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I hereby give notice that a Council Meeting will be held on:

Date: Tuesday, 21 March 2023
Time: 6.00 p.m.
Location: Council Chamber
Civic Centre
10 Watson Terrace
Mount Gambier

CONFIDENTIAL AGENDA

Council Meeting 21 March 2023

A handwritten signature in black ink, appearing to read "Sarah Philpott".

**Sarah Philpott
Chief Executive Officer
17 March 2023**

23.2 DELEGATION TO AWARD ELECTRICITY CONTRACT – REPORT NO. AR23/16014

Committee:	Council
Meeting Date:	21 March 2023
Report No.:	AR23/16014
CM9 Reference:	AF13/64
Author:	Julie Scoggins, Manager Financial Services
Authoriser:	Ritu Datta, Acting General Manager Corporate and Regulatory Services
Summary:	The current contract through (“LGAP”) expires on 30 June 2023. Further to contact from LGA Procurement in March 2023, there will be a limited window for Council to accept offers.
Strategic Plan Reference:	Goal 1: Our People Goal 2: Our Location Goal 3: Our Diverse Economy Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage Goal 5: Our Commitment

The Council is satisfied that, pursuant to Section 90(2) & (3) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (b) information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business; or proposing to conduct business; or to prejudice the commercial position of the Council.

REPORT RECOMMENDATION

1. That Council Report No. AR23/16014 titled ‘Delegation to award electricity contract’ as presented on 21 March 2023 be noted.
2. That Council authorise the General Manager Corporate and Regulatory Services, and in his/her absence the General Manager City Infrastructure to:
 - (a) Accept recommendation(s) provided by the Local Government Association Procurement (“LGAP”) to enter into a contract(s) with the successful tenderer(s) for the supply of electricity for a term as specified for:
 - sites above 160 MWh per annum; and
 - sites below 160 MWh per annum; and
 - 12 hour and 24 hour unmetered lighting; and
 - (b) Make, vary and discharge the contract(s); and
 - (c) Sign all relevant documentation in this matter.

TYPE OF REPORT

Corporate



BACKGROUND

LGA Procurement:

1. **Previous Electricity Supply** - Historically Local Government Association Procurement (“LGAP”) and expert partners have undertaken competitive tendering for electricity supply on behalf of all SA Councils and several subsidiaries.
2. **2022 Process** - Further to the tender process undertaken in 2022, Councils were offered the opportunity to accept a contract to supply electricity for six months.
3. **Other Procurement Activities** - The Rural City of Murray Bridge and City of Mitcham partnered together to combine their profile and approach a different market sector and did not take part in the LGAP tender. It is worth noting that LGA Procurement is working with these Councils in exploring their pilot with their support to incorporate learnings into future procurements for the benefit of the sector.
4. **Market Advice** – LGAP have advised Council as follows:
Advice from CQ Energy suggest that the volatility in the market that was present late last year has softened and that March/ April is an appropriate time to go to market. CQ Energy and established retailers again reiterate that an aggregated deal is the most attractive method and that our approach to market ensures that all councils receive a reasonable offer and that no council is left behind.
3. **LGA Procurement Plan** – A formal Request for Tender is currently being co-ordinated by “LGAP” on behalf of Councils, expected to be issued to the market in March 2023 with evaluation taking place in May 2023 (with a plan as shown below).

2023 Aggregated Electricity Procurement plan



4. **Current Contract Expiry** - Council’s current contract for the supply of electricity expires on 30 June 2023.
5. **Council’s expenditure** - For electricity consumption historically and current year budget (as at BR2 excluding Wulanda) is as follows:



Years	\$'000s
Actual 2018/2019	829
Actual 2019/2020	683
Actual 2020/2021	815
Actual 2021/2022	859
BR2 2022/2023	1,063

PROPOSAL

1. **Tender Response** - With the tender option as detailed above Council staff will have limited time to respond to either tender. Council needs to be in a position to respond quickly once negotiations are underway.
2. **Financial Delegation** - As the anticipated expenditure is within the Chief Executive Officer's but beyond the General Manager Corporate and Regulatory Services delegation, and it is intended that the final negotiation and execution on behalf of Council will be by the General Manager, Council needs to delegate authority to accept the LGAP recommendation and subsequently enter into a contract. The General Manager Corporate and Regulatory Services is the Chief Executive Officer's nominated delegate for this matter, with General Manager City Infrastructure authorised in his/her absence.
3. **Categories** - The tender call will invite submissions for pricing of electricity as Accredited Renewable Electricity and Unspecified Electricity. Each source will also need to provide pricing for the following categories:
 - Below 160 MWh per annum (general sites);
 - Above 160 MWh per annum (Civic Centre, Library and Wulanda); and
 - 12 & 24 hour unmetered (street & traffic lights).
4. **Tender Scope** - The tender will provide the aggregated and detailed load profiles of all participating councils and will request an electricity price based on:
 - "black" electricity plus the mandatory 20% green certificates in the form of large-scale generation certificates (LGCs) or;
 - "black" electricity with 100% LGCs (noting this is an additional 80% LGC procurement above the mandatory option). This provides an option that satisfies a mandatory green procurement option under the Renewable Energy Target (RET) legislation and also provides an option for councils wanting to have a 100% green electricity procurement option;
 - an opportunity from some retailers to provide a reduced electricity usage price if all councils opt for 100% Green Power, which is an option LGAP will also request.
 - LGAP will approach this procurement seeking the best market outcomes for Councils by issuing a formal request for tender to the market.
6. **Next Steps** - LGAP will be seeking an expression of interest in large, small and 12/24 unmetered sites.
7. Once tenders have been received, LGAP will have limited time to accept and/or reject the tenders offered. Within this limited time LGAP will provide its recommendation to Councils for their collective acceptance or otherwise of the recommended offer (expected to be in June 2023). At the request of LGAP, Council needs to be in a position to respond quickly once negotiations are underway.

