

How to buy renewable electricity through a retail PPA

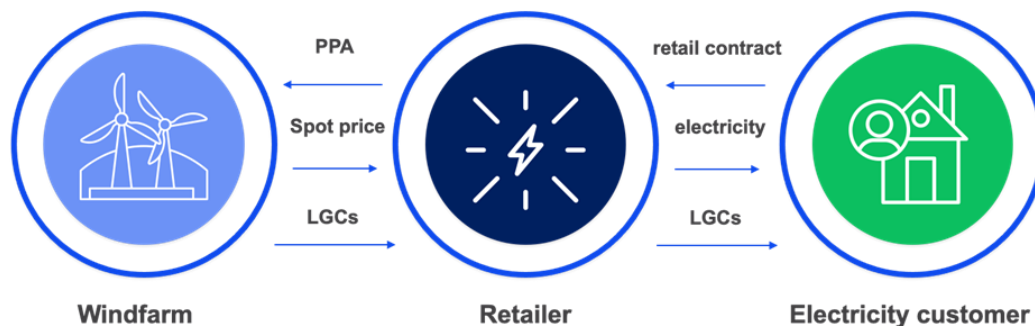
A retail PPA defined

The power purchase agreements (PPAs) we're outlining in this document are contracts for electricity and/or green certificates, also known as large-scale generation certificates (LGCs), with a renewable energy generator, like a wind or solar farm.

There are two main types of PPAs: retail PPAs and wholesale PPAs.

Under a **retail** PPA, a business or organisation signs an agreement with an electricity retailer to buy electricity and/or LGCs. The retailer acts as an intermediary between a renewable energy farm and buyer. The retailer is responsible for negotiating and managing the contract with the renewable energy farm.

Retail-linked PPA



For **wholesale** PPA, on the other hand, a business or organisation negotiates directly with a renewable energy farm. Wholesale PPAs are usually undertaken by large electricity buyers buying more than 50 GWh a year.

Companies of many sizes can negotiate a PPA. Large corporates like BHP and Woolworths have PPAs as well as small energy buyers such as schools, law firms, financial consultancies and IT companies.

When to buy

The best time to negotiate a retail PPA is before your current electricity contract ends. The retail PPA will replace your current electricity contract. Ideally you would start negotiating a PPA at least 6 months before the end of your existing contract. If you're a medium energy buyer, that buys roughly 10 GWh – 30 GWh a year, you might start negotiating your first PPA 12 months before the end of your existing contract.

Where to buy

Retail PPAs are available from some electricity retailers. Many organisations lack the expertise to work directly with a retailer for a PPA – most use an adviser or broker.

For a list of retailers, visit businessrenewables.org.au/developer-profiles/?type=Retailer

For a list of energy and legal consultants who can help you with your renewable energy procurement process, visit businessrenewables.org.au/provider-profiles/?type=Consultancy

Tips from the Business Renewables Centre Australia and Presync

- Internal agreement is often the hardest part. Talk with your chief finance officer early as they don't like surprises. But they can be great supporters and help you champion the project.
- Remember when you're pitching, the value of a PPA is financial as well as environmental – 'get off the rollercoaster' by fixing a price for electricity and accelerating your journey to net zero emissions.
- Longer-term deals are harder for internal stakeholders to get their heads around but typically provide better value. PPAs are available for 3, 5, 7 and 10-year terms.
- LGCs need to be 'retired', not on-sold, to be able to claim the renewable energy for emissions accounting.
- You might need a legal opinion on the contract. If you don't have in-house expertise, your adviser will be able to recommend a suitable lawyer. Not all businesses gain legal advice, but it might be prudent for you.

How to procure: the steps

If you're buying around **100 MWh to 5 GWh** of electricity a year, the process could be quite straight forward and take around 3 to 6 months.

If you're buying roughly **5 GWh to 30 GWh** a year, or have organisational complexity, the procurement process is likely to be more formal and extensive. At this scale, a retail PPA can often take 9 to 12 months to negotiate and implement. These are not hard-and-fast rules.

The steps, actions, and milestones in this process are described in the table below.

Steps	Actions	Milestones
1. Project inception and stakeholder engagement	<ul style="list-style-type: none"> Develop a project plan, including an internal stakeholder engagement plan. Build internal project team and initial internal stakeholder engagement. Use the Business Renewables Centre Australia's (BRCA's) diagnostic tool to help you find the best options for your company. 	<p>Project inception meeting</p> <p>Key internal stakeholders engaged</p> <p>Electricity data obtained</p>
2. Preferences scoping	<ul style="list-style-type: none"> Define key internal drivers. For example, financial certainty and emissions reduction. Understand electricity consumption/load profile. Develop initial business case for engaging an external consultant. For example, preliminary evaluation of alternatives such as standard retail contract, GreenPower, identification of key sensitivities, risks, and mitigation methods. 	Internal approval and plan to engage a consultant
3. Contract scenarios design and evaluation	<ul style="list-style-type: none"> Engage an energy consultant to evaluate options, develop market approach and finalise transaction preferences ¹ Gain internal approval to go-to-market for quotes. 	<p>Consultant provides an evaluation of retail PPA options</p> <p>Go-to-market plan confirmed</p>
4. Go-to-market preparation	<ul style="list-style-type: none"> Finalise key parameters. Draw up an agreed tenderer invitation list. Prepare tender documentation, including an evaluation matrix. Agree on a procurement strategy. For example, 1-stage or 2-stage.¹ Initial retailer outreach. 	Procurement process ready for launch
5. Procurement process and recommendation	<ul style="list-style-type: none"> Receive and coordinate tender responses, undertake due diligence. Assess tenders using evaluation matrix.¹ Prepare a tender evaluation report. Select a preferred supplier and discuss your recommendation with your internal decision makers. 	<p>Tender release</p> <p>Tender close and preferred supplier identified</p>
6. Transaction negotiation support	<ul style="list-style-type: none"> Negotiate fine details of contract, where this is an option. Gain legal advice on the contract. Execute renewable energy PPA. 	<p>Items negotiated</p> <p>Contractual close</p>

