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# AGENDA

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## SPECIAL COUNCIL MEETING

**Wednesday 10 November 2021**

**5.30pm**

Prior to the DIS Committee Meeting

City of Albany  
Council Chambers

## CITY OF ALBANY COMMUNITY STRATEGIC PLAN (ALBANY 2023)



### NOTICE OF A SPECIAL COUNCIL MEETING

His Worship the Mayor and Councillors

A Special Meeting of Council for the City of Albany will be held on Wednesday 10 November 2021 at 5.30pm in the Council Chambers, North Road, Yakamia prior to the Development and Infrastructure Services Committee Meeting.

The purpose of the meeting is to consider:

SCM023: WALGA POWER (ENERGY) PURCHASE AGREEMENT

Andrew Sharpe  
CHIEF EXECUTIVE OFFICER

SPECIAL COUNCIL MEETING  
AGENDA – 10/11/2021

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SPECIAL COUNCIL MEETING  
AGENDA – 10/11/2021

1. **DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS:**

2. **OPENING PRAYER:**

*“Heavenly Father, we thank you for the peace and beauty of this area. Direct and prosper the deliberations of this Council for the advancement of the City and the welfare of its people. Amen.”*

*“We would like to acknowledge the Noongar people who are the Traditional Custodians of the Land.*

*We would also like to pay respect to Elders past, present and emerging”.*

3. **PUBLIC QUESTION AND STATEMENT TIME:**

Each person asking questions or making comments at the Open Forum will be **LIMITED** to a time period of **4 MINUTES** to allow all those wishing to comment an opportunity to do so.

4. **RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED):**

<b>Mayor</b>	D Wellington
<b>Councillors:</b>	
Breaksea Ward	P Terry
Breaksea Ward	A Cruse
Frederickstown Ward	G Stocks
Frederickstown Ward	M Traill
Kalgan Ward	M Benson-Lidholm JP
Kalgan Ward	T Brough
Vancouver Ward	J Shanhun
Vancouver Ward	D Baesjou
West Ward	A Goode JP
West Ward	S Smith
Yakamia Ward	R Sutton
Yakamia Ward	C Thomson
<b>Staff:</b>	
Chief Executive Officer	A Sharpe
Executive Director Development, Infrastructure & Environment	P Camins
Manager Engineering and Sustainability	R March
Meeting Secretary	A Paulley

**Apologies:**

5. **DECLARATIONS OF INTEREST:**

Name	Report Number	Nature of Interest

**SCM023: WALGA POWER (ENERGY) PURCHASE AGREEMENT**

**Proponent / Owner** : City of Albany  
**Report Prepared By** : Manager Engineering and Sustainability (R March)  
**Authorising Officer:** : Executive Director Infrastructure, Development & Environment (P Camins)  
**Attachments** : **Commercial in Confidence - Confidential Briefing Note under separate cover.**

**CONFIDENTIAL ATTACHMENT**

*It is recommended that if discussion is required in regards to details contained within the Confidential Attachment, that the matters are discussed behind closed doors, in accordance with section 5.23(2)(c) & (e)(ii) of the Local Government Act 1995, being: a contract which may be entered into and information that has commercial value.*

**STRATEGIC IMPLICATIONS**

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2032:
  - **Pillar:** Planet.
  - **Outcome:** 5 - Shared responsibility for climate action.
  - **Objective:** 5.2 – Work towards net zero greenhouse gas emissions.

**In Brief:**

- The City of Albany has an opportunity to enter into a Power Purchase Agreement (PPA) with WALGA and their preferred supplier for a period of three years.
- By entering into this agreement, it is the most cost effective method for Local Governments to reduce carbon emissions.

**RECOMMENDATION**

**SCM023: AUTHORISING OFFICER RECOMMENDATION**

**THAT Council APPROVE entering into a Power Purchase Agreement (PPA) with the WALGA preferred supplier for power, as per the Recommendation in the Confidential Briefing Note.**

**BACKGROUND**

2. Climate change is a key issue for Local Government as it impacts all aspects of City operations and the community.
3. The energy sector is the largest contributor to Green House Gas (GHG) emissions.
4. In regional Western Australia, challenges to decarbonising the energy appear to be from our heavily regulated energy market. Synergy and Western Power are the only suppliers of energy and they have, to date, been unsupportive of new technology including the bulk change out to LED and implementation of a new tariff rate.
5. Local Government currently 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. 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 risks are absorbed by the aggregate body.

6. There is currently no efficient avenue for Local Government to switch over to renewable sources in a commercially viable manner. This is partly due to limited bargaining power but also a varying commitment to renewable energy. For this reason, WALGA took the decision to be an aggregator to achieve a viable solution for Local Governments in WA.
7. 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 GHG emissions and procurement of carbon offsets. The terms zero net emissions and carbon neutral are often used synonymously.
8. In October 2020, the City of Albany adopted the Climate Change Action Declaration. This declaration commits to developing a Corporate Energy Plan which aims to transition the City's assets to renewable energy to achieve 100% renewable energy by 2030.

## **DISCUSSION**

9. The City of Albany has been working together with WALGA and 51 other Local Governments to investigate a more affordable option to obtain renewable energy.
10. WALGA has set up a tender which allows Local Government to pool together and enter into a Power Purchase Agreement (PPA). This PPA uses locally-sourced renewable energy derived from Albany Wind Farm, Collgar Wind Farm (located in the central wheatbelt area of WA) and Emu Downs Wind Farm (located 30 kilometres east of Cervantes and approximately 200 kilometres north of Perth).
11. Due to the commitment to participate in the project, the tender has reached a critical size to collectively deliver an immediate saving estimated at \$5 million per annum from current electricity spend to Western Australian Local Governments taking up the PPA.
12. Should all 51 Local Governments adopt the renewable option, there will be a carbon reduction equivalent to planting 14 million new trees.
13. By entering into this agreement, the City will be approximately 70% towards its target of 100% renewable by 2030. This has been estimated based on energy being the City's largest carbon emission source.
14. The City currently has a 'Bundled' contract with Synergy for energy supply which expires at the end of March 2022.

