

9.4 RFT 2023/40 Retail Energy Supply Contract

REPORT BY THE MANAGER PROCUREMENT AND FLEET
TO 20 MARCH 2024 ORDINARY MEETING
GOV400105, COR000000

RECOMMENDATION

That Council:

1. **receive the report by the Manager Procurement & Fleet on the RFT 2023/40 Retail Energy Supply Contract;**
2. **note the details provided in the Confidential Attachment regarding the weighted assessment of the tender;**
3. **endorse the Power Pass Through Model for the retail energy supply contract;**
4. **accept the tender submission from Diamond Energy for the RFT 2023/40 Retail Energy Supply Contract in accordance with clause 178 of the Local Government (General) Regulations 2005 for a contract term of 2 years with 2 x 2 year optional extension periods based on satisfactory performance and agreement by both parties, pending finalisation of minor contractual terms;**
5. **authorise the Director Corporate Services to finalise and execute the contract on behalf of Council with Diamond Energy;**
6. **grant delegation to the Director Corporate Services to approve variations to the contract within approved budgets; and**
7. **notify other tenderers that their tenders were unsuccessful.**

Executive summary

In early 2023, Council undertook an expression of interest (EOI) to identify potential retail energy market participants that were suitably qualified and could provide a model for the sale and purchase of Councils energy.

In March 2023, Council approved for the market participation model to be open. The EOI responses were reviewed, business cases modelled, and operational impacts taken into account resulting in the Power Pass Through Model being the preferred retail energy model.

In December 2023, Council advertised a selective tender with respondents of the EOI invited to participate. This report seeks to engage a retail market participant.

Disclosure of Interest

Nil

Detailed report

The following EOI respondents were invited to participate in the selective Request for Tender (RFT):

1. Diamond Energy Pty Ltd
2. Flow Power
3. Iberdrola Australia Energy Markets Pty Limited
4. Sustainable Business Energy Solutions Pty Ltd

Timeline

EVENT/ACTIVITY	PROPOSED DATE
Issue of RFT	11 December 2023
Briefing Session (Teams)	20 December 2023
Closing date for Tenders	29 January 2024
Demonstrations (Proposed)	14 February 2024
Recommendation of preferred Tenderer(s)	20 March 2024
Post Tender and contract negotiations	20 April 2024
Execution of contract	27 April 2024
Commencement of Services/Implementation	1 July 2024
Completion of Services	30 June 2026

VendorPanel was utilised to approach selected tenderers in a controlled e-tendering platform.

Tenders Received

Three submissions were received:

1. Diamond Energy Pty Ltd
2. Flow Power
3. Iberdrola Australia Energy Markets Pty Limited

Late Tenders

No late submissions were received.

Conforming Tenders

Two tenderers were conforming, and one submission provided an alternate proposal, but did not also provide a conforming bid as per tendering conditions. For the purposes of ensuring value for money, the alternate tender was evaluated but was not formally considered.

Evaluation Findings

The following criteria were used in evaluating the tenders:

1. Experience and capability 15%
2. Demonstrated understanding of the project requirements 25%
3. Approach to service and performance optimisation 20%
4. Risk Management 10%
5. Price 30%

Based on the criteria assessed by the Tender Evaluation Committee (TEC), the recommended tenderer is Diamond Energy.

Community Plan implications

Theme	Looking After Our Community
Goal	Effective and efficient delivery of infrastructure
Strategy	Provide infrastructure and services to cater for the current and future needs of our community

Strategic implications

Council Strategies

Community Plan

Council Policies

Procurement Policy

Legislation

Local Government Act 1993

Local Government (General) Regulations 2005

Financial implications

No budget variations are proposed for the acceptance of this tender.

This contract takes into account:

- revenue producing sales of excess energy and purchases of consumable energy;
- establishment of services;
- installation of managing systems; and
- anticipated upgrades of electricity meters, and scada systems.

The total value of the submissions has been assessed using a simulated methodology taking into account historical consumption, historical market pricing, anticipated solar array generation and actual site data. This data analysis resulted in an estimated value of Councils electricity contract annually. The recommended tenderer after this analysis was complete was Diamond Energy, which had the lowest total cost of energy result.

Associated Risks

Any larger scale, multi-year project comes with risks – particularly a service that is based on market participation. The TEC recommendation is the result of a rigorous process designed to mitigate that risk by providing a score based on experience, capability, price, risk and understanding of the project.

Financial risk was mitigated through a third party credit assessment specifically based on procurement contracts. The recommended applicant scored very well in the assessment, and are deemed to have low financial risk.

The draft contract was provided by the respondents, as required in the RFT. This was suitable for this engagement, given that the experienced participants are more familiar and experienced with appropriate terms and conditions around retail energy contracts. The contractual terms and conditions were appropriate to the services being provided and the market that we are participating in. Minor terms and conditions are yet to be finalised. There is some risk that agreement may not be easy to obtain, however this is deemed low risk after review of the draft contracts proposed.

Before inviting participants of the EOI to respond to this RFT, reference checks were undertaken (as a step of the EOI) to ensure that all participants invited to respond were suitably qualified and provided an appropriate service. Diamond Energy were highly regarded by those that were currently (or previously) engaged with them for similar solutions.

KRISTIE WARD
MANAGER PROCUREMENT AND FLEET

LEONIE VAN OOSTERUM
DIRECTOR CORPORATE SERVICES

7 March 2024

Attachments: 1. Tender evaluation assessment summary. (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER