

**ITEM 13. TENDER - PHOTOVOLTAIC SYSTEMS DESIGN AND
INSTALLATION ON THE CITY'S BUILDINGS AND OPERATIONS**

FILE NO: S086964

TENDER NO: 1110

SUMMARY

This report provides details of the tenders received for the photovoltaic design and installation on the City's buildings and operations.

On 31 May 2010, Council resolved to replace the City's *GreenPower* purchase contract with a Renewable Energy Fund of up to \$2 million per annum and that a framework agreement contract for solar photovoltaics be procured as the first stage to the procurement of other forms of renewable energy on the City's property. The Council report also set out that it was envisaged that such a fund would finance, for example, 150kW_p to 200kW_p of photovoltaics a year.

Renewable energy is a key element to delivering the 100% local energy target in Sustainable Sydney 2030 and contributing towards the 70% reduction in greenhouse gas emissions target for the City's own buildings and operations.

This tender initiative represents one of Australia's largest non-residential solar projects and was intended to generate up to 1MW or more per annum of solar power on over 30 of the City properties over the next five years.

Due to extensive tender analysis which indicated the possibility of better matching supply of electricity with the demand from the nominated 30 properties, and due to anecdotal evidence that the price of PV cells has reduced, it is proposed to reject all tenders and negotiate with suitably qualified suppliers.

This report recommends that Council reject all tenders and delegate authority to the Chief Executive Officer to negotiate with suitably qualified suppliers for the design and installation of the photovoltaic systems.

RECOMMENDATION

It is resolved that:

- (A) Council reject all tenders;
- (B) authority be delegated to the Chief Executive Officer (CEO) to negotiate with suitably qualified suppliers for the design and installation of the photovoltaic systems;
- (C) the CEO report back to Council on completion of negotiations; and
- (D) Tender Evaluation Summary, Attachment B to the subject report, remain confidential in accordance with Section 10A(2)(d) of the Local Government Act 1993.

ATTACHMENTS

Attachment A: List of the City's properties to which it was specified to install photovoltaic systems

Attachment B: Tender Evaluation Summary (Confidential)

(As Attachment B is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. Sustainable Sydney 2030 is Council's plan to make Sydney green, global and connected by 2030 – reflecting our resident's aspiration for our Local Government Area. The key climate change targets in the plan are:
 - (a) 70% reduction in greenhouse gas emissions from 2006 levels by 2030;
 - (b) 70% of the city's electricity requirement within the LGA to be met by a Green Transformers network – (which refers to the installation of new green infrastructure such as trigeneration by 2030);
 - (c) 25% of the city's electricity requirement within the LGA to be met by renewable energy by 2030 – (30% of the city's electricity requirement within the LGA to be met by renewable energy to meet the 100% local generation target); and
 - (d) 100% local generation by 2030.
2. These targets apply to the City's own buildings and operations as well as the City's Local Government Area as a whole and will be achieved by a combination of trigeneration, renewable energy and energy efficiency or conservation measures.
3. Around 80% of the City's greenhouse gas emissions are from centralised power generation, primarily coal-fired power stations. Replacing centralised electricity generation with local or decentralised energy generation not only reduces emissions it also displaces wasted energy in the form of waste heat and the water used to reject the waste heat at power station cooling towers as well as avoiding grid losses from centralised energy.
4. Objective 2.1 of Sustainable Sydney 2030 seeks to increase the capacity of local energy generation within city boundaries.
5. Objective 2.3 of Sustainable Sydney 2030 seeks to improve the environmental performance of existing buildings.
6. Objective 2.4 seeks to demonstrate leadership in environmental performance through the City of Sydney's operations and activities.
7. The City of Sydney's organisational emissions reduction program is an opportunity to "show by doing". Major carbon reducing projects approved by the Council so far comprise building energy and water efficiency retrofit, LED street lighting and trigeneration. Photovoltaics represents the fourth such project. By implementing the same infrastructure for itself as it is advocating others should do, the City will:
 - (a) demonstrate how it can be done;
 - (b) shoulder the burden of risk that comes with going first; and
 - (c) demonstrate leadership.