¹ See the 'Technical Terms' section on the previous page

Technical terms

Transaction preferences are the factors specified in your tender.

Your energy consultant will help you define these. Transaction preferences can include factors such as:

- PPA length in years, which state it covers (NSW, VIC, etc), which sites are included, how much electricity load is covered,
 - PPA type (fully firmied/partially firmied/spot expose), LGCs (bundled/unbundled),
 - retailer type, sustainability credentials of retailer,
- and anything else you wish to specify.

Evaluation matrix is used in the procurement process to **to** select a PPA provider.

Your energy consultant will develop evaluation matrix for the tender process and will work with you to define assessment criteria. Example criteria you might use in your assessment include (Note: You may not need to specify all of the example preferences listed here, your consultant will guide you):

- Price, contract terms and load flexibility offered.
- Experience of the organisation.
- Technology (solar/wind/battery if there is a preference).
- Projects linkage (or portfolio) and appeal of projects.
- Risk exposure/PPA type offered (fully or partially firmied, spot exposed).
- Simplicity of solution.
- Values alignment (stated corporate responsibility, etc), project co-benefits identified/offered.
- General customer services offered by retailer eg. Dedicated account manager, billing data, demand alerts, etc.

1-stage or 2-stage procurement will depend on the size of your business.

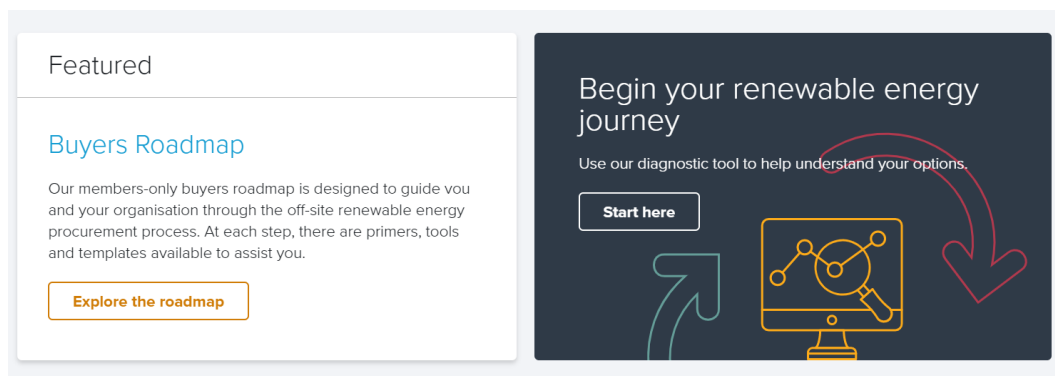
For small energy buyers, a single-stage process will be sufficient and consist of a simple RFQ (Request for Quote).

For larger energy buyers, where a larger number of responses is expected, this may involve a two-stage process to eliminate unsuitable offerings from the first round. In that case, stage one involves a call for Expression of Interests (EOI) which generally asks high-level questions, followed by a second, more detailed tender stage RFQ or RFT (Request for Tenders) for the companies selected in stage one.

Handy links

[Business Renewables Centre-Australia \(BRC-A\)](#) is Australia's peak corporate PPA training and education initiative. BRC-A is an independent, not-for-profit member-based organisation that connects energy buyers, developers, and service providers.

To help you find what renewable electricity procurement options are available to you, use this diagnostic tool from the BRC-A businessrenewables.org.au/diagnostic-tool/



The screenshot displays the BRC-A website's 'Featured' section. On the left, the 'Buyers Roadmap' is highlighted, with a description stating it is a members-only guide for off-site renewable energy procurement, featuring primers, tools, and templates. An orange button labeled 'Explore the roadmap' is positioned below the text. On the right, a dark blue banner titled 'Begin your renewable energy journey' encourages users to use the diagnostic tool to understand their options, accompanied by a 'Start here' button and a graphic of a computer monitor with a network diagram and a red arrow pointing to the diagnostic tool link.

To find a retailer, visit businessrenewables.org.au/developer-profiles/?type=Retailer

To find an energy consultant or broker, visit businessrenewables.org.au/provider-profiles/?type=Consultancy

To find legal services, visit businessrenewables.org.au/provider-profiles/?type=Legal%20services