, your proposed tender and your chosen contract structure
- understanding the role of electricity retailers and electricity account cost structures
- advising on structuring your contract to minimise costs and risks to you and the supplier
- evaluating the price offered in the tender responses
- undertaking technical due diligence for the project and commercial due diligence on the supplier(s).
- assist with contract negotiations and variations, particularly as it relates to the pricing model, volume risk and performance risk more broadly.

Given the long-term nature and complexity of PPAs, it is important to ensure that your energy advisor has sufficient knowledge to understand and advise you on the various options and risks. This includes the range of contract and pricing models that would best suit your organisation. Your advisor should have in-depth energy market and renewable energy industry knowledge and experience.

**When selecting an energy market advisor, consider the following:**

- independence from counterparties (i.e. renewable energy generators and retailers)
- an Australian Financial Services Licence, to advise on contract for difference approaches, if applicable
- ability to develop or access robust long range electricity price forecast models and price evaluation models capable of simulating market volatility on a micro scale (i.e. trading intervals, not only average flat prices per annum)
- ability to develop evidence-based alternative future electricity market scenarios
- ability to understand, assess and advise on mitigation strategies for risk associated with the development of renewable energy projects, including network related issues.
- ability to provide commercial due diligence services of generators to retailers
- strategic decision support capabilities to ensure internal stakeholders are effectively engaged in what can be a complex, technical area.

## Procurement agents

Depending on your in-house procurement capabilities, you may require the services of a procurement agent to administer the process. This may be the same firm who provides you with energy market advice.

A procurement advisor can manage the entire process on your behalf, or simply act as your agent and implement a process that you lead. The advisor will assist you in:

- developing procurement and evaluation processes
- developing tender and evaluation documentation
- administering and chairing an evaluation panel
- preparing your evaluation documentation
- managing the release of your tender to market, including placing advertising, delivering tender briefings, distributing documentation to vendors, taking questions and providing answers, and receiving tender responses.

## Probity advisors

A probity advisor helps you ensure that the procurement process is fair, reasonable and defensible in the event that your procurement decisions are challenged by prospective suppliers or unsuccessful bidders. They can help you design your procurement process, or act as an independent participant who reviews the process and comments on any probity issues. They are particularly relevant to public sector organisations, or organisations with public accountability requirements.

Select a probity advisor who has had previous experience in energy market procurement, or utility and infrastructure procurement, or similar fields. They should have an understanding of your business or your type of business. Set clear expectations of each other's roles. If you have partners, it makes sense for everyone to work with the same probity advisor. Some questions you might ask yourself:

- Will the advisor play a hands-on role resolving issues and problems if they emerge, or is their role to oversee the process and advise you when it is going wrong?
- Will they develop the procurement process, evaluation process and protocols for engaging with tenderers, or will their role be limited to reviewing documents you present them with?
- Do they have existing templates of procurement plans or evaluation plans for you to adapt, or will you be required to develop your own procurement plan and evaluation plan?

After the tender process is complete, some organisations – such as councils, state government bodies and universities – may need to engage an independent probity auditor to assess whether the probity requirements were met. If you have an internal procurement specialist, ask them to advise on your organisation's requirements.

## Legal advisors

Energy contracting is a specialist area. Unless your internal legal team has had particular experience in this field, you will require specialist advice. Your lawyers will:

- assist in developing a tender specification that meets your needs
- engage with vendors in a way that minimises time, risk and cost to all parties
- assist with tender evaluation to help you understand the offers from suppliers
- evaluate and advise on the apportionment of contractual risks
- assist with contract negotiations and variations to terms and the impacts these may have on your business
- draft contracts.

When engaging a legal firm:

- Develop a clear scope that will set out their role.
- Ask who will be involved in the engagement and what experience they have with renewable electricity contracting.
- Ask whether there are any gaps in their areas of expertise and who they propose to engage to fill these gaps.
- Obtain a cost estimate for the scope of work and ask if there will be any additional costs and what will these be.
- Find out if the firm is providing advice to your organisation only, or also to any of your partner organisations in the procurement process.
- Establish how the firm will engage with your internal legal team and what they expect from your in-house legal counsel.
- Understand if their approach to the procurement process involves developing the tender specification in collaboration with energy advisors, or reviewing the specification when it has been drafted.
- Clarify the approach for contract development – whether the firm proposes to develop contract key terms, write a draft contract, or respond to a contract that the supplier presents in response to a tender.
- Ask about the firm's approach to contract negotiation.

