

Transport for Greater Manchester: Power Purchase Agreement



Agenda

1. Introduction to TfGM

Frank Tudor, TfGM and Wafa Jafri, KPMG

2. The PPA Opportunity

Matt Bull, TfGM

3. Objectives in PPA procurement

Matt Bull, TfGM and Emma Whitfield, DLA Piper

4. Procurement

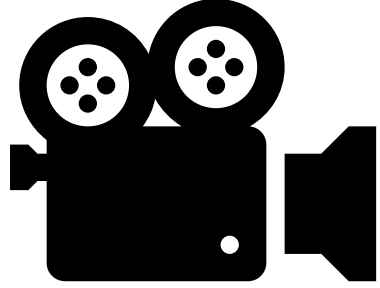
Jade Rawlinson, TfGM

5. Next steps

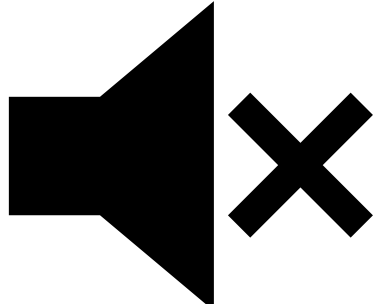
Marina Valls, KPMG

6. Question & answer

Housekeeping



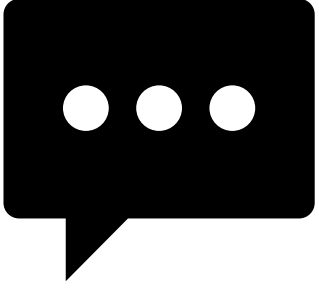
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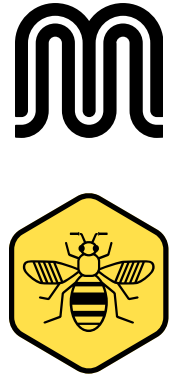
Turn off microphone while not talking



Wait to ask questions at the end



Please type questions using the chat feature



Introduction to Transport for Greater Manchester

Frank Tudor, TfGM

Transport for Greater Manchester (TfGM) is looking to partner with a renewable electricity developer to meet its clean energy

About TfGM

"Every journey, every day"

- TfGM is the local government body responsible for transport services throughout Greater Manchester.
- TfGM is an executive arm of the Greater Manchester Combined Authority (GMCA), the city region's administrative authority.
- TfGM answers to elected local politicians – Mayor Andy Burnham and the GMCA.
- TfGM and GMCA are the first authorities to exercise powers under the Bus Services Act to franchise local bus services.

Statement of purpose




'World-class connections that support long-term sustainable economic growth and access to opportunity for all.'

- TfGM wants to deliver on its vision sustainably, with a **net zero carbon by 2038 target:**
- TfGM is looking to **decarbonise the electricity supply** that powers the Metrolink light rail network by procuring a **Power Purchase Agreement**.
 - **Electric buses** form part of the TfGM network, with the first 100 ZEBs now operating on the newly franchised bus network and plans in place for large-scale deployment over the longer-term.
 - The electrification of the TfGM bus fleet may also lead to **future PPA opportunities**.

Quick facts

-  More than 5.6 million passenger journeys every day via trains, trams, buses and roads.
-  Proud owners of the UK's largest light rail network, Metrolink.
-  More than 1,800 buses are being brought under TfGM control via the Bee Network.

TfGM 24/25 Budget

-  Total annual income of c. £400m
-  Passenger fare revenues contribute c. £190m of income.
-  Annual capital expenditure of £300m.