## **THE OFFER**

15. The offer that WALGA have been able to procure is a three-year agreement consisting of two options, either Bundled or Unbundled. In addition to the two options, the City also needs to consider when the contract will transition to Renewable Energy.
16. More detailed information regarding current contracts and the proposal (offer) are contained in the Confidential Briefing Note.
17. It is critical that this offer is accepted in writing as soon as possible with a deadline of 19 November 2021. WALGA will then proceed to facilitate contracting with each participating member.
18. The offer has a strict validity period for acceptance and is contingent on a collective minimum scaled volume of 60 Gigawatt hours across a three-year term which is achievable but requires all Local Governments to commit.
19. Due to market pricing processes and vesting arrangements, no extensions are available and if WALGA is not able to accept the offer due to a lack of collective participation levels, then the offer will lapse.

## GOVERNMENT & PUBLIC CONSULTATION

20. WALGA has already obtained consent from the City and 51 other members to represent their energy load into the procurement process.
21. WALGA needs the Local Governments to formalise contracts by 19 November 2021 to meet the current contracting timelines.
22. The project itself is tender-exempt under the WALGA tender exemption and the Australian Competition and Consumer Commission (ACCC) has proposed to grant authorisation for 15 years. This period is intended to cover an initial 3-year agreement, which will provide price transparency and align Local Government contract terms for the development of a longer-term 10-year agreement when the initial 3-year agreement expires.
23. 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 membership base will need to be maintained. The project lead from WALGA will facilitate communication within industry and Local Government supported by WALGA governance.

## STATUTORY IMPLICATIONS

24. Nil

## POLICY IMPLICATIONS

25. There are no policy implications related to this report.

## RISK IDENTIFICATION & MITIGATION

26. The risk identification and categorisation relies on the City's Enterprise Risk and Opportunity Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<p><b>Business Operation, Reputation &amp; Financial.</b></p> <p><b>Risk:</b> There is a risk that the supplier goes into liquidation during the term of the contract.</p>	Likely	Moderate	High	<ul style="list-style-type: none"> <li>• Open dialogue with suppliers.</li> <li>• Develop good working relationship with WALGA.</li> <li>• Monitor markets</li> </ul>
<p><b>Risk:</b> There is a risk that Green Energy prices Spikes in Western Australia.</p>	Likely	Moderate	High	<ul style="list-style-type: none"> <li>• Begin initial procurement of LGAs under phase one of contracting.</li> <li>• Begin negotiating long term PPA as soon as possible.</li> <li>• Stay informed with industry.</li> </ul>
<p><b>Risk:</b> There is a risk that incorrect charging or failure to enter into correct option increases cost.</p>	Likely	Moderate	High	<ul style="list-style-type: none"> <li>• Develop process to monitor costs.</li> <li>• Undertake compliance audits.</li> <li>• Develop relationship with WALGA.</li> </ul>
<p><b>Risk:</b> There is a risk that unknown energy use that affect the price to provide.</p>	Likely	Moderate	High	<ul style="list-style-type: none"> <li>• Develop process to monitor costs.</li> <li>• Undertake compliance audits.</li> <li>• Develop relationship with WALGA.</li> </ul>
<p><b>Opportunity:</b> Provide a cost effective method for the City to reduce carbon emissions</p>				

**FINANCIAL IMPLICATIONS**

- 27. WALGA has provided the City with some modelling on the estimated financial impact of electricity currently versus the proposed options.
- 28. More detailed information regarding financial implications of the offer are contained in the Confidential Briefing Note.

**LEGAL IMPLICATIONS**

- 29. Nil

**ENVIRONMENTAL CONSIDERATIONS**

- 30. The City values a Clean, Green & Sustainable environment, and works to deliver sustainable initiatives through the City’s Carbon Footprint Reduction Strategy. The proposed WALGA Declaration on Climate Change has the potential to strengthen the City’s commitment to reducing corporate greenhouse gas emissions, and support the community in sustainability initiatives.
- 31. Renewable Energy will be sourced from the Albany Wind Farm (along with Collgar Wind Farm and Emu Downs Wind Farm). We believe there will be reputational damage to the City if it does not participate in using this energy source, as many other Local Governments will do.

**ALTERNATE OPTIONS**

- 32. Council may:
  - a. Approve the proposal as recommended; or
  - b. Choose different options under the proposal; or
  - c. Choose not to agree to the proposal, and procure electricity independent of WALGA in April 2022 once the current contract expires.

**CONCLUSION**

- 33. It is recommended that the City enters into the agreement with WALGA, namely Option 1 – Unbundled, with the additional renewable energy charge enacted from the commencement of the agreement.
- 34. The City’s residents have spoken about their desire for the City to take action of climate change and use sustainability practices, and this agreement will go some way towards doing so.

<b>Consulted References</b>	:	<ul style="list-style-type: none"><li>• <i>City of Albany Strategic Community Plan 2032</i></li><li>• <i>City of Albany Climate Change Action Declaration 2021.</i></li><li>• <i>City of Albany Carbon Footprint Reduction Strategy.</i></li></ul>
<b>File Number (Name of Ward)</b>	:	ET.PLA.1 (All Wards)
<b>Previous Reference</b>	:	Nil



**6.0 CLOSURE OF MEETING**