

9.5 Tender for Supply of Electricity to Contestable Sites and Street Lighting

REPORT BY THE MANAGER FINANCIAL PLANNING
TO 20 MARCH 2019 ORDINARY MEETING
GOV400067, ENE100001

RECOMMENDATION

That Council:

- 1. receive the report by the Manager Financial Planning on the Tender for Supply of Electricity to Contestable Sites and Street Lighting; and**
- 2. commence the process of a reverse auction for supply of electricity from 1 January 2020 to 31 December 2021 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 2019.

Contestable sites are those where the electricity consumption exceeds 100MWh per annum. Currently Council has sixteen sites comprising water and sewer pumping stations, swimming pools, Mudgee Depot, Mudgee Sewer Treatment Plant, 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 sub-contractor, Energy Action to conduct a reverse auction tender for the supply of electricity from the 1 January 2020 to 31 December 2021. 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 17 April 2019. The timeline for the reverse auction will be:

- March 2019 Reverse Auction ad placed in the Sydney Morning Herald and uploaded to TenderLink
- 15 April 2019 Advertising period closes 11:10 AM
- 16 April 2019 Reverse Auction evaluation to be conducted via Teleconference commencing at 11:10 AM.
- 16 April 2019 Reverse Auction evaluation report distributed to participating council for adoption.
- 18 April 2019 Contracts to be signed. Unsuccessful energy retailers advised.
- 01 January 2020 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 \$150,000 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 current spend for each contract is estimated at:

Contestable sites	\$1,100,000 per annum
Street lighting	\$220,000 per annum

Associated Risks

There are no known associated risks for Council to go to Tender.

NEIL BUNGATE
MANAGER FINANCIAL PLANNING

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

6 March 2019

Attachments: Nil

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER