



ACT Solar Power Facility Industry Consultation Session

9:00am – 11:00am
Tuesday, 3 March 2009

Function Room A
Theo Notaras Multicultural Centre
2nd Floor, North Building
180 London Circuit
Canberra ACT 2600

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1 ACT Solar Power Facility Project Background

1.1 The Challenge of Climate Change

The ACT Government recognises the urgent challenges posed by climate change and is committed to leading the ACT's response to this issue.

The Government's climate change strategy, [Weathering the Change](#), targets a reduction in greenhouse gas emissions for the ACT of 60 percent of 2000 levels by 2050 (see Section 2.1 of this document), and sets out the initiatives and future directions to achieve this target.

The ACT Government understands that climate change can only be addressed in co-operation with other governments, businesses, communities and individuals, and by pursuing a broad range of initiatives to achieve greenhouse gas abatement and adaptation to the impacts of climate change. The Government recognises that renewable energy sources form an important component of any strategy to reduce greenhouse gas emissions.

1.2 Government Commitment

Based on an ACT solar power facility [Feasibility Study](#) (see Section 1.3 below), on 3 September 2008, the ACT Government announced its intention to market test an ACT solar power facility. On 17 October 2008, the [ACT Government made a commitment to provide \\$30 million](#) towards the construction of a solar power plant capable of powering at least 10,000 Canberra homes.

An ACT solar power facility has also been identified in the ACT's bid to Infrastructure Australia as an initiative which may warrant consideration for Commonwealth funding/partnership under the \$20 billion Building Australia Fund.

1.3 ACT Solar Power Facility Feasibility Study

As [announced on 18 March 2008](#), the ACT Government and ActewAGL equally funded a [Feasibility Study](#) into a large-scale solar power facility in the ACT (see Section 1.3.2 below for disclosure of ActewAGL involvement).

As identified in Section 1.3 of the Feasibility Study, the Study examined solar electricity generation technologies, undertook a brief analysis of those technologies that could reasonably be considered suitable for commercial power generation in the ACT, and identified a preferred technology for further evaluation. The review and selection of a preferred technology included:

- an assessment of the technology;
- consideration of the status of the technology and commercial experience;
- consideration of the solar resource in the ACT;
- costs; and
- risks.

The Study, which was undertaken by Parsons Brinckerhoff and publicly released on the ACT Chief Minister's Department website on 3 September 2008, determined that an ACT solar power facility would be a feasible development, based on preliminary studies.

1.3.1 ActewAGL

“ActewAGL” refers to the venture established in October 2000 between the Australian Gas Light Company (AGL), a major private sector group, and ACTEW Corporation, a Territory-owned corporation¹. ActewAGL provides a full range of essential services - electricity, natural gas, water, waste water and internet connection - to a large range of customers in Canberra, ACT.

1.3.2 Disclosure of ActewAGL Involvement

ActewAGL engaged Parsons Brinckerhoff to undertake the Feasibility Study.

The Territory contributed funding towards this Study, being \$54,000AUD (GST exclusive). In return for this funding, the Territory provided input into the Study’s terms of reference (see Section 1.3 above), provided comment on the draft Study, and received a copy of the report for ACT Government to publish and consider.

Neither ActewAGL nor Parsons Brinckerhoff has been: involved in the ACT solar power facility initiative since the public release of the Study on 3 September 2008; or privy to any ACT Government deliberations in respect to this project and the proposed procurement process.

The procurement process (see Section 4 below), is anticipated to be a two-stage process. The process does not preclude ActewAGL (or ACTEW Corporation or AGL) from responding to the first stage of the process. As with all respondents to the first stage of the process, ActewAGL will only be eligible to participate in the second stage if the independent evaluation team assesses its Expression of Interest as suitable to proceed to the second stage.

¹ as defined and governed by the *Territory-owned Corporations Act (1990)*.