### Technical advisors

You will require advice to evaluate the technical risk associated with developing the proposed renewable energy facility. This includes issues such as:

- grid connection constraints – understanding the ability of the project to export to the grid, and the risk that the network operator may limit their ability to export during peak periods
- capacity factors ([see What are MW and MWh's?](#))
- reliability of the selected technology, the technology provider and the contract for maintaining the operation of the plant (known as an Energy Performance Contract).

The level of due diligence required will vary depending on the nature of your contract and your risk exposure to the project. For example, if your retail price relies on the output of electricity from the plant, you will need a higher level of due diligence than if you are purchasing LGCs. If you are taking an equity stake in the power plant, it will be higher again. Some of these services may be provided by your energy market advisor, depending on their skills and capabilities. You may also need to engage specialist engineers to assist with this work and they will need to work closely with your energy market advisors.

## Building the business case

Your business case will compare renewable energy procurement with alternative approaches, such as buying offsets, purchasing GreenPower® over short-term contracts, or business as usual.

The biggest question is the cost of electricity over the contract period. Unless you have in-house expertise, you will need to rely on external specialist advice to provide you with this analysis.

But price isn't the only variable. You will also need to take project objectives and benefits into account, including:

- reputation and marketing benefits
- the costs of achieving carbon neutrality by different means
- other benefits derived by your organisation; for example, regional development, community engagement, or training and apprenticeships
- the benefits resulting from long-term price certainty.

Your organisation's preferences will determine whether you quantify these additional benefits – or simply rely on price considerations. You can clarify some of your corporate and external drivers by undertaking a stakeholder engagement and a materiality assessment. For example, the Global Reporting Initiative<sup>18</sup> and AccountAbility Principles Standard 2008 (AA1000APS) and Stakeholder Engagement Standard 2015 (1000SES)<sup>19</sup> provide processes to inform strategic decision-making and performance reporting that can be applied to a single issue. The processes involve:

- identifying who the stakeholders in your organisation are
- mapping how much interest and influence these stakeholders have on your business
- identifying if renewable energy is important to your stakeholders
- assessing the relevance and significance of renewable energy for the long-term sustainability of your business, considering future risks and opportunities and stakeholder interest and influence.

This process can assist you to build the business case and inform your strategy to drive action towards a low carbon economy. You can use these insights to respond to your stakeholders. If they consider investing in renewable energy important to your business, this process will give you the mandate to act. It can also be applied to prospective partners to determine how they align with your organisation.

18 [www.globalreporting.org/resource/library/GRIG4-Part2-Implementation-Manual.pdf](http://www.globalreporting.org/resource/library/GRIG4-Part2-Implementation-Manual.pdf)

19 [www.accountability.org/standards/](http://www.accountability.org/standards/)

Bank Australia – carbon neutrality and renewable energy purchasing

Bank Australia has been carbon neutral since 2011. Ahead of the 2015 Paris climate talks, the bank made a commitment to switch to 100 per cent renewable electricity through the ‘We Mean Business’ platform.

Electricity is currently the largest source of the bank’s greenhouse gas emissions, so meeting its 100 per cent renewable electricity commitment will significantly decrease the bank’s carbon footprint and its need to purchase carbon offsets.

Bank Australia evaluated several options for renewable electricity including purchasing GreenPower® from a retailer and purchasing electricity from the Melbourne Renewable Energy Project. MREP is projected to lead to cheaper renewable electricity than purchasing GreenPower® on the open market. The project also has additional benefits like increasing renewable electricity supply and advocating for renewable energy, which are in line with Bank Australia customers’ expectations.

## Cost modelling

The energy market is a complex system with a variety of inputs that impact prices, such as demand (both peak and total), generation mix and policy settings. Individual cost modelling can be valuable to help you understand how changing market dynamics affect your organisation. The impacts will vary depending on your consumption, demand profile and network charges, as well as the mix of small and large accounts across different sites in your portfolio.

### TIP:

Remember that energy market forecasts are imperfect. Modelling complex systems relies on many assumptions. A forecast model isn’t a prediction that certain scenarios will play out. It is a tool for understanding the impacts of your decisions in different scenarios.

When you test your decisions against a model, ask yourself: ‘would I be comfortable with this decision, if this scenario came to pass?’ Treat your models and forecasts as tools, rather than relying on them as predictions.

It won’t be possible to make a perfectly informed decision, but you need to be comfortable with the modeled inputs and assumptions made about future conditions. You must be able to live with the contracted price if those conditions do not transpire and other scenarios come to pass.