LEGAL IMPLICATIONS

Section 49 of the Local Government Act 1999 "Contracts & Tender Policies".



A formal contract will be established between Council and the successful Tenderer(s).

STRATEGIC PLAN

This procurement activity supports the Strategic Plan in terms of enabling Council functions and services.

COUNCIL POLICY

[P420 Procurement, & Disposal of Land and Assets](#)

ECONOMIC IMPLICATIONS

The procurement process will be coordinated by LGAP or Procurement Australia and existing Council staff.

ENVIRONMENTAL IMPLICATIONS

LGAP are seeking pricing for some renewable energy.

SOCIAL IMPLICATIONS

Not applicable.

CULTURAL IMPLICATIONS

Not Applicable

RESOURCE IMPLICATIONS

The procurement process will be coordinated by LGAP and existing Council staff.

VALUE FOR MONEY

The contract will commence on 1 July 2023. When the contract is received the value will be assessed against the adopted 2023/24 Budget with any significant variance to be included in the next available budget review.

RISK IMPLICATIONS

Should Council not provide a response to an offer within the required timeframe it is unlikely that Council would be able to secure more competitive rates through a standalone procurement process and then incur higher costs for electricity to our sites.

EQUALITIES AND DIVERSITY IMPLICATIONS

Not applicable

ENGAGEMENT AND COMMUNICATION STRATEGY

Informing only. Council minutes.

IMPLEMENTATION STRATEGY

Contract will be applied to all Council electricity supply.

CONCLUSION AND RECOMMENDATION

As Council has a limited window to accept an offer, delegation of financial authority is required in advance.

ATTACHMENTS

Nil



CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 23.2 AR23/16014 Delegation to award electricity contract and its attachments, resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (b) be kept confidential and not available for public inspection until a contract has been executed for the relevant supply.
2. Further that Council delegates the power to review, revoke, but not extend the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

CONFIDENTIAL

**MINUTES OF CITY OF MOUNT GAMBIER COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT
GAMBIER
ON TUESDAY, 21 MARCH 2023 AT 6.00 P.M.**

PRESENT: Mayor Lynette Martin (OAM), Cr Frank Morello, Cr Josh Lynagh, Cr Kate Amoroso, Cr Max Bruins, Cr Paul Jenner, Cr Sonya Mezinec

**OFFICERS IN
ATTENDANCE:**

Chief Executive Officer	- Mrs S Philpott
General Manager City Infrastructure	- Ms B Cernovskis
General Manager City and Community Growth	- Ms S La Greca
Acting General Manager Corporate and Regulatory Services	- Ms R Datta
Manager Governance and Property	- Mr M McCarthy
Manager Financial Services	- Mrs J Scoggins
Communications Officer	- Ms M Brookes
Executive Administrator	- Ms T Chant

23.2 DELEGATION TO AWARD ELECTRICITY CONTRACT – REPORT NO. AR23/16014

RESOLUTION 2023/45

Moved: Cr Frank Morello

Seconded: Cr Max Bruins

CONSIDERATION FOR EXCLUSION OF THE PUBLIC

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except the Mayor, Councillors and (Council Officers) be excluded from attendance at the meeting for the receipt and consideration in confidence of Agenda Item 23.2 AR23/16014 Delegation to award electricity contract.

The Council is satisfied that, pursuant to section 90(3) (b) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is:

- information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is
 - conducting business; or
 - proposing to conduct business; or
 - to prejudice the commercial position of the Council

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the information to be discussed in this item relates to a contract between Council and LGA Procurement for the supply of energy. The disclosure of information in association with this item could reasonably be expected to prejudice the commercial position of Council or confer advantage on third parties and is considered on balance to be contrary to the public interest as it could prejudice the Councils position in obtaining best value on behalf of the community.

CARRIED

RESOLUTION 2023/46

Moved: Cr Paul Jenner

Seconded: Cr Josh Lynagh

1. That Council Report No. AR23/16014 titled 'Delegation to award electricity contract' as presented on 21 March 2023 be noted.
2. That Council authorise the General Manager Corporate and Regulatory Services, and in his/her absence the General Manager City Infrastructure to:
 - (a) Accept recommendation(s) provided by the Local Government Association Procurement ("LGAP") to enter into a contract(s) with the successful tenderer(s) for the supply of electricity for a term as specified for:
 - sites above 160 MWh per annum; and
 - sites below 160 MWh per annum; and
 - 12 hour and 24 hour unmetered lighting; and
 - (b) Make, vary and discharge the contract(s); and

- (c) Sign all relevant documentation in this matter.

CARRIED

RESOLUTION 2023/47

Moved: Cr Max Bruins
Seconded: Cr Frank Morello

CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 23.2 AR23/16014 Delegation to award electricity contract and its attachments, resolution/s and minutes arising from the report, having been considered by the Council in confidence under Section 90(2) & (3) (b) be kept confidential and not available for public inspection until a contract has been executed for the relevant supply.
2. Further that Council delegates the power to review, revoke, but not extend the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

CARRIED