2 ACT Government Policy Objectives

2.1 Reducing the ACT's Greenhouse Gas Emissions

The ACT's climate change strategy, [Weathering the Change](#), targets a reduction in the ACT's greenhouse gas emissions of 60 percent of 2000 levels by 2050, to approximately 2.39 million tonnes of carbon dioxide (CO₂)-equivalents per annum. These targets are consistent with those announced by the Australian Government.

As an interim target, [Weathering the Change](#) also aims to limit 2025 greenhouse gas emissions to 2000 levels, being approximately 3.98 million tonnes of carbon dioxide (CO₂)-equivalents per annum.

Table 1: Past assessed and future targeted ACT greenhouse gas emissions

Year	1990	1997	1999	2000	2007	2025*	2050*
Kilotonnes of carbon dioxide equivalents	3,557	3,846	3,885	3,980	4,448	3,980	2,388

*approximate targeted greenhouse gas emission levels, based on current ACT emissions measurement standards and methodology.

It is expected that an ACT solar power facility would aid in meeting such greenhouse gas emission reduction targets. Assuming a 1 tonne per Megawatt hour emission reduction coefficient, a solar power facility capable of powering 10,000 homes could displace approximately 80,000 tonnes of greenhouse gas emissions per annum, which represents about a 3 percent reduction in the ACT's 2000 emission levels.

2.2 Promoting Increased Use of Renewable Energy Sources

The ACT Government has also committed to promoting increased use of renewable energy sources, with a renewable energy target of 10 percent of end use consumption by 2010. It is expected that an ACT solar power facility would help foster the renewable energy sector in the ACT, and would contribute to meeting the ACT's renewable energy target.

2.3 Securing Sustainable Economic Development in the ACT

Additionally, it is envisaged that an ACT solar power facility would help to secure sustainable economic development in the ACT. This initiative supports the following elements of the Government's economic plan, [Capital Development](#):

- the underlying commitment to sustainable economic development;
- the strategic theme of encouraging innovation; and
- the strategic theme of building infrastructure for the future.

Economic benefits of a large scale solar power facility in the ACT will include:

- diversification of the Territory's economic base;
- an increase in the security of the ACT's power supply;
- creation of "green jobs" for the ACT, and broader stimulation of a "green economy";

- opportunities for collaboration between the private sector, governments and local research institutions such as ANU and CSIRO; and
- the potential formation of a renewable energy industry and expertise in the ACT.

3 Project Scope

To address the Government's objectives, as identified in Section 2 of this document, the Territory is seeking to test the market for development of an ACT solar power facility.

This project is intended to lead to the development and construction of an ACT solar power facility with a minimum capacity of 80,000 Megawatt hours per annum, capable of powering at least 10,000 houses in Canberra, ACT. The facility will adhere to national and Territory policy and guidelines on emissions reduction targets (as identified in Section 2.1 of this document) with the view of the ACT leading the way for the rest of Australia.

Specifically, the ACT solar power facility would:

- employ commercially proven solar technology which directly uses energy from the Sun;
- be capable of providing power to at least 10,000 ACT homes, estimated to require approximately 80,000 Megawatt hours per annum;
 - reduce the ACT's greenhouse emissions by approximately 1 tonne of carbon dioxide equivalents per Megawatt hours - for example, in line with the 80,000 Megawatt hours per annum identified above, reduce the ACT's greenhouse emissions by 80,000 tonnes per annum; and
 - contribute to meeting the ACT's renewable energy target of 10 percent of end use consumption;
- be located within the ACT;
- be a commercially viable private sector operation over the medium-long term; and
- be neither directly owned, nor operated, by the ACT Government.

4 Envisaged Procurement Process

4.1 Two-stage procurement process

It is envisaged that the Territory will conduct a two-stage procurement process to select a company or consortium for the development and implementation of a solar power facility for the ACT.

The first stage will be a call for Expressions of Interest (Call for EOIs) and is aimed at short-listing suitable proponents. The second stage, contingent on Government agreement to proceed with this project, will be a detailed Request for Proposal (RFP) designed to gain final proposals from short-listed candidates and to select the preferred proponent, based on assessment against the evaluation criteria.