To get the best results from your consultants, be sure to ask:

- What data sources will they use?
- How many scenarios will they model?
- Will they model high, medium and low cost scenarios?
- Can they compare the renewable energy purchase to a business as usual scenario?
- How easily can they adjust the model if new information becomes available? How much time will this take and how much will it cost?

During the development of the MREP business case, the electricity market conditions changed significantly. These included the closure of some power stations and the increase in large scale renewable energy investments. This impacted inputs affecting the cost model (such as the Australian Energy Market Operators demand forecast, fuel cost and supply mix assumptions). As a result, we needed to update our cost model. This considerably delayed our decision-making processes and our consideration of tender offers.

**LESSON:** It is a dynamic market. Policy settings and market conditions can change throughout the course of the tendering process and they are likely to change again once the tender is awarded. You need to be aware of this volatility and prepare for how it may affect your process. Take a long-term view and be clear about your objectives. If you are partnering with other customers as part of a procurement group, consider how changes in market conditions or regulatory settings could impact on your partners’ willingness to proceed with the tender.

# Risk assessment

The commercial benefits of entering into a long-term electricity market agreement can be attractive; however, a PPA exposes the energy user to risks not usually associated with standard retail electricity contracts. That said, many of the risks can be effectively mitigated in the design of the contract and price models, the procurement strategy, the due diligence process and the final contracts.

You could undertake separate risk assessments regarding the procurement process, the contract and renewable energy project development, and, if relevant, the partnership with multiple organisations.

Identify potential risks and risk mitigation tactics, particularly where decisions are required. Use a risk register to document issues that may affect the project's progress. If you have a specialist risk unit, they may be able to assist you. Your external probity, procurement, legal and energy market advisors will also help you understand the procedural and market risks. Involve your steering committee or senior governance team to identify risks and mitigation strategies.

Risks relating to the procurement process might include:

- changes in key personnel
- consultants becoming unavailable
- negotiation with preferred vendors becoming time consuming or costly due to the complexity of tender requirements, or having the wrong people at the negotiation table
- procurement process not being flexible enough to accommodate an innovative process
- tender specification being too narrow and excluding innovative solutions

- probity standards not being followed and the tender result being contested
- unexpected costs leading to the project being over-budget, which results in loss of support from the group to continue with the process.

Risks relating to managing a procurement partnership:

- a partner pulling out or becoming a high credit risk
- not achieving critical mass to purchase energy
- unexpected costs leading to the project being over budget, which results in loss of support from the group to continue with the process
- approval taking too long because of delays in getting feedback, resolving issues and reaching agreement.

Risks relating to the development of the renewable energy project:

- the preferred supplier not having the experience and capability to deliver the project
- the technology (solar panels or wind turbines) not performing as expected, resulting in the under-supply of LGCs or electricity
- grid connection approvals not being obtained from the network operator
- network constraints at the power plant's location preventing it from feeding electricity into the grid (referred to as curtailment)
- planning approvals not being obtained or complied with
- changes in federal or state regulations relating to the construction of renewable energy facilities or the sale of renewable energy into the grid
- a change in market conditions, including the emergence of new technologies, that would impact on the business case.
- Force majeure events (events beyond anyone's control).

## Areas of risk to be addressed



Source: Energetics

# Project partner identification

Once you understand your energy load requirements and the likely scale of your project – as discussed in [Understanding your electricity needs](#) – you can determine whether you need partners to increase your electricity demand to underpin a large-scale renewable energy project. This section will discuss the process for identifying suitable partners and building partnerships. In summary: it is easier to partner with organisations that are similar to yours.

## Corporate objectives and project drivers

It's easier to establish common objectives if you team up with organisations that have similar corporate objectives and project drivers. To fast-track your consultation and partnership negotiations, come up with a list of your drivers and ask potential partners whether theirs align with yours. They don't need to be exactly the same, but they should be complementary. For example, there may be a misalignment if your partner wants to pursue small-scale biomass projects to work with local farmers, but you are seeking the lowest cost option.

### Questions for project partners

- Do you have sustainability or corporate social responsibility drivers?
- Do you have a corporate target for carbon emission reduction?
- Do you have a corporate target for renewable energy generation?
- Are you accredited, or aiming to be, under NCOS?
- Do you have support for this approach at the most senior levels of your organisation?
- Are there any other outcomes you want to see delivered through a new renewable energy project? (For example: creating jobs in a specific area, employing people from historically disadvantaged groups, facilitating education opportunities, or enhancing biodiversity.)

