

AGGREGATING SMALL ENERGY DEMAND: HOW FIVE COMPANIES PARTNERED TO BUILD A NEW PROCUREMENT MODEL

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BACKGROUND ON THE CLEAN ENERGY BUYERS ASSOCIATION

The Clean Energy Buyers Association (CEBA) activates a community of energy customers and partners to deploy market and policy solutions for a carbon-free energy system. CEBA's aspiration is to achieve a 90% carbon-free U.S. electricity system by 2030 and a global community of customers driving clean energy.

AGGREGATING SMALL ENERGY DEMAND

In January 2019, five companies—Bloomberg, Cox Enterprises, Gap Inc., Salesforce, and Workday—announced that they had pooled relatively small amounts of electricity demand to collectively procure the output from 42.5 MW of a 100 MW solar power project being developed by BayWa r.e. (BayWa) in the Dominion Energy service territory in North Carolina, in the PJM region. This transaction adds to a growing collection of models and approaches for companies wishing to initiate or expand their renewable energy purchases. This deal offers a mechanism for achieving a material impact by catalyzing new renewable energy projects with a relatively small commitment by the procuring companies. **This model offers companies the chance to test the virtual power purchase agreement (VPPA) as a model to meet their renewable energy strategies and provides options for those companies that may lack choice due to size, location, or other factors.**

In summary, the transaction process was as follows:

- 1** Five buyers came together and undertook multilateral negotiations with one project developer.
- 2** Each buyer contracted for a similar, but not identically-sized, slice of project capacity.
- 3** Pricing of the MW contracted was identical for each buyer.
- 4** All transaction expenses were shared equally by the participating buyers.
- 5** A blended credit rating, considering different credit ratings for each buyer, was used to establish project risk for the financier and offtake-contract terms, primarily price.
- 6** The buyers used a uniform contract.
- 7** Each buyer executed its own contract with the developer and assumed payment liability with each counterparty. There was no joint and several liability.
- 8** The combined procurement of 42.5 MW from a total 100 MW provided the developer with the equivalent of an “anchor tenant” and served as the basis for overall project finance for the solar project.

CEBA members can access the [full case study](#) on CEBA InterConnect.

“This was a high-quality group. Everyone was committed from the outset.”

—Michael Barry, Bloomberg

“This unprecedented, cross-industry collaboration resulted in the development of a massive new solar energy project. More importantly, it laid the groundwork for other companies to follow. Thanks to the vision and tenacity of each buyer, other corporations now have a blueprint for collective renewable energy procurement.”

—Rob Collier, LevelTen Energy