4.2 Timeframe

It is intended that the Call for EOIs will be released to market by late March 2009. The Territory will ask for responses by late May 2009, giving prospective respondents about eight (8) weeks to prepare their EOIs. It is envisaged that the short-listed EOI respondents will be contacted in July 2009.

Proposed key milestones for the ACT solar power facility market-testing procurement process are identified below. This timeline is indicative and may be subject to change based on feedback from industry.

Table 2: Indicative key milestones for the ACT solar power facility market-testing procurement process

Key Milestone		Indicative Timeline
Industry Consultation Session	Industry consultation session.	3 March 2009
	Closing date for industry feedback and questions.	12 March 2009
Stage 1 Call for Expressions of Interest (Call for EOIs)	Advertisement of Call for EOI.	28 March 2009
	Closing date for EOIs.	28 May 2009
	Evaluation of EOIs.	June 2009
Stage 2 Request for Proposals (RFP)	Distribution of RFP to shortlisted respondents.	July 2009
	Closing date for proposals.	September 2009
	Evaluation of proposals.	October 2009
Contract Negotiations	Finalisation of contract negotiations with preferred proponent.	late November 2009
	Engage preferred proponent.	January 2010

4.3 Envisaged Selection Process

EOIs will be assessed by an ACT Evaluation Team. The Evaluation Team may, as required, seek specialist advice from a range of experts to assist in consideration of aspects of the evaluation process. To date, PricewaterhouseCoopers has been engaged as the Territory's external adviser to assist in the first stage, EOI process.

A set of detailed criteria, against which respondents will be evaluated, is currently in development.

EOIs will be assessed against the evaluation criteria and information requirements, which will be specified in the Call for EOIs. The evaluation criteria will be framed against the project scope (identified in Section 3). As a guide, respondents to the Call for EOIs would be expected to:

- identify and justify the technology to be used in the solar power facility;
- present the results of established installations, pilot trials or other relevant research and development;
- demonstrate previous experience (supported by references) on similar projects undertaken;
- identify the scale of the solar power facility proposed;
- calculate the facility's estimated whole of life contribution to reducing ACT greenhouse gas emissions;
- clearly identify the proposed location of the facility;
- estimate the cost of designing and constructing the solar power facility as well as the level of indirect or direct Government subsidy, if any, that may be required;
- identify the environmental, economic and community benefits anticipated to accrue to the Territory;
- identify the risks associated with the solar power facility and provide an outline of the intended risk mitigation strategies to be employed;
- outline an indicative timeframe for construction;
- determine the preferred business model for the solar power facility; and
- demonstrate the company or consortia's capacity to deliver the project.

It is envisaged that this Industry Consultation Session will provide industry with the opportunity to identify areas for particular consideration, and to provide feedback on the proposed criteria and information requirements (as noted above).

The requirements of the RFP which is issued to short-listed respondents will outline additional evaluation criteria.

4.4 Contract

The form of contract, and other documentation that will ultimately be used to implement an ACT solar power facility, will largely depend upon the way in which the facility will be established and conducted. This is unlikely to be resolved until the second stage of the procurement is undertaken, at which time it is anticipated that short-listed respondents will be provided with an indication as to the possible options.

Accordingly, no draft contract will be presented in the Call for EOIs. However, it is possible to foreshadow that any contractual and associated documentation will likely reflect the ACT's sustainability, waste reduction, and greenhouse policies. The following policies and strategies are drawn to prospective respondents' attention:

- [*People, Place and Prosperity: A Policy for Sustainability in the ACT*](#) - outlines a set of principles that clarify the concept of sustainability. These principles include using resources prudently and taking all costs and benefits into account;
- [*No Waste by 2010*](#) - aims to improve markets for recyclable materials, encourages the purchase of recycled products and seeks to minimise the amount of waste sent to landfill; and
- *ACT Greenhouse Strategy, [*Weathering the Change*](#)* - seeks to reduce Greenhouse gas emissions resulting from government procurement.

