RENEWABLE ENERGY PROCUREMENT WORKSHOP SERIES

April 13th and 20th, 2021
HELPING U.S. CITIES ADVANCE AMBITIOUS RENEWABLE ENERGY GOALS
The American Cities Climate Challenge is a $70 million program from Bloomberg Philanthropies that empowers 25 of the largest U.S. cities to implement near-term climate goals and become primary drivers of progress towards meeting America’s pledge on climate.
How we offer support

• In-person and virtual trainings
• City-to-city peer exchange
• Technical resources and tools available on cityrenewables.org
• One-on-one technical assistance
• Support for utility, regulatory and policy engagement
• Partnerships with trusted existing city conveners and networks
Objectives

By the end of this workshop you will have:

1. **An expanded knowledge of procurement**: Gained a deeper understanding of off-site, large-scale renewable options available to your organization.

2. **A new approach**: Developed a basic understanding of renewable procurement aggregation and its potential for your organization.

3. **A community**: Identified individuals from other organizations with similar goals and challenges, and potential opportunities for collaboration.

4. **A next step**: Identified the next concrete action and resources to move your organization forward.
Overview of 2-part Workshop

Workshop 1:
• Energy 101 and the Ohio context
• Deep Dive into on-site procurement

Workshop 2:
• Off-site, large-scale purchasing
• Aggregation
Agenda

Welcome, Introductions & Check-In
Offsite Renewable Energy Deep Dive
Break
Renewable Procurement Aggregation
Break
Conversation with Hecate
Procurement Activity
Wrap Up and Check-Out Question
CHECK IN QUESTION

What has become clearer to you since our last meeting?
What questions have developed over the last week?

The WRI/RMI team will create breakout rooms for each group of 3 to discuss.
How much energy does your organization use?

- 250 MWh per office building
- 208 MWh per retail store
- ~1 TWh (including aggregation)
- ~3.7 TWh

1 TWh = 1,000,000 MWh
OFFSITE RENEWABLE ENERGY
Physical PPAs, Virtual PPAs

Please use the "Chat" feature to ask questions. If you have a question you want to ask privately, please send a private message Mia Reback of RMI.
Common priorities and considerations when selecting a renewable energy strategy

<table>
<thead>
<tr>
<th>Equity</th>
<th>Grid Resilience</th>
<th>Clean Energy Leadership</th>
<th>Ease of Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Impact</td>
<td>Local Economic Impact</td>
<td>Financial Impact</td>
<td>Scalability &amp; Contribution to Goals</td>
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</table>
Off-site PPAs are becoming an efficient way for municipalities and corporations to meet renewable energy goals and garner media attention.

**University of Dayton Signs PPA for Solar Power**
March 16, 2018

**City of Cincinnati to build largest municipal solar array in nation, Cranley says**
By Brian Planalp
November 21, 2019 5:37 PM EST

**Proctor & Gamble Notches Renewable Electricity Milestone**
By Betsy Lillian
Oct. 24, 2019

**S&P Global Platts**
US corporate renewable power buyers procure 10.6 GW of capacity in 2020
Feb. 10, 2021 at 9:41 p.m. UTC

**Amazon Announces Another Large Wind Facility for Ohio**
November 1, 2016
## Options for Offsite Renewables in Ohio and Kentucky

<table>
<thead>
<tr>
<th></th>
<th>Community Choice Aggregation</th>
<th>Physical Power Purchase Agreements (PPPA)</th>
<th>Virtual Power Purchase Agreements (VPPA)</th>
<th>Green Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ohio</strong></td>
<td>Yes, in Ohio communities that have passed enabling legislation, including Cincinnati</td>
<td>Yes</td>
<td>Yes</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Kentucky</strong></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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</table>

Cities can sign vPPAs outside their own state, but physical PPAs are only available in retail choice states.
Virtual power purchase agreement (vPPA)

1. The energy buyer signs a PPA with a project developer for a fixed price per MWh. This allows the project to be financed and built.

2. The developer sells the electricity from the generator into the wholesale market at the market price. The buyer receives the market price and RECs.

