

Item 9: Finance

9.1 Tender for Supply of Electricity to Contestable Site and Street Lighting

REPORT BY THE MANAGER FINANCE
TO 17 MARCH 2021 ORDINARY MEETING
GOV400088, ENE100001

RECOMMENDATION

That Council:

1. **receive the report by the Manager Finance on the Tender for Supply of Electricity to Contestable Site and Street Lighting; and**
2. **commence the process of a reverse auction for supply of electricity from 1 January 2022 to 30 June 2023 for contestable sites and street lighting.**

Executive summary

Council's contracts for the supply of electricity to contestable sites and street lighting are nearing the end of their term. This preliminary report sets out and seeks approval for the proposed process for tendering of new electricity.

Disclosure of Interest

Nil.

Detailed report

Council's current contracts for the supply of electricity to Council's contestable electricity sites and street lighting expire on the 31 December 2021. A shorter than usual contract term of 18 months is recommended to allow for contract review should a solar array be constructed. A consumption decrease has been estimated for street lighting in Mudgee and Gulgong in anticipation that all lights will be upgraded to LED before the contract commencement.

Contestable sites are those where the electricity consumption exceeds 100MWh per annum. Currently Council has 17 sites comprising water and sewer pumping stations and treatment plants, swimming pools, Mudgee Depot, Mudgee Valley Caravan Park, Glen Willow Complex and Mudgee Administration Centre. The street lighting contract covers the towns of Mudgee, Gulgong and Rylstone. All other sites form part of the "small market sites" category. We are proposing a reverse auction process be undertaken in relation to the supply of electricity for contestable sites and for street lighting.

Council has entered into an agreement with Regional Procurement and their specialist energy subcontractor, Energy Action to conduct a reverse auction tender for the supply of electricity from the 1 January 2022 to 30 June 2023. A reverse auction is where energy retailers bid for Council's

business via the Energy Action web site, the auction is open for a prescribed period and the interested parties are able to bid until the auction closes. Tenderers are assessed against the evaluation criteria, price being the principal criteria. We are seeking a number of qualitative criteria including consolidated invoicing ability, Australian Energy Regulator registration and customer service history.

Due to the nature of the electricity market, quoted prices for electricity can only be held for a short period, usually between 3 to 4 days. To enable submission and evaluation of the tenders within this short validity period, it is proposed to present a supplementary report detailing the tender outcomes for Council's consideration at its meeting of 21 April 2021. The timeline for the reverse auction will be:

- 13 April 2021 Reverse Auction uploaded to TenderLink
- 20 April 2021 Advertising period closes 11:00 AM
- 20 April 2021 Reverse Auction evaluation to be conducted via Teleconference commencing at 11:10 AM.
- 20 April 2021 Reverse Auction evaluation report distributed to participating council for adoption.
- 21 April 2021 Late report presented to Mid-Western Regional Council meeting
- 22 April 2021 Contracts to be signed. Unsuccessful energy retailers advised.
- 01 January 2022 Contract commences.

Community Plan implications

| Theme | Good Governance |
|----------|--|
| Goal | An effective and efficient organisation |
| Strategy | Prudently manage risks association with all Council activities |

Strategic implications

Council Strategies

Not applicable

Council Policies

Procurement Policy - Purchase of Goods and Services above \$250,000 shall be administered in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2005.

Legislation

Section 55 of the Local Government Act 1993, in conjunction with the Local Government (General) Regulation 2005, provides the legislative framework for tendering

Financial implications

The spend for each contract is estimated at:

Contestable sites \$1,400,000

Street lighting \$350,000

Future budgets are in place for electricity and street lighting expenses.

Associated Risks

Not applicable.

NEIL BUNGATE
MANAGER FINANCE

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

1 March 2021

Attachments: Nil

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER