



DIRECTOR CORPORATE AND COMMUNITY SERVICES REPORT

2 February 2010

DCCS5

ELECTRICITY TENDER

FILE: 264

APC

(Folio *)

SUMMARY:

Reporting on a tender for the supply of electricity for Council's contestable sites and street lighting.

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DESCRIPTION:

Council's current agreement with CountryEnergy for the supply of electricity to Council's contestable electricity sites expires on the 30 June 2010.

Contestable sites are those where the annual electricity consumption exceeds 160MWH; currently Council has thirteen sites comprising water and sewer pumping stations, tourist parks and the civic centre offices, together with the street lighting account which fall within the criteria. Council officers are proposing the following procurement process be undertaken in relation to the supply of electricity for contestable sites and for street lighting.

Council has entered into an agreement with Hunter Councils' Regional Procurement and their specialist energy sub-contractor, Energy Action to conduct a reverse auction tender for the supply of electricity from the 1 July 2010 to 30 June 2013. By way of explanation, a reverse auction is where interested parties 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. Tenderer's are assessed against the evaluation criteria, price being the principal criteria.

Whilst Council has not previously taken part in a reverse auction, Hunter Councils' have conducted 17 auctions on behalf of Council's over the last 6 months, including Port Macquarie-Hastings, Greater Taree, Bellingen and Nambucca Shire. The auctions have yielded savings of 15% to 23% off the prevailing NSW Government Electricity Contract No. 777.

The Kempsey Shire tender will be released on 6 February 2010 with the auction to take place in Kempsey on Thursday, 4 March 2010.

Due to the nature of the electricity market, quoted prices for electricity can only be held for a short period of time, usually between 5 to 7 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 outcome for Council's consideration at its meeting of the 9 March 2010.

RECOMMENDATION IMPLICATIONS:

Council endorse the tender process for electricity supply for Council's contestable sites and street lighting.

- ***Environmental***

Nil

- ***Social***

Nil

- ***Economic (Financial)***

The tender will ensure that Council obtains optimum pricing for electricity in respect of the nominated sites for the three year period to the 30 June 2013.

- ***Policy or Statutory***

The Tender is in accordance with the requirements of the Local Government Act and Council's purchasing policy.

- ***Director's Review***

As per report.

RECOMMENDATION:

That a supplementary report providing details of the electricity tender outcomes be submitted to the March 2010 council meeting.