

ATTACHMENT A

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**LETTER TO THE CITY FROM AUSGRID
DATED 4 DECEMBER 2017**

4 December 2017



Mr Kim Woodbury
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By email: kwoodbury@cityofsydney.nsw.gov.au

Dear Mr Woodbury,

I am pleased to invite the City of Sydney to partner with Ausgrid in the Permanent Demand Reduction Incentives Program. This program forms part of Ausgrid's *Demand Management for Replacement Needs* innovation initiative. The program is a unique opportunity for our organisations to leverage the market and work towards shared objectives in a collaborative way. For Ausgrid, this means driving uptake of technologies that help Ausgrid to manage future electricity network demand and lower customer bills. We understand that for the City of Sydney, this means attaining carbon abatement targets and increasing the level of local renewables at the same time helping local businesses and residents to better manage future energy costs.

To achieve these outcomes, Ausgrid proposes the following arrangements to jointly design and fund the program which will provide incentives for permanent demand reduction activities in select areas of Ausgrid's network. Demand reduction activities include both the installation of solar PV power systems and enduring energy efficiency activities.

Ausgrid proposes to:

- establish appropriate program administration processes and contracts with market providers that will deliver the program;
- allocate up to \$750,000 of Ausgrid funds to provide incentives for projects within the City of Sydney LGA;
- seek input from the City of Sydney in relation to program methodology, incentive levels, market providers, data analysis, data access and funding arrangements;
- provide monthly reports to City of Sydney detailing the progress of incentive program activities within the City of Sydney LGA;
- consult with the City of Sydney prior to any media or press releases relating to the project; and
- invoice the City of Sydney on an agreed basis when projects in the City area are completed and verified.

Ausgrid would like the City of Sydney to consider:

- Providing funding of up to \$750,000 to Ausgrid to co-fund 50% of incentive payments to market providers for verified permanent electricity demand reduction activities that are completed in the City of Sydney LGA. Ausgrid notes that provision of funding by the City may be withheld for any particular project at the sole discretion of the City, for example, if the City considers that a particular project may breach the City's ethical guidelines;
- providing input to Ausgrid on program methodology, incentive levels, selection of market providers, data analysis, data access and funding arrangements;
- make payments to Ausgrid following receipt of invoice; and
- consult with Ausgrid prior to any media or press releases relating to the project.

In doing so, the City of Sydney acknowledges that it will be the responsibility of Ausgrid to determine the adequacy of supporting evidence provided by market providers and others that verify demand reductions.

Ausgrid acknowledges that the City of Sydney has absolute discretion to not fund individual projects.

Ausgrid acknowledges that, for the City to accept, approval of the elected Council is required and this can only be given after a specified period of public notice. Pending Council approval, Ausgrid seeks an in-principle indication of support.

Should the City be in a position to agree in principle, Ausgrid would propose to enter into a program agreement with the City of Sydney on terms reflecting the above including appropriate undertakings to protect the confidentiality and privacy of any personal information collected or exchanged via the project. The agreement will apply until the closure of the incentive project or whenever funds for incentives are exhausted.

I look forward to discussing this exciting opportunity further with you and your people.

Yours sincerely



TREVOR ARMSTRONG
Chief Operating Officer