Leadership



Caroline Simpson
GMCA, Fire & Rescue Service and TfGM
Group Chief Executive Officer



Steve Warrener
TfGM
Managing Director

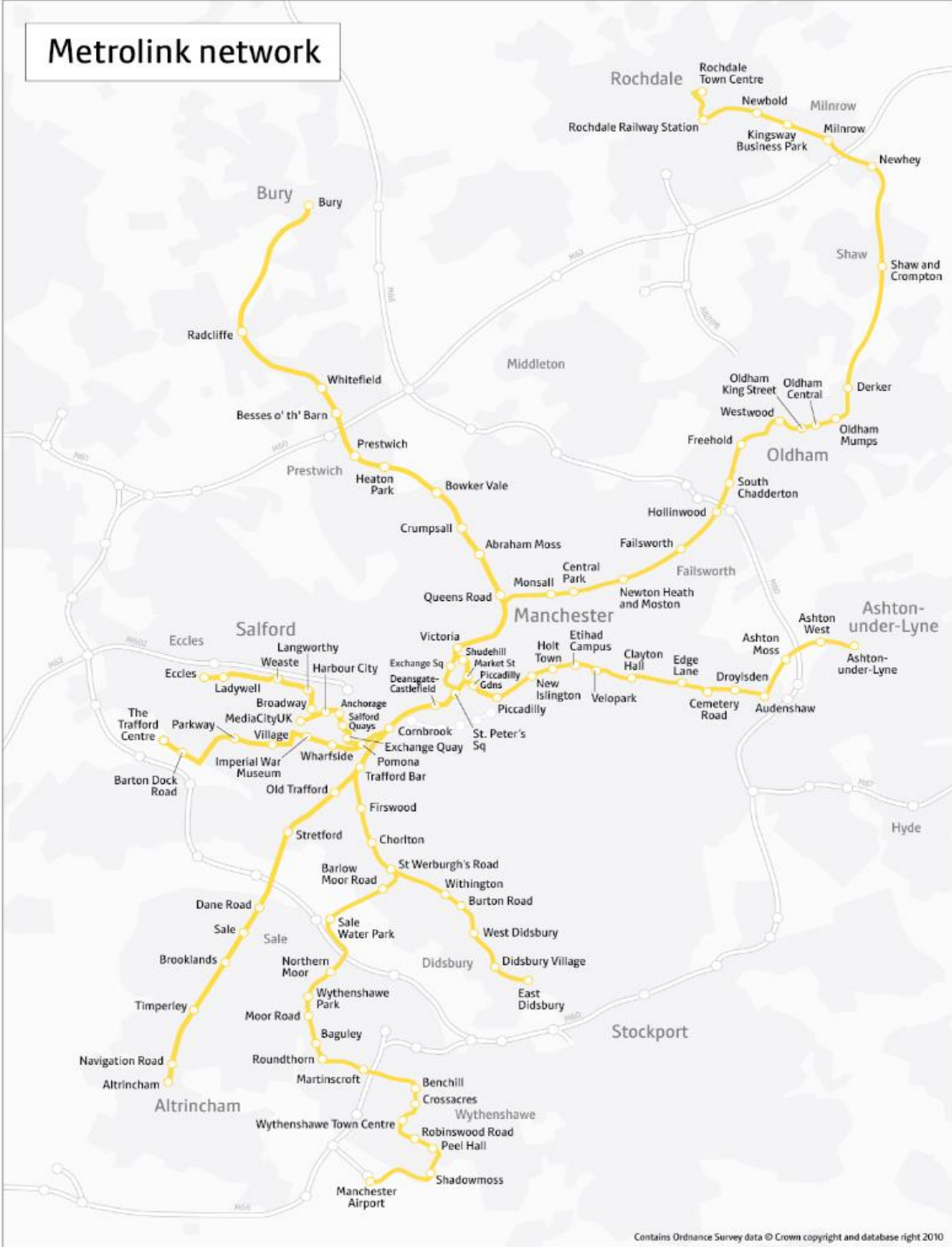




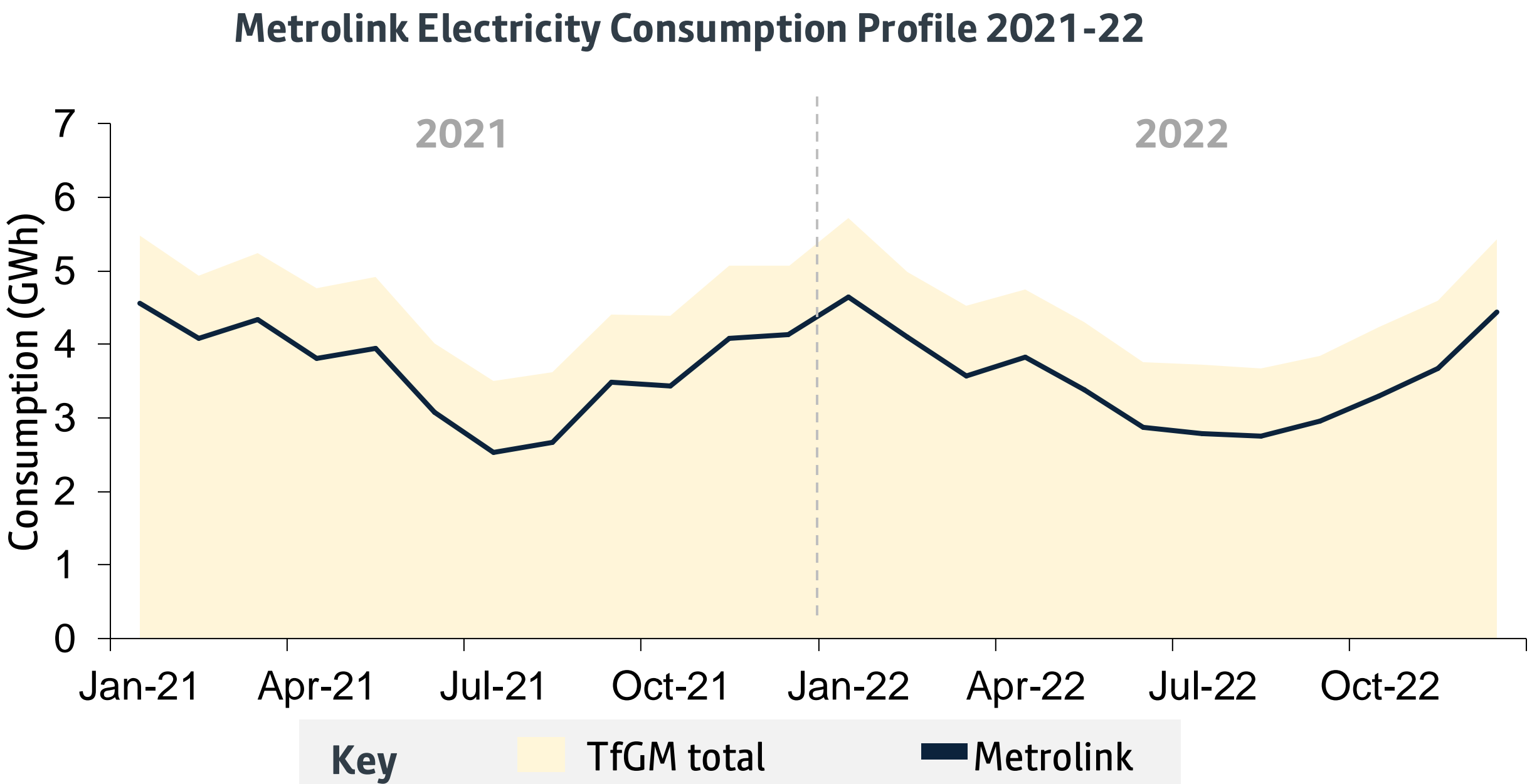
The PPA Opportunity

Matt Bull, TfGM

TfGM is looking for a PPA to meet Metrolink's electricity demand



- ### Metrolink Key Facts
- 147 trams in service across 99 stops and 8 lines.
 - 64 miles of tram lines in operation.
 - 7.2 million miles travelled annually.
 - Currently 43 million passenger journeys per annum.



