

Large-Scale Renewables Aggregation Cohort Overview

Our Team

The World Resources Institute (WRI) and Rocky Mountain Institute (RMI) formed the [Renewables Accelerator](#) in 2019 to provide free tools, resources, and technical assistance to local government staff to accelerate renewable energy adoption and electricity decarbonization in their communities.

Cohort Description

The Renewables Accelerator team is launching a large-scale renewables aggregation cohort in September 2020 to help local governments join forces with other buyers to procure large-scale renewables at economies of scale. Over the course of approximately 6 months, we will walk small groups of buyers through the aggregation procurement process and facilitate group alignment on key elements of a joint RFP for a virtual or physical power purchase agreement (PPA). We will provide virtual trainings, resources, and access to experienced technical experts from across the US, as well as draw upon the collective cohort expertise, to help participants release a joint RFP for aggregated procurement in 2021.

Cohort Objectives

Many local governments, corporations, and public entities have set ambitious renewable energy goals that often cannot be achieved through on-site solar installations and utility solutions alone. Large-scale renewables procurement through a physical or virtual PPA can fill the remaining gap while bringing new renewable resources online. Aggregation results in bigger impact, better economics, lower risk for all buyers, and compelling communications. The cohort will explore issues and risks associated with virtual PPAs, which are common in the private sector but new for local governments.

Aggregation also offers the potential to support local equity goals. First, local governments can partner with historically black universities or local woman- and minority-owned businesses that may not have the resources or load size to support large-scale renewables procurement on their own. Second, replacing dirty energy sources with renewables can disproportionately benefit communities of color, who are [more likely to live near coal plants](#) and be impacted by environmental justice issues. Finally, local governments can incentivize and prioritize renewable projects that have equitable workforce development components and result in local jobs.

Expectations for Participants

While the technical assistance and training provided through the cohort is free, RMI and WRI ask that local governments are committed to taking action within the coming year. To ensure the success of the cohort, it is important that local government and other cohort participants:

- Dedicate the necessary resources and staffing necessary to assess the potential for aggregated procurement and release an RFP. We estimate this will require roughly 0.25 FTEs of staff time commitment over the course of the project.
- Enlist participation from across the local government as needed, including from sustainability, legal, accounting, and procurement departments.
- Commit to the ethos of peer learning – be willing to both share openly and listen respectfully.
- Fill out the procurement alignment chart on the third page to help facilitate aggregation group formation.

Proposed Cohort Schedule

Month	Virtual Workshop Information
September	<p><u>Building Renewables Aggregation Knowledge</u></p> <p>Activities: Overview of aggregation process. Facilitated discussions with aggregation groups on key procurement elements.</p> <p>Outcome: Determine aggregation group governance structure.</p>
October	<p><u>Identifying Legal and Accounting Risks</u></p> <p>Activities: Presentation on legal and accounting challenges. Aggregation groups discuss large-scale renewable procurement challenges with experts and align on any legal or accounting deal breakers.</p> <p>Outcome: Understand legal and accounting barriers and/or whether they can be addressed.</p> <p>Additional Participants: Local government legal and accounting staff</p>
November	<p><u>Determining Procurement Process & Developing Risk Mitigation Strategies</u></p> <p>Activities: Presentation on risk mitigation strategies for large-scale renewable procurement. Break out into aggregation group discussion to discuss desired risk mitigation strategies. Additionally, in aggregation groups discuss key procurement process criteria (i.e. need competitive procurement process for contracts over \$XX). Identify group conflicts in procurement criteria and discuss workarounds.</p> <p>Outcome: Understand criteria/requirements for group procurement and which (if any) risk mitigation strategies the aggregation group wants to pursue.</p> <p>Additional Participants: Local government procurement staff</p>
December	<p><u>Pitching Your Project to Senior Leaders</u></p> <p>Activities: Review pitch deck template, Q&A with Ideas42 on behavioral best practices to get to a “yes,” and small group work time to craft a pitch.</p> <p>Outcome: Prepare each team member to get approval from senior leadership to pursue this project further.</p>
January	<p><u>Aligning on Procurement Deal Terms</u></p> <p>Activities: WRI/RMI will facilitate an alignment convening for each aggregation group on resource criteria (COB, resource type, location, MW, etc.). We will not meet as a full cohort this month.</p> <p>Outcome: Alignment on RFP criteria and importance of each category.</p>
February	<p><u>Drafting Your Request for Proposal (RFP)</u></p> <p>Activities: Review RFP template and align as a procurement group.</p> <p>Outcome: Draft RFP for aggregated deal.</p>

For any questions, please contact Alisa Petersen, cohort lead, at apetersen@rmi.org.