3. The buyer purchases electricity from their utility as usual.

4. The utility provides grid mix electricity without RECs.
A virtual power purchase agreement (vPPA), also called a contract for differences, is a financial agreement in which a customer agrees to **pay a project owner a predetermined price per unit of energy and, typically, the associated RECs from a renewable energy project. Instead of physically delivering the electricity to the customer, the project owner sells the energy into the local organized wholesale market; for each MWh, the buyer then pays or receives the difference between the wholesale market revenue and the predetermined PPA price.**

| **Procurement** | • Financial contract with RE generator |
| **Ease**         |                                           |
| **Contract Length** | • Long term contract |
| **Impact**      | • Enabling new RE to be built |
| **Bundled**                 | • Usually unbundled, but can be bundled or unbundled |
| **Additional**          | • Customer provides price guarantee to generator |
|                        | • May result in cost savings |
|                        | • Doesn’t need to be in customer’s load zone (can pick location based on greatest carbon impact or greatest economic potential) |
| **Caveats**               | • Complex legal contract |
|                          | • Exposes buyer to variable market price risk |
1. The energy buyer signs a PPA with a project developer for a fixed price per MWh. This allows the project to be financed and built.

2. The developer delivers the electricity from the generator to a “delivery point” close to the buyer’s operations. The buyer takes physical delivery of the energy and the RECs.

3. The buyer purchases a lower volume of electricity from their utility in the usual manner.

4. The utility provides grid mix electricity without RECs.
In a **Physical Power Purchase Agreement (PPA)**, also called a direct PPA, the seller delivers electricity to either 1) the customer at their facilities, or 2) a predetermined delivery point within their local electricity markets where the customer then takes legal title to the energy. Physical PPAs are most common in retail choice markets, where buyers can choose who to buy their electricity from.

<table>
<thead>
<tr>
<th><strong>Procurement Ease</strong></th>
<th>• Customer may contract directly with RE generator or retail supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Length</strong></td>
<td>• Typically long-term contracts; Physical PPAs with utility-scale plants often require large commitments (usually for 20 MW or more) which persist over a long time period (usually 10-20 years)</td>
</tr>
<tr>
<td><strong>Impact</strong></td>
<td>• Enables new RE to be built by providing financial guarantee</td>
</tr>
<tr>
<td><strong>Bundled</strong></td>
<td>• Can be bundled or unbundled</td>
</tr>
</tbody>
</table>
| **Additional**       | • Physical PPAs have relatively small upfront costs, as the installation costs are covered by the developer  
                        • May result in cost savings |
| **Caveats**          | • Physical PPAs are more difficult to enter into if a city does not have a municipal utility or electric retail choice. |
What is a green tariff?

**Definition**

- A utility tariff or electricity rate, which allows a class of customers to source a portion or all of their electricity from renewable resources, typically through long-term contracts with the customer purchasing both the electricity from a RE project and the associated RECs.

**Three main models**

- Physical PPA model via the utility (or sleeved PPA)
- Subscriber model
- Market-based rate

**Some common elements include**

- Offered to a class of C&I customers
- Customers can source up to 100% from RE, often new RE
- Bundled – RE power + RECs – product
- Fixed / predictable price for energy
- Protection from a fuel charge, e.g., fossil credit
Green tariff: Physical PPA model via the utility (or sleeved PPA)

1. Utility contracts with RE generator for power + RECs, potentially with customer input on project

2. Customer pays alternative contracted rate for power + RECs
Green tariff: Duke’s Green Source Advantage Program

**Key terms:**
- Open to large business customers with at least 1MW demand at a single location or 5 MW aggregated maximum peak demand
- Contracts can be signed up to 20 years
- Customer can run an RFP and sign their own contract with a developer, or Duke can run an RFP for you
Key Benefits and Challenges of Off-site PPAs

Please use the "Chat" feature to ask questions. If you have a question you want to ask privately, please send a private message Mia Reback of RMI.
While the number of on-site and off-site PPAs was similar, off-site PPAs produced significantly more MW.