8. Tenders received exceeded the envisaged 0.75MW_p to 1MW_p photovoltaic capacity over five years as set out in the report to the Environment and Heritage Committee on 24 May 2010. However, photovoltaic manufacturing prices have recently fallen and tenderers have also advised that the previously envisaged five year program could be reduced to three years. In order to take advantage of this, Council would need to reject all tenders and negotiate with suitably qualified organisations for the design and installation of the photovoltaic systems.
9. The tenders are based on an output performance specification, whereby a contractor designs and installs their own photovoltaic proposals to generate renewable electricity on Council buildings and operations. The list of City properties to which it was specified to install photovoltaic systems is detailed in Attachment A. Tenderers could select from this list, but all tenders must include photovoltaic systems for each of the Aquatic Centres, Town Hall House, Sydney Town Hall (phase 2) and Railway Square Bus Interchange as priority projects.

INVITATION TO TENDER

10. Requests for expressions of interest were advertised and returned on 1 October 2010.
11. Selected organisations were invited to tender on 8 April 2011.
12. Tenders closed on 29 July 2011.

TENDER SUBMISSIONS

13. Tender submissions were received from the following five organisations:
 - Ingenero Pty Ltd
 - Nu energy Pty Ltd
 - RF Industries
 - Solgen Energy
 - Sunpower Corporation
14. No late submissions were received.

TENDER EVALUATION

15. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
16. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment B.
17. All submissions were assessed in accordance with the approved evaluation criteria.
18. The Tender Evaluation Criteria were:
 - (a) lump sum price and schedule of prices;

- (b) solar electricity generation peak power capacity;
 - (c) annual solar electricity production;
 - (d) annual reduction in greenhouse gas emissions;
 - (e) output performance specification requirements;
 - (f) business case and methodology to implement the project;
 - (g) Occupational Health and Safety; and
 - (h) financial and commercial trading integrity and insurances.
19. A number of tenderers provided substantial PV arrays on buildings where energy consumption (sometimes peaking at night) did not match the electrical generation times (which occur around midday). This required extensive analysis of the export of electricity from building to building. In the meantime, anecdotal evidence has been received suggesting the price of PV cells has reduced. In order for Council to achieve best value for money and to best match generation with demand, it is prudent for Council to reject all tenders and negotiate with suitably qualified organisations.

PERFORMANCE MEASUREMENT

20. The City will ensure that performance standards are monitored during construction by:
- (a) evaluating closely any design changes;
 - (b) attending weekly site meetings and holding regular weekly inspections of the works with the Contractor;
 - (c) undertaking Quality Assurance inspections with the City's Design Consultants at critical points in the construction;
 - (d) ensuring that the Contractor delivers all necessary OH&S plans, method statements, inspection and test plans and certificates of compliance as specified in the tender documents; and
 - (e) monitoring the Contractor's program and assessing monthly progress claims.

FINANCIAL IMPLICATIONS

21. There are sufficient funds allocated for this project within the current year's Capital Works and Operating budgets and future years' forward estimates.

RELEVANT LEGISLATION

22. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.

23. Information provided by tenderers which is commercial-in-confidence has been protected and will not be disclosed, in accordance with section 10A(2)(d) of the Local Government Act 1993. A consistent standard for all tenderers has been used in assessing any request for confidentiality by a tenderer.
24. It is not considered to be in the public interest to make the confidential information public because that may affect future tender submissions.
25. Other legislation applying is the State Environmental Planning Policy (SEPP) (Infrastructure) 2007, a part of the Environmental Planning and Assessment Act 1979. This stipulates the various circumstances where photovoltaic arrays are exempt from, or requiring of, development consent.

CRITICAL DATES / TIME FRAMES

26. The duration of the overall project was indicated in the tender documents at five years. It is intended to shorten this period following discussion with the successful contractor. A detailed program will shortly define completion dates for each installation on each of the 30 properties.

OPTIONS

27. If the tender is not approved, the objectives of Sustainable Sydney 2030 will be more difficult to achieve.

PUBLIC CONSULTATION

28. No specific consultation was undertaken with respect to this tender. However, this tender has been developed in direct response to the 70% reduction in greenhouse gas emissions and renewable energy targets in Sustainable Sydney 2030 for the City's own buildings and operations as a 'show by doing' project. Sustainable Sydney 2030 was subject to the most extensive public consultation ever undertaken by Council.
29. Consultation is required with the public in the case of installations and/or access required in the public domain. Consultation is also required with tenants, building managers and city staff, where in occupation, and for some properties with the original architect.
30. For properties where the City has possession under a lease or as a trustee for a Crown reserve, consent will also be required from the Lessor or Minister, respectively.
31. Development applications will be submitted as required by SEPP (Infrastructure) 2007.

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