If you have interest in joining the cohort, please fill out this [survey](#).

Large-Scale Renewables Aggregation Cohort

10/9/20

The Centre Region COG and its member municipalities are part of the Solar Power Purchase Agreement Working Group (SPPA WG) that is comprised of 15 government entities in Centre County that are exploring the viability of investing in a joint SPPA. Over the next 6 months the SPPA WG will be participating in the WRI-RMI Large Scale Renewables Aggregation Cohort. This cohort will provide the working group with education, best practices and model documents on aggregated large-scale renewable procurement. Aggregation presents a way to access many benefits of large-scale renewable energy that most local governments would not be able to access on their own.

There are many benefits of aggregation including, (1) aggregated purchases have a bigger impact, (2) aggregated deals have better economics and prices, (3) aggregation lowers risk, and (4) aggregation creates positive network effects and compelling communications. Partnering with others on an aggregated procurement will enable us to more cost-effectively meet our goals while supporting the development of a new utility scale renewable energy project.

Who is WRI-RMI?

This process is being facilitated through a cohort led by the Rocky Mountain Institute (RMI) and World Resources Institute (WRI), who bring technical expertise and organizational capabilities to the process. This cohort will provide free tools, resources, and technical assistance to local government staff to accelerate renewable energy adoption and electricity decarbonization in their communities. To date, the Renewables Accelerator has worked with over 100 local governments and have supported over 1 MW of new renewable energy. To fully participate in the cohort, we are asking for the time and support of the legal, accounting, and procurement team to pursue this opportunity.

What is aggregation?

Aggregation is a way for two or more buyers to procure renewable energy from a large-scale renewable facility. Currently our aggregation group consists of 15 members of the SPPA Working Group. Multiple buyers form a procurement group that identifies desired project attributes, finds a supplier and project(s) that meets these requirements, and enables each participant to sign separate, but similar, contracts. The main ways to do this are with an off-site physical power purchase agreement (PPPA), a virtual power purchase agreement (VPPA), or with a special contract through a utility.

Frequently Asked Questions:

How is this different from Community Choice Aggregation?

Community Choice Aggregation (CCA) enables local governments to procure power on behalf of their residents, businesses, and municipal accounts. CCA is only possible in municipalities that have a State law authorizing CCA and have passed enabling local legislation. Aggregated large-scale renewable procurement focuses on large buyers who enter into a power purchase agreement.



Can you explain possible aggregation procurement methods in more detail?

[With a Physical PPA](#), buyers purchase electricity from a utility-scale, off-site renewable energy generator to use at their facilities. For “physical delivery” to be possible, the renewable resource needs to be located in the same wholesale market as the buyers and each buyer needs to be in a retail choice state or convince their traditional utility to deliver the energy to their facilities. Local governments in states without retail choice that want to physically receive the renewable electricity will need to work with their local utility, as it is the only entity that can legally deliver electricity to their facilities. This delivery can be achieved through special contracts with their utility in which the utility takes the power produced at the project site and delivers, or sleeves, it to the buyer. A [Virtual PPA \(VPPA\)](#) is a *financial arrangement* between a renewable energy project developer and a buyer in which a buyer (1) pays the developer the positive difference between a *fixed* PPA price (\$/MWh) for the generated renewable electricity and a *floating* market price (\$/MWh) when the floating price is lower, and (2) receives from the developer the positive difference between the floating price and the fixed price when the floating price is higher. The buyer also receives ownership of the project’s associated Renewable Energy Certificates (RECs).

Has anyone done this before?

Yes! Corporations and public institutions innovated how to successfully aggregate for a large-scale renewable procurement. Now, many local governments are following suit. A lot can be learned from published case studies of successful aggregated deals.

- [City of Melbourne](#), City of Moreland, City of Port Phillip, City of Yarra, and 10 other corporations and public institutions in the greater Melbourne area
- [Massachusetts Institute of Technology](#), the Boston Medical Center, and the Post Office Square Redevelopment Corporation
- [Bloomberg, Cox Enterprises, Gap Inc., Salesforce, and Workday](#)
- [AkzoNobel, DSM, Google, Philips](#)
- [Arlington County, Virginia](#) and Amazon