



**THIS CONFIDENTIAL REPORT WAS DECLASSIFIED BY
COUNCIL RESOLUTION ON 23 SEPTEMBER 2021**



CONFIDENTIAL REPORT

14.1 POWER PURCHASE AGREEMENT

REFERENCE: D2014/06186

PURPOSE OF REPORT

To seek Council approval for delegated authority for the CEO to enter into an agreement for the sale of power from the proposed Hazelmere Wood Waste to Energy plant.

KEY ISSUES AND RECOMMENDATION(S)

- EMRC has been in discussions with several electricity retailers to sell the electricity from the proposed Hazelmere Wood Waste to Energy plant.
- Due to projected delays and costs associated with a Western Power grid connection, direct connection to nearby customers has been progressed in parallel.
- Perth Airport Pty Ltd appears to be the best option for the project in terms of their ability to consume the electricity from the Hazelmere Wood Waste to Energy plant.

Recommendation(s)

That:

1. Council by absolute majority, pursuant to section 5.42 of the Local Government Act 1995, delegates authority to the CEO to finalise and execute a Wholesale Electricity Agreement.
2. The report and attachments remain confidential and be certified by the Chairman and CEO.

SOURCE OF REPORT

Director Waste Services

BACKGROUND

At the 20 June 2013 (Ref: DMDOC/180018) meeting of Council it was resolved:

"THAT COUNCIL:

1. *PROCEED WITH THE HAZELMERE WOOD WASTE PYROLYSIS PROJECT.*
2. *BY ABSOLUTE MAJORITY IN ACCORDANCE WITH SECTION 5.42 OF THE LOCAL GOVERNMENT ACT 1995 AUTHORISE THE CEO TO ENTER INTO A CONTRACT BETWEEN EMRC AND ANSAC FOR THE ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING OF THE HAZELMERE WOOD WASTE PYROLYSIS PLANT TO THE VALUE OF \$7,440,000 SUBJECT TO A, B, AND C;*
 - a) *EXECUTION OF A FUNDING AGREEMENT BETWEEN THE COMMONWEALTH GOVERNMENT AND ANSAC PTY LTD FOR GRANT FUNDING UNDER THE CLEAN ENERGY INNOVATION FUND;*
 - b) *RECEIPT OF ENVIRONMENTAL AND OTHER STATUTORY APPROVALS FOR THE PROJECT; AND*
 - c) *DEVELOPMENT OF A POWER PURCHASE AGREEMENT BETWEEN EMRC AND AN ELECTRICITY RETAILER."*



Item 14.1 continued

REPORT

The EMRC has been in discussions with energy retailers regarding the sale of power from the proposed Hazelmere Wood Waste to Energy plant since July 2013. This has also involved discussions with Western Power regarding a grid connection to suit the project timeline. Because of the protracted timeline and projected costs in a grid connection through Western Power, other options have been explored at the same time including a direct power supply from the plant to BGC in Stirling Crescent Hazelmere, Talloman in Lakes Road Hazelmere and Perth Airport Pty Ltd (PAPL).

Neither BGC or Talloman could take the full expected output from the Hazelmere Wood Waste to Energy Plant. Therefore the option of a direct supply to PAPL via an underground cable appears to be the best option under evaluation because of their large power usage. After several meetings with PAPL, the EMRC agreed to develop a Memorandum of Understanding with PAPL and prepare a draft Wholesale Electricity Agreement. The EMRC has been guided in these discussions by consultants Petro Min Engineers and Yeoman.

Mr Laurie James of Kott Gunning Lawyers has prepared draft documents for the EMRC and we are waiting for PAPL's comment on them.

The main elements of the Wholesale Electricity Agreement are:

- Conditions Precedent;
- Term and Supply Period;
- Capacity;
- Renewable Energy Certificates (REC's);
- Operation and maintenance;
- Charges;
- Nature of the relationship; and
- Force Majeure.

Subject to final discussions with PAPL the Wholesale Electricity Agreement is expected to be finalised by late June 2014 and then ratified by both parties.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 1 – Environmental Sustainability

- 1.3 To provide resource recovery and recycling solutions in partnership with member Councils
- 1.4 To investigate leading edge waste management practices

FINANCIAL IMPLICATIONS

The costs to the EMRC for an electrical connection from the Hazelmere Wood Waste to Energy plant are provided for in the budget for 2014/2015.

Revenue of up to \$1,024,000 per annum from electricity sales is budgeted from 2015/2016.



Item 14.1 continued

SUSTAINABILITY IMPLICATIONS

The Hazelmere Wood Waste to Energy plant is aimed at reducing waste to landfill and therefore greenhouse gas emissions and producing renewable electricity and biochar. This is consistent with the State Waste Strategy for reduction of waste to landfill.

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

CONFIDENTIAL ATTACHMENT(S)

Nil

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That:

1. Council by absolute majority, pursuant to section 5.42 of the Local Government Act 1995, delegates authority to the CEO to finalise and execute a Wholesale Electricity Agreement.
2. The report and attachments remain confidential and be certified by the Chairman and CEO.

Discussion ensued

The Director Waste Services summarised the report.

Discussion took place in regards to underground cabling, sale of energy, cents per KW hour, renewable energy certificates and the capacity credit charge.

RRC RECOMMENDATION(S)

MOVED CR ZANNINO

SECONDED MR LUTEY

That:

1. Council by absolute majority, pursuant to section 5.42 of the Local Government Act 1995, delegates authority to the CEO to finalise and execute a Wholesale Electricity Agreement.
2. The report and attachments remain confidential and be certified by the Chairman and CEO.

CARRIED UNANIMOUSLY

RRC Chairman

Chief Executive Officer