The PPA will cover Metrolink's annual consumption

- The Metrolink consumes approximately 42 GWh of electricity on an annual basis.
- Currently, REGO-backed 100% renewable electricity supplies the Metrolink.
- Metrolink's annual consumption profile is seasonal, with a 10% increase from the baseline in winter months, as seen in the above figure.
- No current proposals for Metrolink expansion, with annual consumption expected to remain constant.

TfGM is looking for a PPA to meet the electricity demand of the Metrolink Tram network.



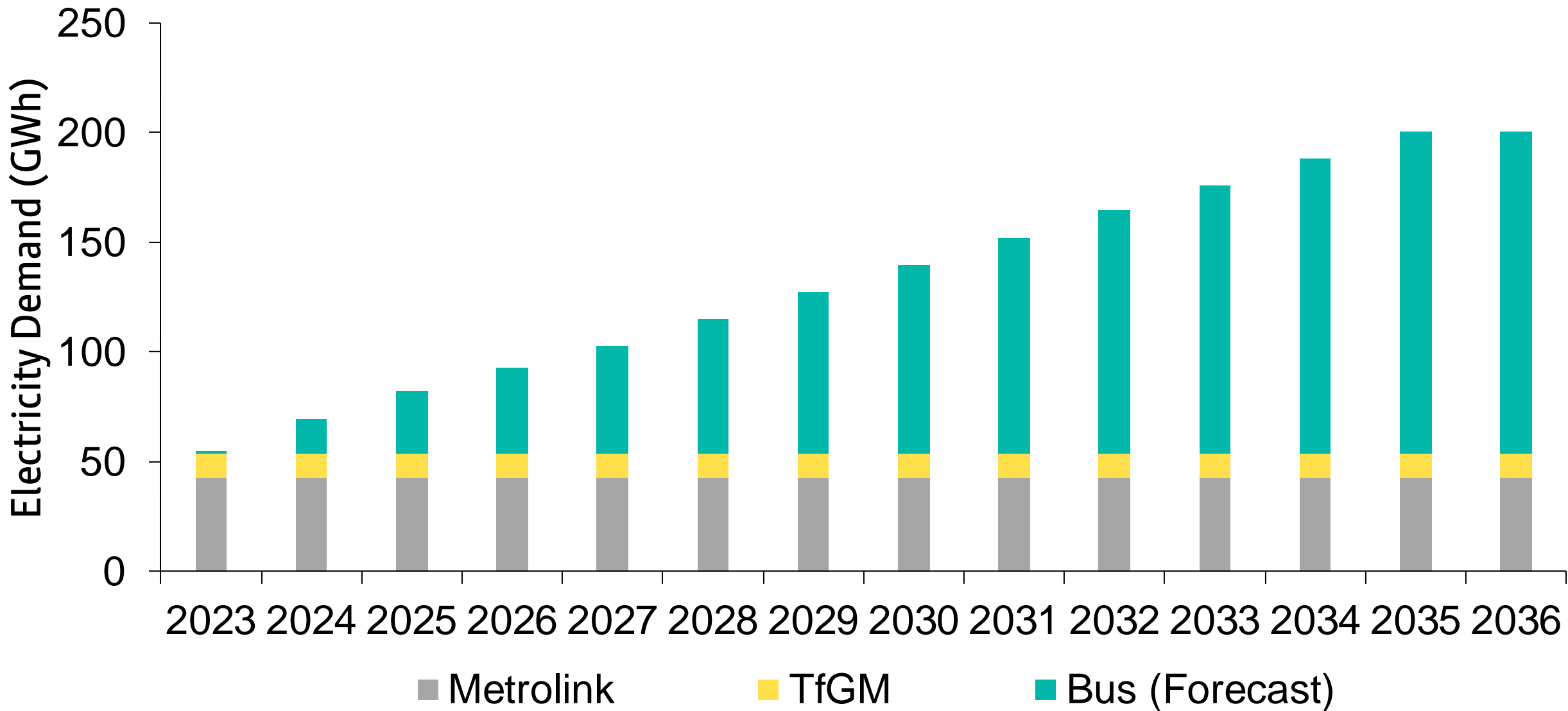
This PPA will act as a pathfinder and will be contracted by TfGM

A "Pathfinder" first PPA



- An **initial PPA** will cover only Metrolink's electricity consumption.
- **TfGM** would be the contracting authority for this PPA.
- This first PPA will act as a pathfinder, potentially enabling future PPAs to cover zero emission bus electricity consumption.

