

# 100% Renewable Electricity PPA – A winner for the environment and the budget

## COUNCIL NAME

Northern Beaches Council

## WEB ADDRESS

[www.northernbeaches.nsw.gov.au](http://www.northernbeaches.nsw.gov.au)

## SIZE

254 square kilometres

## POPULATION

273,499

## Overview

In January 2021, Northern Beaches Council made the switch to 100% renewable-sourced electricity by signing up to a 7-year Power Purchase Agreement (PPA) with Iberdrola Australia. This is estimated to save \$1.9M over the next seven years and shave nine years from Council's commitment to purchase renewable electricity for all suitable sites.

## Background

In August 2019, Northern Beaches Council declared a climate emergency. In December of that same year, Council adopted the *Protect. Create. Live – Environment and Climate Change Strategy 2040*. Among other things, this strategy committed Council to reduce corporate carbon emissions by 60% by 2040 and to have all suitable sites powered by renewable electricity by 2030. Baseline data showed that over 80% of corporate emissions came from electricity usage in 2016/17. The existing large sites electricity contract was due for renewal at the end of 2020 which provided a prime opportunity to switch to more sustainable electricity and reduce emissions.

## Implementation

The 100% renewable electricity project commenced in early 2020 and the new PPA contract, signed in December 2020, was ready to be implemented from 1 January 2021. Some of the key implementation activities included:

**Technical Paper:** In early 2020, Council engaged industry experts to prepare a technical paper that reviewed current electricity usage, time-of-use demand profiles, Council's renewable electricity and emissions reduction commitments plus current retail contracts. The technical paper identified that to meet emission reduction commitments, Council would need to procure renewable electricity at some point in the future and that it is possible to successfully procure a financially competitive 100% renewable electricity retail PPA in the current market.

**Adapting to a Pandemic:** In March 2020, the COVID-19 pandemic emerged that caused delays in engagement with senior staff and Councillors and raised uncertainty around future modelling, budgets and priorities. As the pandemic progressed, the risks surrounding these items were able to be more accurately assessed allowing the project to progress.

**Procurement:** Council undertook an open market Request for Tender (RFT) process to identify potential suppliers. Delays as a result of the COVID-19 pandemic meant the RFT was not released until October, with submissions received in mid-November. This left a short turnaround time to undertake evaluation, due diligence checks, contract negotiations and engage the successful tenderer in order to have the contract up and running by the time the existing contract ended on 31 December 2020. Council was able to meet this deadline, largely due to the detailed stakeholder engagement



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undertaken throughout the process. Early involvement of these experts was a key contributing factor in being able to complete the evaluation and approve the contract.

**Consulted Networks:** Along the way, Council consulted with peers from other councils including Sydney, Newcastle and Hawkesbury, to discuss their experience with PPAs. This approach was very useful as we navigated the finer details of the process and contract.

## Outcomes

Northern Beaches Council signed an agreement with Iberdrola Australia for all of its 382 sites and street light network to be powered by renewable-sourced electricity from 1 January 2021. The switch to 100% renewable-sourced electricity saves an estimated \$1.9 million from budgets over the next seven years which can be diverted to other important services.

“This is a quadruple win: a win for the environment, a win for Council’s budget, a win for ratepayers and a win for the rural economy,” the Mayor, Cr Regan said.

The contract reduces Council’s carbon footprint by about 80% or around 20,000 tonnes of carbon dioxide every year – equal to the yearly emissions of 2,800 homes. Council was proud to meet two of its Environment and Climate Change Strategy commitments much earlier than expected, these being: all suitable sites to use renewable electricity by 2030 and reducing carbon emissions by 60 per cent by 2040. This contract is a big step towards reaching the goal of net zero carbon emissions by 2045.

The PPA is a hybrid fixed price model. This provides Council long-term certainty in budgeting, something not achieved through typical, short term electricity contracting.

The electricity is sourced from a portfolio of mostly wind-generated renewable assets, but also energy from solar and stored in batteries, including from the Wallgrove big battery when it comes online. The Large-scale Generation Certificates (LGC’s) are being sourced from Iberdrola’s Bodangora windfarm site near Wellington, NSW. This allows Council to directly link its support to a renewable project as well as directly support the regional NSW economy. To achieve the 100% renewable target, Council is purchasing LGC’s to cover its large sites load plus enough each year to account for electricity usage at its small sites.

## Key Learnings

Council’s process, despite uncertainty from a global pandemic, was reasonably straight forward. Some key learnings include:

**Strategic Direction:** Having adopted strategies, and more specifically commitments or targets for emissions reduction and renewable electricity is important. This provides the necessary strategic support for the project up front.

**Internal Engagement:** Early identification and ongoing engagement of key internal stakeholders and decision makers made the project possible, in particular around the short procurement timeframe.

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**Evaluation:** Preparing a detailed, well thought out evaluation plan up front made for a smooth RFT evaluation process. Having a good process in place for comparing different length contract terms and pricing mechanisms was essential.

**Experts:** Working with internal and external experts and network contacts meant Council was not reinventing the wheel and provided surety in the processes followed.

**Risk Assessment:** Not always the most glamorous part of the process but perhaps one of the most important was the development of a detailed risk assessment. Council relied heavily on this during review of the contract and evaluation of submissions.

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