**Number of Transactions by Type**

- **Off-site Physical PPA**: 205
- **On-site**: 265
- **Community Solar**: 146
- **Green Tariff**: 33
- **Other**: 12
- **Off-site Virtual PPA**: 1
- **Long-term REC Purchase**: 1

**Transaction Size (MW) by Type**

- **Off-site Physical PPA**: 11,529 MW
- **On-site**: 422 MW
- **Community Solar**: 407.1 MW
- **Green Tariff**: 349.9 MW
- **Off-site Virtual PPA**: 38.0 MW
- **Other**: 20.5 MW
- **Long-term REC Purchase**: 16.5 MW

Average size of projects:
- **On-site**: 2 MW
- **Off-site**: 44 MW

[https://cityrenewables.org/transaction-tracker/](https://cityrenewables.org/transaction-tracker/)
While the number of on-site and off-site PPAs was similar, off-site PPAs produced significantly more MW.
Large-scale facilities can offer very low-cost energy

Unsubsidized Ranges for MWh Costs

Scale

Economics

Geographic Flexibility

Novelty

Job Creation

Public Health

Increasing project size (or aggregating demand) can decrease PPA prices.

![Graph showing PPA Bids by Portfolio Size](image)

**Scale**
**Economics**
**Geographic Flexibility**
**Novelty**
**Job Creation**
**Public Health**
By locking in a PPA price for the long term you are no longer susceptible to market price fluctuations.
However, the market may not behave as expected
Virtual PPAs can support projects with greatest resource potential and/or emissions reduction impact

Buyers can support projects with the greatest renewables resource potential

Buyers can target areas where projects would have greatest emissions reduction

Scale
Economics
Geographic Flexibility
Novelty
Job Creation
Public Health

Global Horizontal Solar Irradiance
Source: NREL

CO2 Emission Rate (lbs./MWh)
Source: EPA

SERC South emission rate:
1,088.4 lbs/MWh
Large-scale off-site PPAs support green jobs and create workforce training and development opportunities

- Solar can support local or regional jobs
  - A 50 MW solar project would likely support around 825* construction and installation jobs.  
  - There are currently over 7,000 solar jobs in Ohio
- Organizations can include workforce training programs or job reporting as part of your contract or RFP requirements

* Jobs per MW may be lower today given efficiency gains since these 2012 and 2013 reports were published.
A 50MW off-site solar PPA could enable an Ohio organization to achieve annual public health benefits worth $3-7 Million

- Renewable energy generation would displace generation from coal and natural gas plants and reduce particulate matter in our air.\(^1,2\)

- Particulate matter has been linked to:
  - premature death,
  - heart attacks,
  - irregular heartbeat,
  - aggravated asthma, and
  - decreased lung function.\(^3\)

- A 50 MW renewable energy project generating about 87,600 MWh could result in 3-7 Million dollars of public health benefits every year.\(^4\)
  - Fossil fuel assets are disproportionately sited near/in low-income and minority communities, so the public health impacts are similarly disproportionately allocated.

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1. EPA, [https://www.epa.gov/no2-pollution/basic-information-about-no2](https://www.epa.gov/no2-pollution/basic-information-about-no2).
2. EPA, [https://www.epa.gov/s02-pollution/sulfur-dioxide-basics](https://www.epa.gov/s02-pollution/sulfur-dioxide-basics).
<table>
<thead>
<tr>
<th>Feature</th>
<th>Benefit</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scale</strong></td>
<td>Buyers are able to purchase large quantities of energy in one transaction</td>
<td>Buyers must purchase at least a minimum threshold (&gt; 10 MW usually)</td>
</tr>
<tr>
<td><strong>Economics and Risk</strong></td>
<td>Buyers can purchase energy with zero or minimal upfront costs and are able to lock in stable, competitive prices for the contract duration (10-25 years)</td>
<td>PPAs require significant financial commitments, signing up for long term contracts, and taking on financial risk</td>
</tr>
<tr>
<td><strong>Novelty</strong></td>
<td>Off-site PPAs are still relatively uncommon for cities and can attract a lot of publicity</td>
<td>Some legal and accounting questions may not yet have commonly-accepted answers</td>
</tr>
<tr>
<td><strong>Geographic Flexibility</strong></td>
<td>Buyers can purchase from facilities outside their city, state or RTO to enhance impact and reduce costs</td>
<td>Projects further away from your operations may not provide desired local benefits &amp; make it more difficult to garner support</td>
</tr>
<tr>
<td><strong>Job Creation</strong></td>
<td>Large scale projects can support green jobs and facilitate energy-related economic development and investments</td>
<td>Projects further away from your operations may not provide desired local benefits &amp; make it more difficult to garner support</td>
</tr>
<tr>
<td><strong>Public Health</strong></td>
<td>Renewable plants can create public health benefits by decreasing need for coal/gas peaker plants and therefore reducing particulate matter in the air</td>
<td>Remote projects may not provide desired local benefits and it may be challenging to get political support</td>
</tr>
</tbody>
</table>
The process to purchase renewable energy tends to follow a common pattern

