

Attachment 11.2

Local Government Association Pilot Project

10 pages

Our Reference: DME 51898 MB: KS

27 January 2010

Mr Jeff Tate
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Dear Mr Tate

COPY

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ZEN Solar photovoltaic (PV) bulk purchasing pilot program

The LGA has been approached by ZEN Home Energy Systems ("ZEN") regarding solar photovoltaic (PV) bulk purchasing opportunities for local communities to significantly increase the level of solar energy installations in South Australia in collaboration with the Local Government sector.

There are currently 9 regional Councils already participating in the ZEN program with the City of Victor Harbor being the first SA Council to participate.

The City of Victor Harbor has advised of the following benefits from their participation in the partnership with ZEN:

- 900 Victor Harbor households installed the system
- ZEN established a local office
- Three (3) local jobs created to staff the office
- 24 local electricians contracted for 9 month installation program
- Resident power savings estimated at \$250,000 annually
- \$30,000 ZEN/Adelaide University/Victor Harbor partnership for renewable energy research "proof of concept" (solar/wind hybrid)
- 900 households save approximately 1,170 tonnes of CO2 annually

The LGA and Local Government Corporate Services (LGCS) have been exploring the proposal by ZEN (refer Attachment 1) and considering sponsoring a pilot project with a greater number of Councils to further test the concept. The LGA and the LGCS are currently conducting due diligence investigations of ZEN and their proposal and will make this available to all Councils considering participation in the pilot.

A representative of your Council was invited to an information session at the LGA on Thursday 21 January 2010 to receive a presentation from ZEN and to discuss implications for Councils participating in a pilot project of this nature. At that meeting it was agreed that the LGA should write to those Councils invited to the session to:

- provide a brief summary of the ZEN proposal; and
- seek registrations of interest from Councils wishing to further investigate possible participation in a pilot program.

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This pilot project is primarily designed for the promotion of the solar PV bulk purchase for communities although Councils are encouraged to investigate opportunities for solar energy for Council buildings and facilities.

It is important for Councils to note that the time required by office staff is expected to be minimal. Councils will not be managing but simply promoting the project to the community.

It is expected that participating Councils could:

- Promote the program throughout their local community both through the local media and letterbox drop.
- Provide Council facility for local Road-shows, to allow for "one on one" consultation and registration
- Maintain program visibility and monitor progress
- Assist in identifying worthy community programs for program sponsorship
- Maintain frequent media relations at program milestones

There is no agreement of exclusivity and any member of the community can seek the services of any Solar PV provider at any time.

The next stage of the process involves:

- Conclusion of due diligence, including advice from an independent expert
- Execution of the initial Memorandum of Understanding between the LGA and ZEN
- Confirmation of Councils interested in participation
- Set timeframes, administration arrangements and evaluation criteria

It is proposed to establish a reference group with representatives of participating Councils during the investigation phase and the conduct of the pilot program (if feasible).

Please advise if your Council is interested in exploring participation in the pilot program as soon as practical and a contact officer to participate in the reference group, if appropriate.

Yours sincerely



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Attach: ZEN - LGA C-Prep Solar Council Program
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LGA Community Purchase of Renewable Energy Program (C-Prep) Information Document

Document Number: 1100/1.0

Version 1.0

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ZEN Technologies (Power and Energy) Pty Ltd
ZEN Home Energy Systems
LGA C-Prep Program
RELEASE

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Program Introduction

ZEN Home Energy Systems is a South Australian owned and operated company and one of the largest integrators and installers of Solar Home Energy and Solar Commercial Energy Systems in Australia.
(www.zenhomeenergy.com)

The company is regarded as the pioneers of the Solar Councils Program in Australia.

ZEN has so far successfully installed thousands of Premium Quality ZEN Solar Home Energy Systems across 14 Councils nationally and last year was awarded the Victorian LGA's "Award for Excellence in Sustainability" for their Shire Council Program in regional Victoria. ZEN has achieved up to 10% population uptake of systems in their participating councils whilst delivering significant and sustained local Economic Development.

Currently participating South Australian Councils

- City of Victor Harbor (lead council)
- Alexandrina Council
- Yankalilla Council
- Kangaroo Island Council
- Mount Barker Council
- Adelaide Hills Council
- Barossa Valley Council
- Light Regional Council
- Waikerie-Loxton Council



Centralising the Program under the LGA

Benefits of Central LGA Administration

1. The majority of councils in SA want to run this type of program either now or in the near future.
2. All councils working together consistently to achieve the State Renewable Energy Target (RET)
3. Efficiency in Communication to Consumers
4. Structured Program with Planned Economic Benefits
5. Expert Project Management by ZEN utilising the ZEN Online CMS & Project Management Systems
6. Complete Program Rollout visibility to all Stakeholders utilising the ZEN Online Systems
7. Immediate acquisition of all Program Statistics across all councils for Media Relations

Economic Benefits to Participating Councils

The ZEN Program delivers the following Economic Benefits to Participating Councils:

1. Training of all local Trades (Electricians & Plumbers) to the highest standards via the ZEN Solar Academy based in Norwood. Local Installation teams are created for all work under the program
2. Identify a local Management Team to manage the program rollout (establish business)
3. Provide an income stream to local government to development dedicated resources to meet community demand for Renewable Energy Education and Services
4. Program funds for Joint Sustainable R&D Programs with SA Universities
5. Program funds for Local Sponsorship Packages to Community Groups
6. Program funds for Local School Scholarship/Prize to reward students that excel in Renewable Energy Studies
7. Provide a Career Path for students in a new local Future Industry
8. Retain and Train Youth

New Economic Benefits to Participating Consumers

A new revolutionary level of pricing has been negotiated and achieved in preparation for the projected volumes that a centralised rollout of this program would deliver.

1. Under the LGA program combined with South Australia's current Net Feed-In Tariff for Solar Energy it will be economically much better for a consumer to extend their home mortgage and install a large ZEN Solar Home Energy System to power their "Whole Home" and take the money they would have paid on their Power Bills and pay it toward their Home Loan
2. An average Home loan mortgage term could be reduced by up to 10 years or more plus save in excess of \$100k in interest. This will be demonstrated by the online ZEN Solar Home Mortgage Calculator
3. If no mortgage is required still enjoy a strong Return on Investment from the System Production
4. Enjoy knowing you are significantly helping the environment and saving an enormous amount of money at the same time
5. ZEN have pre-arranged Mortgage solutions tailored to this program

First Year Program Target for South Australia

- 10,000 Homes at an Average \$20,000 Solar Home Energy Investment in One Year
- \$200 Million Community Funded Solar Injection into SA
- 50 Mega Watts of Solar Energy Production Capacity into Residential SA
- 50,000 Tonnes of CO₂ Emissions Saved Per Year in SA
- \$2 million income to LGA and Councils for Resource Development and Community Projects
- Program Launch February 2010
- Program Commencement March 2010
- Installation Commencement April / May 2010

Proposed Roles

LGA Role

The LGA will primarily act as the facilitator for the program and be responsible for:

1. Co-marketing the program with ZEN
 - a. Council Letterbox Drop & Local Media
2. Provide Council Facility for local Road-shows
 - a. Allows for "one on one" consultation and registration
3. Maintain Program Visibility and Monitor Progress
4. Assist in Identifying worthy Community Programs for Program Sponsorship
5. Maintain Frequent Media Relations at Program Milestones
6. Take a National Leadership role with Interstate LGA's (ZEN has had recent enquiry from Western Sydney Councils wanting to run the program)

ZEN Role

ZEN will act as the Project Manager and majority installer for the program and be responsible for:

1. Co-marketing the program with the LGA
 - a. Council Letterbox Drop & Local Media
 - b. TV, Radio & Mainstream Press
2. Manage Registration Process
 - a. Online Registrations
 - b. Council Road-shows as required in each participating council area allowing for "one on one" consultation and registration
3. Manage Home Inspection Process and Order Process
4. Coordinate Financial Institutions to Provide Mortgage Extension Approval where required
5. Train all Installation Teams
6. Service internally 60% of all Installation work and Outsource 40% to other providers
7. Audit Installation Quality
8. Provide Program Visibility to all Key Stakeholders from the LGA, Local and State Government
9. Provide a contribution per system back to council for Local Resource Development and Community Projects

ZEN Senior Management and Experience

Richard Turner – Chief Executive Officer



- Bachelor of Business Administration (Marketing) 1985
- Advanced Certificate in Food Technology 1996
- Co-founder of Regency Food Services 1987 (largest Foodservice Distributor in South Australia) - Sold to Bidvest PLC 1999
- South Australian Foodservice Distributor of the Year 1996, 1997 & 1998
- Australian Foodservice Distributor of the Year 1997
- Founder of Regency Staffing 1996 (largest Hospitality Staffing Agency in South Australia managing accounts such as Qantas Flight Catering and Great Southern Railways) - Sold to Chandler MacLeod Group 2003
- South Australian Entrepreneur of the Year 1996
- South Australian Quality Management Award 1996
- Founding President of the Young Entrepreneurs Organisation (O) Adelaide Chapter 1998 (Now the Entrepreneurs Organisation EO South Australia)
- Founder of Australian Foodservice Distribution (Nation Marketing Division of the National Food Distributors Association NAFDA - Special Project Sydney 1999-2001)
- Founder of GG Promotions 2000 (largest Promotional Agency in South Australia managing brands such as Coca Cola, Vodafone, Bacardi, Johnnie Walker, Baileys, Smirnoff, Ralph Lauren and Jlm Beam) - Sold to partner 2004
- Member of the Sustainability Education Project Group for South Australia 2004
- Certificate IV Workplace Assessor & Trainer 2004 & 2009
- Co-founder ZEN Technologies (Power and Energy) 2004
- Inaugural Inductee into the Entrepreneurs Organisation "Hall of Fame" 2007
- Entrepreneur of the Year 2009 – Entrepreneurs Organisation

Philip Vafiadis – Technical & Strategic Advisor



- Founder VAF Research
- Philip has manufactured or developed products or parts for products successfully branded as Duntech, Sony, Dynaudio, Vifa, Protean, Diva, Peerless, Dali, Jamo and others
- Member of the Solar Cities Project Group for South Australia
- Member of the Waldorf Sustainable Energy Group
- Member of the Tall Poppies Science Awards Committee South Australia
- Member of the Young Professionals Alliance Steering Committee
- Former Vice Chairman of the Audio Engineers Society of South Australia
- Founding President of the World Entrepreneurs Organisation Adelaide Chapter 2003
- Co-founder ZEN Technologies (Power and Energy) 2004
- Member of the National Science Week Committee South Australia

Peter Taylor – Senior Technical Support Manager Australia



- Senior Electrician with 40 years experience
- ZEN System Design and Integration (BCSE Accreditation F1722)
- ZEN Quality Installation Auditing



Brenton Chivell – National Residential Sales Manager and C-Prep Program Manager

Matthew Scanlon – National Commercial Business Manager

David Nicoll – Product Development Manager

Karen Jericho – Administration Manager