Lessons Learnt #2: Building a multi-stakeholder partnership

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Lessons Learnt Report 02

Project Details

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Alice Springs Future Grid is led by the Intyalheme Centre for Future Energy, on behalf of Desert Knowledge Australia (DKA). Intyalheme is proudly supported by the Northern Territory Government.

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Executive summary

The Alice Springs Future Grid project is led by the Intyalheme Centre for Future Energy and involves multiple organisations from across the Northern Territory and Australia. Intyalheme has brought energy experts together to identify and overcome barriers to further renewable energy penetration in the Alice Springs electricity system.

The barriers are technical, regulatory, economic, and community-based. Intyalheme and its Partners have taken a holistic approach to addressing this challenge, including designing a number of interdependent sub-projects, led by Project Partner organisations, with whole-of project activities managed centrally by Intyalheme. Future Grid aims to use the outcomes of the project to inform a pathway to reaching the Northern Territory's renewable energy target of 50% by 2030 in Alice Springs and beyond.

Future Grid's Partners are a multi-level stakeholder collective, directed by a consortium. This Lessons Learnt Report provides an overview of the development of a large collaborative project with multiple stakeholder organisations. The organisations involved in Future Grid are primarily energy industry stakeholders. Community organisations also play a vital role in engaging residents to get involved in the project, including through trials involving household batteries and other technologies.

Bringing multiple players together with legally-binding contractual arrangements has proven to be more challenging – in both time, money and in communicating project progress – than perhaps originally anticipated by Intyalheme and its stakeholders. The project is fortunate to be funded by multiple agencies, however, this has added to project complexity in areas such as milestone and budget reporting, and aligning deliverables across contracts. Resolving much of this complexity typically occurs internally, with very little able to be communicated to a public audience. Intyalheme would like to use this opportunity to share its insights in this process.

For more details on the project, please visit www.alicespringsfuturegrid.com.au

This Lessons Learnt Report has been authored by the Intyalheme Centre for Future Energy with assistance from CSIRO, the Knowledge Sharing Partner for the Alice Springs Future Grid project.

Key Learning: Developing the Consortium Agreement

Alice Springs has a strong precedent when it comes to running a multi-stakeholder project focused on advancing renewable energy, having been a successful participant in the Federal Government's Solar Cities program (2008 – 2013). Fortunately, a lot of knowledge has been retained in the industry and locally, with a number of individuals involved in developing the Future Grid project having previous experience in Alice Solar City; flagship remote energy outstation program Bushlight (run by the Centre for Appropriate Technology in Alice Springs); the Solar SETuP project by Power and Water Corporation; and the Desert Knowledge Australia Solar Centre. The knowledge from this group informed the approach to establishing the Future Grid project and formally engaging delivery partners.

The project considered three different models for engagement:

1. DKA would have single, unilateral contracts with each project participant and third party.
2. Future Grid would become a special purpose vehicle (SPV) and exist as an entity designed purely for the rollout of the project.
3. Adopting a similar consortium model to that used on Alice Solar City.

In assessing the three options, it was decided the single contract model would negate the effectiveness of bringing organisations and people together in a collaborative manner. The second option would involve some partners owning (or part-owning) the SPV, however the key utilities, Power and Water Corporation and Territory Generation, advised that this would not be possible and would limit their involvement. The project could have sought the shareholding minister to direct ownership, but this was not considered feasible. A consortium, bound by a similar agreement to Solar Cities, was envisaged to be the path of least resistance.

Upon the awarding of funding in mid-March 2020, Intyalheme immediately began drafting the consortium agreement, with the assistance of MinterEllison. In parallel with this, Intyalheme also negotiated the ARENA funding agreement, and later the RRCRF funding agreement.

Benefits of the consortium model

The consortium model has been widely used and is considered an effective approach to tackling the multi-faceted challenges of the magnitude faced by Future Grid. These challenges are regulatory, economic, technical and community-based, with expertise required across each. It is a reminder of the Northern Territory Government's recognition that no single entity could get the Territory to the 50% by 2030 renewable energy target.

There are also spin-off benefits to working in such a collaborative manner. It can break down silos either within organisations or between areas of specific activity. In the Northern Territory in particular, the ability to get all the main individuals into one room (even virtually as the COVID-19 pandemic has shown) is of great benefit on the journey to overcoming barriers to further renewable energy penetration into the Alice Springs electricity system.

Gaps identified and lessons learnt

The enormous amount of time required to bring multiple organisations on a journey, regardless of the journey's complexity, should not be underestimated. In addition to the project challenges outlined in this document, there are entirely different internal challenges which include legal structures, staffing and time constraints, the development of agreed processes, maintaining effective project communications; and managing political, reputational and ideological influences, as well as past relationships between organisations.

Although the consortium model has been successful in underpinning the execution of the Future Grid project, there have been many lessons learnt, which can be leveraged by other projects when preparing to undertake a similar suite of activities:

1. The more organisations involved, the more lawyers, the more complexities.

2. It will always take longer than expected, often much longer. Despite delays and unforeseen complexities, the Future Grid Consortium Agreement was completed relatively quickly, taking nine months to execute.
3. Every change to the agreement adds an additional week. More changes, more time, more legal expenses.
4. Beware of your partners' internal limitations around resourcing, competing priorities and approvals/governance processes.
5. Set partner expectations early.
6. Constantly and consistently remind consortium members what the state of play is. Weekly meetings with lawyers and partners will be required.
7. Those creating a multi-stakeholder partnership will become an expert in assessing risk, liability, and likelihood. How the consortium signed third parties up to the project was the greatest sticking point in getting the agreement finalised.
8. Work collaboratively and transparently; remain open and stay patient.