TfGM forecast electricity demand growth 2023-2036



This PPA will cover Metrolink's electricity consumption



25-42 GWh relates to 50-75% of TfGM's total 2023 consumption, however, this % is diminished as the electric bus fleet is deployed.

The Transport Strategy 2040 sets out the Net Carbon Zero by 2038 target






'We will work with partners to reduce transport carbon emissions to support GM's ambition to be net zero carbon by 2038' - this will involve decarbonising the remaining portion of TfGM's electricity supply

Increase in electricity consumption and decarbonisation targets may provide future PPA opportunities

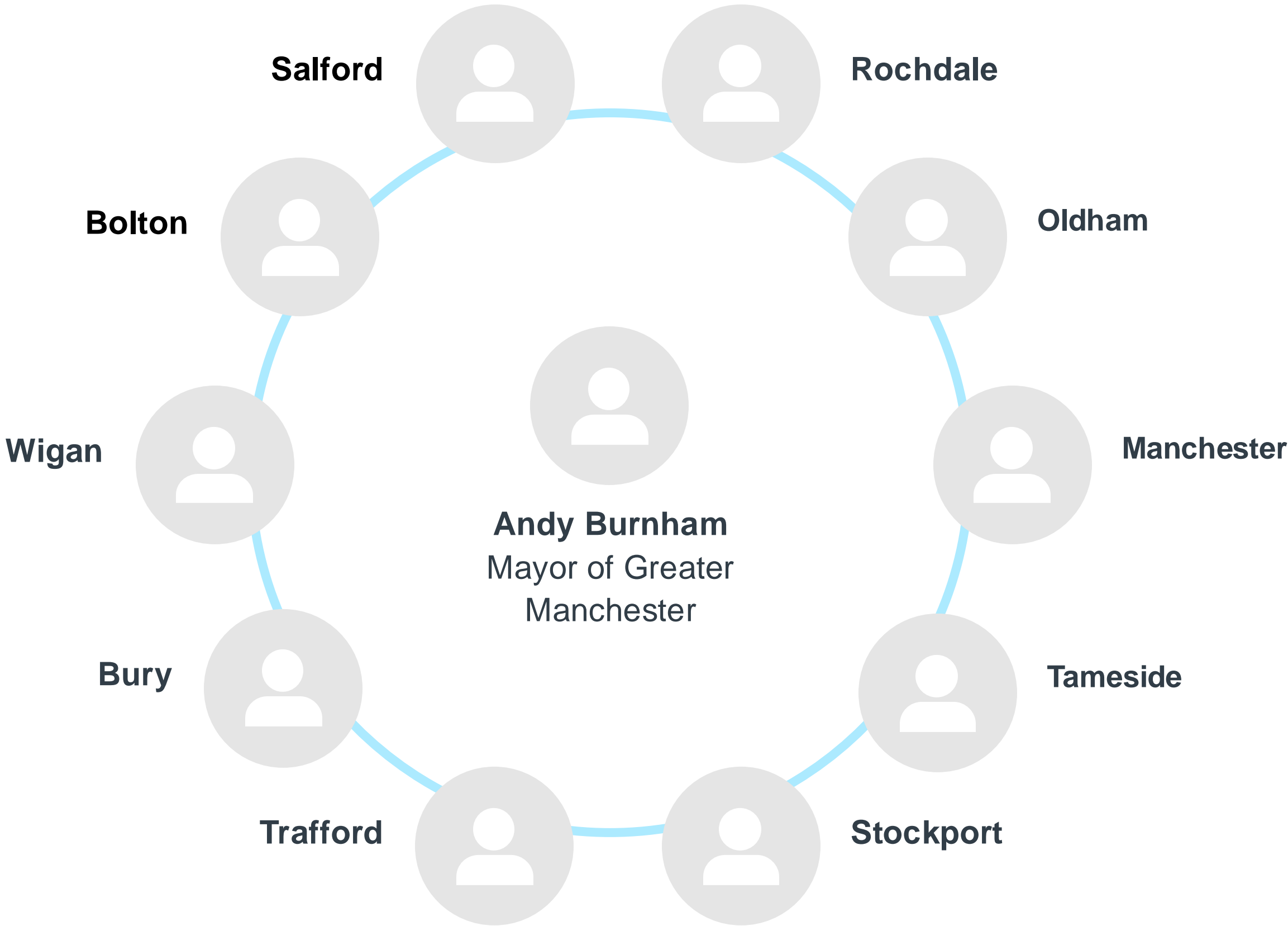
TfGM's position within GMCA may also provide future PPA opportunities