## Loads, locations and retail contract needs

Typically, larger consumers pay lower electricity rates than smaller consumers. If you have a mix of large and small loads across partners your electricity costs may reflect a spread of rates. Larger customers may find that they end up cross-subsidising the smaller customers, or customers with different load profiles. It is better to be aware of these dynamics early on than to discover them later. It may be more equitable to partner with organisations who have comparable loads, but your group may also be driven by other considerations, such as regional partnerships.

## Processes, probity requirements and timeframes

Consider the compatibility of your processes with those of your partner organisations. If you work in similar sectors, you're more likely to have similar procurement processes and decision-making requirements. Where internal decision-making requirements are different timelines may not align, causing delays. Here are some things to consider:

- Does your partner rely on internal legal advice or seek external counsel?
- Do they have a specialist internal procurement unit, or rely on consultants?
- Who needs to provide sign-off and at which stages and how many people need to be involved? How long do decisions usually take in each organisation

## Long term commitment

All partners must have the capacity to make a commitment of at least 10 to 15 years. The best value for money comes with longer commitments, but long-term contracts need to be underpinned by stable organisations with relatively stable electricity needs. Public sector organisations, institutions (such as universities) and operators of infrastructure assets (such as ports, airports, roads, or water networks) fit these criteria.

## Credit risk

Consider the credit risk of partner organisations. If they have a high risk of default on debt, they may not be able to live up to a long-term commitment to purchase electricity. Financiers may factor the higher credit risk into the cost of finance, which may result in a higher price for the electricity or LGCs you buy. Partnering with similarly rated entities may mitigate this risk. Partnering with a larger group of customers may also spread the risk that any one of the group may default on the long-term contract. This is likely to be viewed favourably by investors and financiers.

### How do I find interested partners?

The most likely way to identify partners is through people in your networks and industry associations, so start by speaking with them. Explore opportunities with organisations like yours, and ask energy or sustainability managers if they have had similar discussions. Here are some more ideas for contacts:

- formal or informal networks of local governments, universities or water authorities.
- airports, health boards, food processing businesses, industries with refrigerative loads, and data centres
- regional chambers of commerce or industry peak bodies
- local governments and state regional development agencies that may be aware of large energy customers in their area.

## Establishing common objectives

Prior to entering into a partnership it is important to agree on common objectives. As a starting point, you'll need to understand each party's load contribution, expectations about a contract term and expectations about price. It is also important to explore and understand the budget and resources they will contribute to support the procurement project. It may be helpful to frame the conversation around what you can and can't live with, so you understand any deal breakers at this stage.

All the organisations in MREP were committed to demonstrating leadership and responding to climate change by minimising environmental impacts from traditional energy sources. There was also a preference amongst the group that the renewable energy project be located in Victoria, to support local jobs – the MREP partners operate primarily in Victoria. But each organisation had different ideas about other co-benefits that could complement the project and enhance their brand or corporate responsibility objectives.

- The majority of organisations, including City of Melbourne, City of Yarra, City of Port Phillip, Moreland City Council, RMIT, University of Melbourne, Zoos Victoria, Bank Australia and NAB had Reconciliation Action Plans in place and were looking for ways to support Indigenous employment.
- Organisations with a regional presence, such as Australia Post, NAB and Bank Australia saw the opportunity to connect with their customers by having a physical presence (the power station) in their region.
- Bank Australia's strong customer base in the Latrobe Valley meant it was looking for opportunities to help the community transition to a low carbon economy, as coal fired power stations shut down. That could have meant the location of the power station itself, or manufacturing contributing to its construction.
- Zoos Victoria had a particular interest in supporting biodiversity and protecting endangered species.
- The universities had a particular interest in educational outcomes.

It took time and trust to flesh out these other expectations and to reach an understanding that the project could not deliver every co-benefit.

LESSON: Motivators are important for determining the outcomes you want. But you will have to make some compromises, especially in a group.

## Agreeing on common objectives

### Key things to agree upon



Develop a new project

or



Support an existing project



One project location

or



Multiple project locations



Single source renewable energy

or



Mixed source renewable energy



Own and operate the power plant

or



purchase electricity from an independent owner operator (generator)



The reputation and sustainability credentials you seek in the developer/retailer

### Co-benefits



Job creation



Education and training



Promotional opportunities



Biodiversity protection or habitat restoration



Aboriginal and Torres Strait Islander inclusion or Caring for Country principles



Local economic benefit / other income streams (for the landholder or other)



Social inclusion for otherwise marginalised groups



The full guide is available here:  
[melbourne.vic.gov.au/mrep](https://melbourne.vic.gov.au/mrep)