5 Additional Information

5.1 Location

The solar power facility has been earmarked for physical location within the ACT, with the ACT Government identifying a number of potential land parcels for development and construction of the facility. It is intended that these sites will be discussed at the information session.

The Territory is also open to consideration of alternate ACT land sites identified by proponents in their proposals. Nonetheless, all potential sites would be subject to the provisions of the *Territory Plan* and the *ACT Planning and Development Act 2007* prior to development approval.

5.2 Government Support

The ACT Government has committed to providing \$30 million towards the proposed ACT solar power facility.

In addition, an ACT solar power facility has been identified in the ACT's bid to Infrastructure Australia as an initiative which may warrant consideration for Commonwealth funding/partnership under the \$20 billion Building Australia Fund.

Proponents may also wish to independently seek Commonwealth Government assistance via the Department of Resources, Energy and Tourism's [Energy Programs](#).

It is important to note that while the ACT Government has set aside subsidy funding for the project, potential proponents are encouraged to provide responses based on the perceived level and form of subsidy required to meet the ACT Government's aforementioned objectives and project scope.

6 Contact Officer

All queries in relation to the information contained within this document should be submitted to the contact officer.

The contact officer for the ACT Solar Power Facility Project will be Mr Dan Stewart from ACT Government. Contact details are as follows:

Mail Address:

Mr Daniel Stewart
Director
Economic, Regional and Planning Policy
Chief Minister's Department
GPO Box 158
Canberra ACT 2601

Location:

Canberra Nara Centre
Cnr Constitution Ave & London Circuit
Canberra City ACT 2601

E-mail:

actsolarfarm@act.gov.au

Web:

www.cmd.act.gov.au/actsolarfarm

Telephone:

13 22 81 (AUS) / +61 13 22 81 (International)

Fax:

+61 2 6207 0025

7 Background Documents

The following links contain documents that may provide potential respondents with background information to best inform them of the projects status and the ACT Governments overarching commitment to the development of an ACT solar power facility.

1. Parsons Brinckerhoff Solar Power Facility Feasibility Study
http://www.cmd.act.gov.au/_data/assets/pdf_file/0005/2939/Solar_Power_Plant_Pre-feasibility_study.pdf
2. ACT Government Climate Change Strategy, *Weathering the Change*
http://www.tams.act.gov.au/_data/assets/pdf_file/0003/63624/Climate_Change_Strategy.pdf
3. Australian Government Department of Resources, Energy and Tourism Energy Programs
<http://www.ret.gov.au/energy/energy%20programs/Pages/EnergyPrograms.aspx>
4. Media:
 - a. ACT Government – ACT Solar Power Facility Industry Consultation Notification (14 February 2009)
<http://www.canberratimes.com.au/classifiedsimages/full/10984341.pdf>
 - b. Minister for Energy, ACT Government – ACT Solar Power Project moves ahead (6 December 2008)
<http://www.chiefminister.act.gov.au/media.php?v=7626>
 - c. ACT Labor – Making Canberra the Solar City (17 October 2008)
<http://www.actlabor.com.au/Documents/2008%20Campaign%20Media%20Releases/102%20Media%20Release%20-%20Stanhope%20-%2017%20October%202008.pdf>
 - d. Chief Minister, ACT Government – Government to go to market on solar power plant (3 September 2008)
<http://www.chiefminister.act.gov.au/media.php?v=7353>
 - e. Chief Minister, ACT Government – Consultant engaged for solar facility scoping (23 April 2008)
<http://www.chiefminister.act.gov.au/media.php?v=6698>
 - f. Chief Minister, ACT Government – Feasibility Study Into Solar Power Plant (18 March 2008)
<http://www.chiefminister.act.gov.au/media.php?v=6567>