GMCA GREATER
MANCHESTER
COMBINED
AUTHORITY

TfGM are an executive arm of GMCA, and this first PPA will be contracted by TfGM only

-  GMCA is the city region's administrative authority and provide funding to TfGM.
-  GMCA also has a carbon neutrality by 2038 target, and all 10 GM local authorities have declared a climate emergency.
-  GMCA will capitalise on new technologies and innovation that they believe will add real value to the delivery of the 2040 Transport Strategy and 2038 carbon neutral target.

"Our city-region has a long-term environmental ambition for carbon neutrality by 2038" – Transport Strategy 2040



GMCA consists of 11 members – an elected councillor from each of the 10 metropolitan boroughs and the Mayor of Greater Manchester

This first PPA will be contracted by TfGM, but GMCA's targets may provide future PPA opportunities


Objectives in PPA procurement

Matt Bull, TfGM

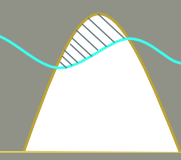
Emma Whitfield, DLA Piper

TfGM has a clear set of objectives for PPA procurement and is looking to engage with interested developers

These are the desired conditions of the PPA, but TfGM would not rule out other developers or assets at this stage

Preferred PPA model:
 Virtual

Technology:
 Agnostic


Volume:
 25 – 42 GWh annually

Duration:
 10 to 15 year contract


Additionality:
 New-build renewable electricity

PPA Price:
 Competitive Rates

Price Structure:
 Contract for Difference

COD:
 Generation by end of 2027

Certificates:
 REGOs included

Volume Structure:
 Pay-as-produced or Baseload

Procurement

Jade Rawlinson, TfGM

Procurement principles

As a body governed by public law, TfGM is required to adhere to the Public Procurement Regulations. For this requirement, we're intending to procure under the Utilities Contracts Regulations 2016.

- **Market Engagement:** To ensure we have a warmed market, and a workable procurement route, we're undertaking market engagement
- **Procurement process:** We're intending to use the Competitive Dialogue procedure. This will include:
 - A Selection Stage
 - A proposal stage with feedback and the opportunity to iterate proposals