1. Understand the Current Situation (Priorities and Needs)
   - Understand your priorities
   - Understand viability of options
   - Create a target
   - Quantify your usage

2. Prioritize Specific Renewables Initiatives
   - Identify your options
   - Align with stakeholders
   - Prioritize specific initiatives
   - Make the case to leadership

3-5 Execute the Transaction

4) Develop a Short-List of Potential Projects
   - Run an RFI or RFQ
   - Develop an RFP
   - Distribute RFP and create a short list of projects

5) Evaluate Options and Sign a Contract
   - Understand both party’s non-negotiables
   - Model future scenarios and finalize financial analysis
   - Negotiate contract
   - Obtain final approval

6. Monitor Progress and Share Story
   - Monitor project progress
   - Prepare for project operations
   - Share your story with other energy buyers and publicly

Power Purchase Agreements

3) Review Key Risks and Build a Team
   - Understand the key risks
   - Evaluate locations and potential technologies
   - Build a team with the necessary skills
CRA's website provides procurement pathway and state-specific resources and information.
AGGREGATION:
Overview for large-scale renewables procurement

Please use the "Chat" feature to ask questions. If you have a question you want to ask privately, please send a private message Ali Rotatori of RMI.
To achieve renewables goals, organizations can buy unbundled RECs, produce clean energy on-site, and/or purchase large-scale, off-site sources.

One renewable energy certificate (REC) = One megawatt-hour (MWh) of renewable electricity generated.

Unbundled Renewable Energy Certificates

AND/OR

Renewable Energy Produced On-site

AND/OR

Renewable Energy Purchased from Off-site Sources

- Green pricing programs
- Green tariffs
- One-on-one utility deals
- Community solar

Energy aggregation: A group of buyers partner together to buy energy directly from a developer through a joint PPA.

See more details on our website: cityrenewables.org
Energy aggregation through a joint PPA is different from community choice aggregation (CCA) and community solar

**CCA**: A program that allows local governments to purchase electricity on behalf of all residents, businesses, and local institutions in the region

* Only available in 7 states with approved CCA legislation

**Community solar**: A program that allows multiple customers to share output from a solar array

* 40 states have at least 1 community solar array, 19 have supportive legislation

**Energy aggregation**: A group of buyers selecting suppliers together and buying electricity for their own municipal/organizational load

* Available in all states
Buyer-led aggregation and supplier-led aggregation have different procurement processes.

**Supplier-led Aggregation**

- A renewable energy supplier finds a group of buyers to offtake from a project
- Buyers are often invited to opt-in to a deal
- Supplier creates the timeline
- May be faster, do not need to spend as much time on governance and group alignment
- Less flexibility and customization
- Project may not be additional

**Buyer-led Aggregation**

- A group of buyers align on desired project details and then find a supplier who can meet the group's criteria
- Buyers create the timeline
- Can be slower, group needs to spend time establishing a governance structure and aligning on project details before finding a supplier
- More flexibility and customization
- Project will likely be additional
Aggregating multiple buyers’ load in an off-site renewable energy PPA can provide several key benefits:

- **Larger Size and Bigger Impact**: Helping local governments meet their renewable energy goal more efficiently.
- **Large-scale Deal Access**: Receiving more large-scale deal proposals we would otherwise not be able to access.
- **Greater Economies of Scale**: Leading to a lower power purchase agreement price.
- **Lower Market Risks**: Lowering or hedging market risks if contract involves multiple projects spread across several locations.
- **Shared Expenses**: Sharing resources such as external legal and consulting services.
- **Built-in Peer Network**: Entities with more experience/resources can help lead the way for others.
Aggregation starts by forming a group of aligned partners and ends with each buyer entering a separate but similar contract with the renewable energy developer.

