

## 4.5 OUTCOME OF THE LOCAL GOVERNMENT POWER PURCHASE AGREEMENT

Responsible Director: Ossie Martinz

### **RECOMMENDATION**

*That Council note the outcome of the Local Government Power Purchase Agreement (LGPPA) and the new name - VECO - Victorian Energy Collaboration Organisation.*

### **PURPOSE**

To publicly acknowledge the outcome of the Local Government Power Purchase Agreement (LGPPA) to Councillors.

### **INTRODUCTION**

Over the last 2 years, Monash Council has participated in the procurement of 100% renewable electricity with 46 other Victorian councils. This procurement has been successful and has now concluded. This paper will provide a summary of the highlights of the outcome. This projects is a key deliverable in Council's commitment to be carbon neutral by 2025.

### **BACKGROUND**

In July 2019, Council provided endorsement to participate in a Local Government Power Purchase Agreements (LGPPA) to source 100% renewable electricity in partnership with 46 other Victorian Councils, and delegated authority to the Chief Executive Officer to enter into and sign the relevant contract documents for the LGPPA with preferred supplier(s) from December 2020, subject to the final offers being within the agreed favourable Pricing Parameters.

At it's meeting in April 2020 Council resolved to:

- 1. Support the ongoing participating in the Local Government Power Purchase Agreement (LGPPA) now led by City of Darebin.*
- 2. Authorities to the Chief Executive Officer to enter into and sign the relevant documents relating to the contract for the LGPPA and with preferred suppliers, subject to the final offers being within the agreed favourable Pricing Parameters.*

### **DISCUSSION**

The tender evaluation is now complete. The City of Darebin, as the lead council, have now determined a preferred supplier to deliver the contract and the preferred tenderer is favourable for the group, which also met all the legal and probity requirements. The preferred supplier is Red Energy. For Monash, this new arrangement will provide an 8% saving compared to current business as usual (BAU) over the first three years of the contract.

The CEO signed a letter of intent on 21 April 2021 and has also signed the contract on 4 May 2021 with the preferred retailer in accordance with the special delegation provided by Council. The Contract will commence on 1 July 2021 and expires on 30 October 2031 with fixed pricing for the first three years. Pricing thereafter is reset every two years and is indexed to futures market pricing.

There was a launch of the new arrangement under VECO on the 19 May 2021 and other media will follow.

### ***POLICY IMPLICATIONS***

This is a significant step to reaching our carbon neutral target by 2025 and will also assist us to achieving the deliverables in our Zero Net Carbon Action Plan and Environmental Sustainability Strategy 2016-2026. The LGPPA will enable Council to purchase 100% renewable electricity for all our electricity load and reduce our total corporate greenhouse gas emissions by 60% from July 2021.

Of the 40% remaining, the next largest source is gas which we hope to reduce through the energy efficiency improvements in our major buildings, followed by electrification and efficiency improvement of our fleet, use of recycled asphalt/concrete and more green commuter travel.

### ***FINANCIAL IMPLICATIONS***

For Monash, this new arrangement under will provide an 8% saving compared to current business as usual (BAU) over the first three years of the contract.

### ***CONCLUSION***

For Councillors to note this successful outcome for the City of Monash.