Costs and risks

While COVID-19 presented challenges around the ability to progress the project through face-to-face workshops, it also offered an opportunity to increase adoption of online conferencing facilities, reducing some travel time and costs. But for any area where costs may be reduced, there is always another area to absorb any savings. In the case of Future Grid, this was legal costs.

The legal wrangling also heavily affected timelines. The apparent slow pace of progress, although furious behind-the-scenes, was a cause of constant concern for the project team - keen to see tangible outputs to assuage potential public perception of a lack of action. Such barriers and delays also represent opportunities to learn and share knowledge – so long as they are documented.

The Future Grid project will always be pioneering within the Northern Territory context, but it also holds interest across Australia owing to the unusual size and isolation of the Alice Springs grid. The lessons learnt will be of great interest to the broader industry. However, the energy landscape is rapidly changing and delays to Future Grid activities, due to underpinning bureaucratic requirements, risks making these learnings less relevant than they could have been, if industry developments out-pace the project.

In summary

The primary causes of delays were staff turnover, competing priorities for organisations, complexities in aligning different sources of funding, COVID-19 affecting ability to hold face-to-face workshops and differing governance structures.

Major areas for consideration by any organisations looking to develop a multi-stakeholder partnership include ensuring there is an adequate legal budget, and being mindful that answering to multiple funders could have significant implications.

Further information

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Appendix 1: Project terms

The term “Project Partners” is used to describe all organisations involved in Alice Springs Future Grid. There are varying levels of involvement:

- Delivery of the Alice Springs Future Grid project is led by the Intyalheme Centre for Future Energy, which is a flagship project of Desert Knowledge Australia (DKA).
- The project’s direction is overseen by the Consortium Members: DKA and the Desert Knowledge Research Institute (DKRI), Ekistica, Territory Generation, and Power and Water Corporation. Each Consortium Member provides a representative for the project’s Steering Committee (SteCo) which is led by an Independent Chair.
- The Steering Committee is observed by representatives from the Northern Territory Government, ARENA and CSIRO.
- Discrete sub-projects and other areas of activity are led by Project Partners as follows:
    - Sub-project 1: Modelling – led by Ekistica
    - Sub-project 2: Commercial Microgrid – led by DKA/Future Grid
    - Sub-project 3: Community Solutions – led by the Arid Lands Environment Centre (ALEC)
    - Sub-project 4: Tariff Reform – led by Jacana Energy
    - Sub-project 5: Future Grid Deployments – led by Power and Water Corporation
    - Knowledge Sharing – led by CSIRO
- Further Project Partners and contractors are also involved in Future Grid.
- Full details are available at www.alicespringsfuturegrid.com.au

Appendix 2: Examples of collaborative outputs

Most of the outputs of the Future Grid project involve a significant collaborative effort, which can only happen under the sort of arrangement this project has in place. The examples to follow represent a small sample of some of the project's outputs, to illustrate the range of Project Partners involved, and the reasons why each Partner is so crucial to each respective activity.

The Northern Territory's first Virtual Power Plant (VPP)

In designing a VPP the process for aggregation sits across a number of sub-projects and organisations. The technical side is broadly managed by Power and Water Corporation and Jacana Energy. Jacana Energy - as the retailer – has led the design of new tariffs to incentivise batteries, and lead decision-making on how they will engage and bill customers, and manage the data generated though the VPP. The Arid Lands Environment Centre (ALEC) has been contracted to provide on-the-ground engagement with residents and to lead the recruitment of trial participants. DKA, as funding recipient, is responsible for coordinating the approach to market and facilitating engagement with the VPP provider.

Wind study

While this part of the Future Grid project is less prominent in its community-facing elements, the positive implications of the study could play an important role in shaping the future of the Alice Springs power system.

Solar is the dominant renewable resource to be considered viable in Central Australia, with the wind resource historically seen as too inconsistent to support a business case for wind turbines in this region. However, modern turbine design means that commercial viability may be achieved at lower speeds. This study sets out to determine those wind speeds through the use of SoDAR (Sonic detection and ranging) devices. This is primarily carried out by Ekistica within sub-project 1, but community engagement will be carried out by ALEC, and findings used in the Roadmap to 2030 report as well as modelling.

Roadmap to 2030 report

The project's knowledge sharing partner, CSIRO, is leading delivery of this report which is intended for use by policy makers, energy industry stakeholders, and the general public. It will help illustrate the activities and direction needed to reach the NT renewable energy target of 50% by 2030. The content of the report will be heavily influenced by the findings of sub-project 5, led by Power and Water Corporation. It will also encompass modelling (created under sub-project 1) and broad learnings from each of the other sub-projects. Commercial microgrids, household batteries and VPPs may all have an important role to play in the future grid. How these opportunities are configured to best suit the Alice Springs power system will be outlined in the report, with lessons learnt transferable to other grids, in the NT and beyond.