



**\*\*URGENT BUSINESS WITHOUT NOTICE – ELECTRICITY SUPPLY CONTRACTS\*\***

# **Business Papers 2023**

MID-WESTERN REGIONAL COUNCIL

EXTRAORDINARY MEETING  
**WEDNESDAY 24 MAY 2023**

*A prosperous and progressive  
community we proudly call home*





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## 5.4 Urgent Business Without Notice - Electricity Supply Contracts for 1 July 2023 to 30 June 2024

REPORT BY THE MANAGER FINANCE  
TO 24 MAY 2023 EXTRAORDINARY MEETING  
GOV400103, ENE100001

### RECOMMENDATION

#### That Council:

1. **receive the report by the Manager Finance on the Urgent Business Without Notice - Electricity Supply Contracts for 1 July 2023 to 30 June 2024;**
2. **make the following budget amendments to the 2023/24 Budget and Draft 2023/24 Operational Plan and 2023/26 Delivery Program**
  - 2.1 **increase the street lighting expense budget by \$70,000, funded by unrestricted cash**
  - 2.2 **increase the electricity expense budget by a total of \$572,000 funded by unrestricted cash across each fund as follows; \$276,000 General, \$142,000 Sewer, \$146,000 Water, \$4,000 Saleyards and \$4,000 Waste**
3. **note the significant increases in energy contract prices received through the reverse auctions and tender process and that the General Manager will exercise his delegation to finalise contracts with the retailers offering the best value to Council.**

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### Executive summary

Regional Procurement in association with EnergyAction has conducted a series of reverse auctions on 23 May 2023 on behalf of Mid-Western Regional Council for the single source supply and delivery of electricity for Contestable Metered Sites and Street Lighting (unmetered sites).

Regional Procurement in association with EnergyAction has also via a tender process, to obtain pricing for the single source supply of Non-Contestable (small sites) Electricity to Mid-Western Regional Council.

Submissions closed 10.00am Monday 22 May 2023.

All three of these contracts went to market with a contract period of 12 months, being the period 1 July 2023 to 30 June 2024. This contract period is shorter than the average term due to our expectation that Councils solar farm will be close to completion and a standard retail supply contract will no longer be appropriate. Should the solar farm not be completed by 30 June 2024 it is intended to look for a bridging contract for the short term.

The evaluation reports show that compared to our current electricity contract rates (benchmark) that were sourced in April and October 2021 there are significant increases to the cost of electricity supply. The recommendation is therefore to make those budget amendments before finalising contracts.

## Disclosure of Interest

Nil

## Detailed report

### Evaluation Reports

There are two evaluation reports from Regional Procurement attached which show the details of the reverse auctions and tender conducted, along with a recommendation of the evaluation reports. Also attached is the Auction Overview Report from Energy Action which shows each retailers most competitive bid compared to the Benchmark. The Benchmark price is based on Council's current contract prices to view as a comparison. It should be noted that all prices shown are exclusive of network charges, regulated market charges, transmission and distribution loss factors and GST.

These reports show that the expected increased cost in retailer charges for each contract is:

- Street lighting \$81,567
- Contestable Sites \$681,956
- Small Sites \$41,954

Council's forward budgets included allowance for some price increase, which has been allowed for when calculating the recommended budget changes.

### Executing Contracts

Due to market volatility retailers will not guarantee to hold their offers on contracts for longer than 48 hours. Therefore budget amendments are urgently required so that contracts may be signed before midday Thursday 25<sup>th</sup> May.

The General Manager is authorised to enter into contracts on behalf of Council within the expenditure delegation authorised. The Delegation of Authority for the General Manager at item 3.2 allows the General Manager to accept Council tenders with a contract value of up to \$3,000,000 (including GST)

## Community Plan implications

<b>Theme</b>	<b>Good Government</b>
Goal	An effective and efficient organisation
Strategy	Prudently manage risks association with all Council activities

## Strategic implications

### **Council Strategies**

Operational Plan

### **Council Policies**

Sustainable Procurement and Contracts Policy

### **Legislation**

Local Government Act 1993

Local Government (General) Regulation 2021

## Financial implications

Budget amendments are recommended to increase the expenditure. This will have a negative impact on Council's Operation Performance Ratio in 2023/24.

Budget Year	Operating Performance Ratio	Own Source Revenue	Building & Infrastructure Renewal
2022/23	-	-	-
Future Years	X	-	-

## Associated Risks

The contracts are evaluation based on current electricity consumption. There is the possibility that consumption may change which could require adjustments to the budget in the future. This is reviewed as part of each quarterly budget review.

NEIL BUNGATE  
MANAGER FINANCE

LEONIE JOHNSON  
CHIEF FINANCIAL OFFICER

24 May 2023

*Attachments:*

1. Street Lighting and Contestable Site Evaluation Report. (Confidential - separately attached)
2. Small Site Evaluation Report. (Confidential - separately attached)
3. Street Lighting Auction Overview Report. (Confidential - separately attached)
4. Contestable Sites Auction Overview Report. (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM  
GENERAL MANAGER