1. Assess Procurement Needs
2. Form a Procurement Group
3. Align on Desired Project Details
4. Start the Procurement Process
5. Select Suppliers and Projects
6. Negotiate and Sign Contracts
7. Share Your Success
Step 1: Assess your organization’s renewable energy procurement needs

1. Assess Procurement Needs
2. Form a Procurement Group
3. Align on Desired Project Details
4. Pitch to Senior Leaders
5. Select Suppliers and Projects
6. Negotiate and Sign Contracts
7. Share Your Story

Key Information to Assess
- How much electricity (MWh)?
- Physical or virtual PPA?
- Commercial operation date?
- Project location?
- Level of staff commitment?
- Legal and accounting risks?

Initial Pitch to Senior Leaders
- Climate and energy goals
- Benefits of aggregation
- Types of contracts under consideration
- Potential partners
- Actions needed

Relevant Tools
- Aggregation Pitch Deck Template
- Aggregation Accounting Primer
- Virtual PPA Legal Considerations Primer
Step 2: Form a procurement group with other organizations

1. Assess Procurement Needs
2. Form a Procurement Group
3. Align on Desired Project Details
4. Pitch to Senior Leaders
5. Select Suppliers and Projects
6. Negotiate and Sign Contracts
7. Share Your Story

Partners Selection Criteria
- Existing relationships
- Experience with physical and/or virtual PPAs
- Large local presence
- Advancing equity

Key Points to Discuss
- Type of resource
- Project location
- Timeline
- Procurement method
- Estimate of desired MWh

Establish a Governance Structure
- Saving time for multiple procurements
- Providing certainty by signing an MoU or Participant Agreement

Relevant Tool: Procurement Alignment Tool
Step 3: Align on desired project details within your group

1. Assess Procurement Needs
2. Form a Procurement Group
3. Align on Desired Project Details
4. Pitch to Senior Leaders
5. Select Suppliers and Projects
6. Negotiate and Sign Contracts
7. Share Your Story

Key Decisions to Make
- Procurement type
- Resource type
- Number of projects
- Resource location
- REC ownership
- Contract length
- Operation start date
- Cost requirements
- Resource ownership
- Desired co-benefits

Potential Co-Benefits to Include in an RFP
- Local job creation and economic development
- Education and training
- Promotional opportunities
- Benefits for Indigenous Peoples
- Social inclusion for otherwise marginalized groups
- Inclusion of women and minority owned businesses
- Prevailing wage, union labor
- Biodiversity protection

Relevant Tools: Procurement Alignment Tool, Risk Mitigation Primer
Step 4: Pitch your procurement to senior leaders and confirm buyers

Key Items to Include

- Progress towards climate and energy goals
- Economic and social benefits
- Procurement partners
- RFP criteria and evaluation process
- Financial analysis
- Project details (even if still under consideration):
  - Project size
  - Procurement method
  - Resource type
  - Project location(s)

Growing and Managing the Group

- Update or sign a Participant Agreement before issuing an RFP:
  - Who are involved
  - How the RFP will be managed
  - Who will select the supplier

Relevant Tools: Aggregation Pitch Deck Template
Step 5: Select renewable energy suppliers through an RFP process

Examples of information to include in a request for proposal (RFP)

- Annual electricity load (group combined and individual)
- Hourly load profile of each buyer
- A separate contract with each buyer
- Description of what each buyer can customize in a template contract
- RFP evaluation process and evaluation committee members

Relevant Tools:
- Off-site PPA RFP Template
- Aggregated RFP Template (forthcoming)
- Solar and Wind Off-site PPA Economic Calculator (SWOPEC)
Step 6: Negotiate contract terms, get final approval, and sign contracts

- Negotiate and sign term sheet
- Develop template contract
- Individually review the contract
- Make additional modifications if needed

Risks to Keep in Mind
- Price risk
- Volume risk
- Construction risk
- Operational risk
- Reputational risk
- Curtailment risk
- Termination/Default risk

Final Pitch to Senior Leaders
- Benefits of the deal on your organization and community
- Updated partner information
- Governance structure
- Project type and size
Step 7: Share your story

- Align on *when and how* to announce the deal
- Decide *who* to work on the announcement

**Melbourne Example**

After completing their first aggregated deal, the City of Melbourne, Australia wrote a case study about aggregated PPAs and published their RFP online to serve as an example to others.
AGGREGATION:
Governance Structure & Procurement Process
Different groups will choose different governance structures

**Anchor Offtaker**

**Equal Offtaker**

**Tiered Offtaker**
Anchor model – Case study
Anchor partner enables **broad** participation

290 MW

Apple, Swiss Re, Etsy, Akamai

- **Procurement Type:** VPPA
- **Resource:** Multiple contracts for 125 MW of wind and 165 MW of solar.
- **Resource Location:** Illinois (wind) and Virginia (solar).
- **Timing:** Signed deal in 2018.
- **Takeaways:** Apple was the anchor off-taker and took the majority of MWs, with the smaller buyers accessing the same deal terms.
- **What makes the deal unique:** Without Apple’s participation, other members would not have been able to access financially agreeable terms.
Equal model – Case study
Partners share responsibility for decision making

Procurement Type: VPPA

Resource: Group acted as anchor offtaker for 42.5 MW of 100 MW solar farm.

Resource Location: North Carolina; PJM.


Takeaways: Group signed uniform VPPA contract and shared a single legal counsel to negotiate/finalize the deal and lower transaction costs.

What makes the deal unique: The VPPA was reached using LevelTen’s Dynamic Matching Engine.
Tiered model – Case study
Sub-group makes key decisions

88 GWh

City of Melbourne,
City of Moreland,
City of Port Phillip,
City of Yarra, and
10 more buyers.

• **Procurement Type:** PPPA
• **Resource:** Group signed up for 88 GWh from 80 MW of wind over 10 years.
• **Resource Location:** Western Victoria, Australia.
• **Timing:** Project become operational in 2019; began collaborating in late 2014.
• **Takeaways:** Melbourne's local government helped steward the deal. Six out of 14 partners made most decisions in coordination with the rest of the buyers.
• **What makes the deal unique:** The deal supported co-benefits, including the creation of 140 jobs during construction. Melbourne is using expertise from this deal to facilitate a second aggregated PPA deal.
Tiered model – Case study
Sub-group makes key decisions

160-240 GWh

- **Procurement Type**: PPPA or VPPA
- **Resource**: Wind, solar or other renewable energy source (or a combination thereof)
- **Resource Location**: PJM or adjacent area, with a preference for proximity to the Baltimore Metropolitan Region
- **Timing**: RFP released in March 2021, start date as early as 2022
- **Takeaways**: Long-term regional partnership (“up to 20 years”)
- **What makes the deal unique**: The deal is being facilitated by a regional convener and includes strong equity considerations
Physical and Virtual PPAs have slightly different procurement processes.

**Physical PPA**  
(Procuring Renewable Energy + RECs)

- Aligning on **preferred method(s)** for power delivery
- **Engaging externally**, for example with a utility or retail supplier

**Virtual PPA**  
(Procuring RECs)

- Aligning on **contract mechanism**
- **Engaging internally** with legal, accounting, and procurement
- Individual buyers pursuing **authorizing legislation**, if necessary
Governance structure decisions your group will need to address

1. Who will be our facilitator/project manager?

2. What will our meeting schedule and communication norms be?

3. Who will be responsible for decision-making? What will be the process and timing for that?

4. What will be our deadline for senior leadership sign-off?

5. Who will be the RFP issuer? Response reviewer? Decision-maker?

6. Do we need external consultants? If so, what will the process for selection and cost sharing be?
There are several types of formal governance documents that a group might consider:

**Cost Sharing Agreement**
- How costs will be shared across group members
- Past aggregation groups have:
  - Split costs evenly
  - Apportioned costs based on buyers' total load or desired amount of renewable energy
  - A combination

**Memorandum of Understanding or Participant Agreement**
- How buyers will work together throughout the duration of the PPA contract
- Includes the mechanics of contract administration
- Sign after selecting a supplier

**To guide the RFP Process**
- How the RFP will be managed and evaluated
- The responsibilities of each buyer
- Non-disclosure and confidentiality terms
- Any dispute resolution processes
- Sign before issuing an RFP

**After contracts are signed**
- How buyers will work together throughout the duration of the PPA contract
- Includes the mechanics of contract administration
- Sign after selecting a supplier
Understanding how you will procure your resource will inform how/when to bring in additional partners

- Who is the lead procurement entity?
- Authorizations needed to issue an RFP?
- Timeline for any needed authorizations?
- Ability to piggyback on another buyer’s RFP?
- Flexibility after RFP responses are received?
The more flexible you allow participants to be, the less secure developers are in setting competitive pricing in their response.
The Melbourne Group had strong partner commitment and clarity going into RFP, which it formalized via two major agreements.