Strong relationships
with the supply base -
win:win outcomes



Enables suppliers to
understand the risks and
opportunities upfront



Better quality tenders
and contracts



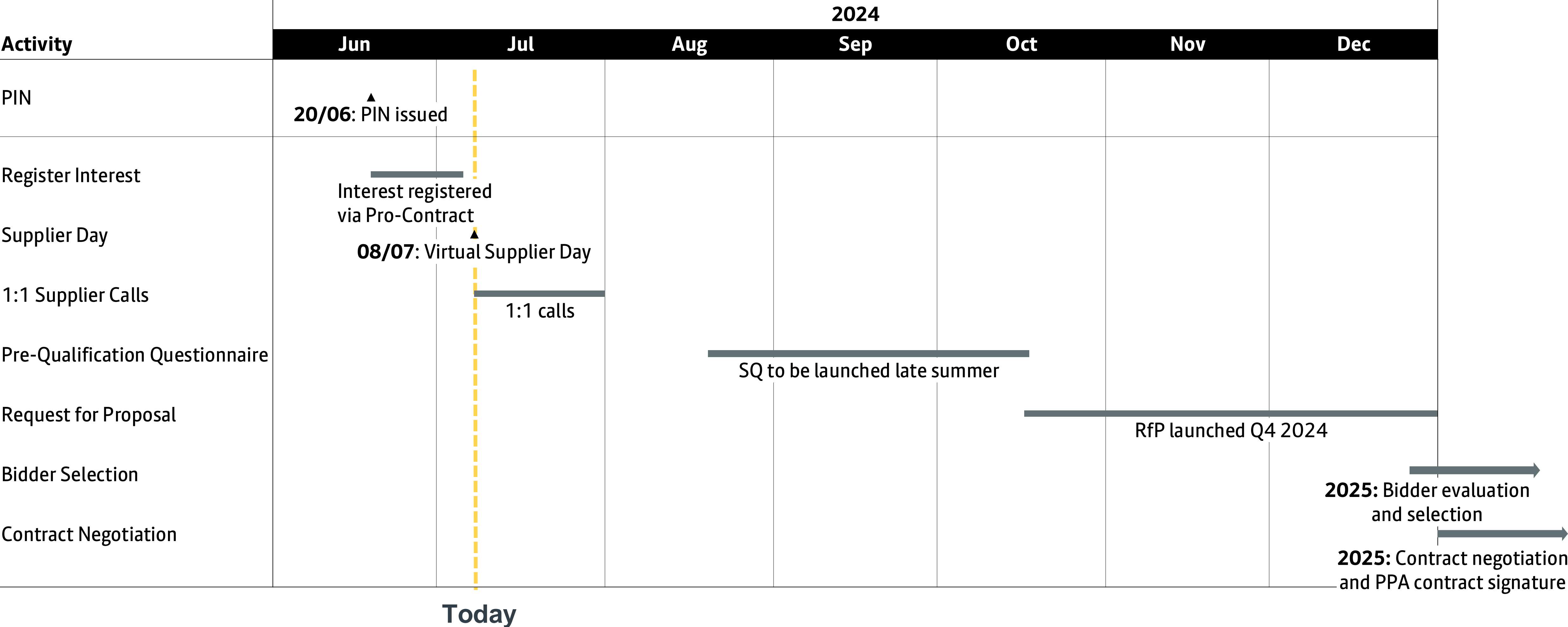
Allows negotiation on
certain elements of the
proposals



**Benefits of
this approach**



Timeline for PPA procurement



TfGM expects to finalise the contract by late Spring 2025



Next Steps

Marina Valls, KPMG

Next Steps

1. Register your interest on Pro-Contract



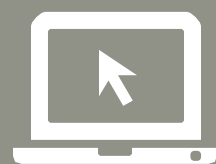
- **Pro-Contract** has more information on the project
 - To access further information, you will need to register on Pro-Contract.
 - Details on how to do this can be found in the PIN Notice [here](#).
 - If you have any issues with accessing Pro-Contract, please do get in touch with our dedicated team who can guide you through registration – procurement@tfgm.com.

2. Complete the questionnaire



- A short questionnaire will be distributed to gather some details on your organisation and pipeline.
- Upon submission of completed questionnaire, a 1:1 call will be scheduled.

3. Attend a 1:1 call



- We will be scheduling 1:1 calls with developers to provide an opportunity to discuss the PPA opportunity in further detail.
 - Signature of an NDA will be required prior to the 1:1 call for the benefit of both parties.

Questions and Answers

Matt Bull, TfGM

Frank Tudor, TfGM

Jade Rawlinson, TfGM

Wafa Jafri, KPMG

Emma Whitfield, DLA Piper