1. Form a Procurement Group
   - Set up governance structure & sign cross-partner MoU
     - Steering committee
     - Project working group
     - Evaluation Panel

2. Align on Desired Project Details
   - Sign participant agreements
     - Project eligibility and performance criteria
     - Public relations protocols

3. Collect Proposals

4. Evaluation Panel Selects Suppliers

5. Negotiate & Sign Separate Contracts
The Metropolitan Council Community Solar Garden Collaborative used piggybacking, which resulted in flexibility for partners and soft commitments going into RFP.

1. Form a Procurement Group

Set up an evaluation committee & decide on anchor off-taker:

2. Align on Desired Project Details

Pre-RFP meeting (soft commitments)

A kick-off meeting with all potential interested entities

3. Collect Proposals

Finalize members before the proposal due

(1) Interested entities issue letters of intent
(2) Anchor off-taker issues RFP addendum with additional members

4. The Committee Evaluates & Assign Bids

Formalize level of commitment after bids assigned

Accept (in full/part) or Decline

5. Negotiate & Sign Separate Contracts
Aggregation groups have seen success with different commitment models

<table>
<thead>
<tr>
<th></th>
<th>Melbourne Renewable Energy Purchasing Group</th>
<th>Metropolitan Council Community Solar Garden Collaborative</th>
</tr>
</thead>
<tbody>
<tr>
<td>When was the member list finalized?</td>
<td>Before issuing RFP</td>
<td>After issuing RFP</td>
</tr>
<tr>
<td>When was members’ level of commitment formalized?</td>
<td>Before issuing RFP</td>
<td>Evaluating proposals</td>
</tr>
<tr>
<td>What was the amount of purchase in the RFP?</td>
<td>Set load</td>
<td>Maximum set</td>
</tr>
<tr>
<td>What happened after the committee assigned the bids?</td>
<td>Members were expected to accept the decision</td>
<td>Members could accept, partly accept, or decline</td>
</tr>
</tbody>
</table>
CLOSING & NEXT STEPS
WRI and RMI are launching a Large-scale Renewables Aggregation Cohort to help local governments join forces with other buyers to procure renewables at economies of scale.

“Cohort of cohorts”: Each local government participant will join the cohort with other local institutions in their region as a potential procurement group.

What you will get from the cohort

<table>
<thead>
<tr>
<th>Month</th>
<th>Virtual Workshop Topic</th>
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<tbody>
<tr>
<td>May 2021</td>
<td>Building Energy &amp; Renewables Aggregation Knowledge</td>
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<tr>
<td>June 2021</td>
<td>Determining Governance Structure &amp; Managing the Group</td>
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<tr>
<td>July 2021</td>
<td>Identifying Legal and Accounting Risks</td>
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<tr>
<td>August 2021</td>
<td>Pitching Your Project to Senior Leaders</td>
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<tr>
<td>Sept 2021</td>
<td>Developing Risk Mitigation Strategies</td>
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<tr>
<td>Oct/Nov 2021</td>
<td>Aligning on Procurement Deal Terms (Individual Workshops)</td>
</tr>
<tr>
<td>Jan 2022</td>
<td>Drafting Your Request for Proposal (RFP)</td>
</tr>
<tr>
<td>Feb-June 2022</td>
<td>Additional Check-ins and Technical Support</td>
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If you are interested in learning more about energy aggregation…

- Complete a short survey to express interest by April 27
  [https://forms.gle/WBZUxTKmyi55mBZe9](https://forms.gle/WBZUxTKmyi55mBZe9)
- Share this opportunity with your potential local partners
- Attend regular cohort workshops

*Free Tools & Resources* include procurement guidance, aggregation partner alignment tools, request for proposal (RFP) templates, accounting and legal memos, etc.
CHECK OUT QUESTION

What is one thing you are going to follow up on with someone in this group, someone who was not able to attend, or someone else in your organization?
Who are you going to bring in, share resources with, and teach?

Share your answer in the chat.
THANK YOU!

For more tools, resources and step-by-step guidance on procuring renewable energy, visit www.cityrenewables.org