



City of  
Mount Gambier

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

**Date: Tuesday, 21 June 2022**

**Time: 6.00 p.m.**

**Location: Council Chamber  
Civic Centre  
10 Watson Terrace  
Mount Gambier**

# **CONFIDENTIAL AGENDA**

## **Council Meeting 21 June 2022**

**Sarah Philpott  
Chief Executive Officer  
17 June 2022**

## 26.2 DELEGATION TO AWARD ELECTRICITY CONTRACT – REPORT NO. AR22/34770

### 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, discussion and consideration in confidence of Agenda Item 26.2 AR22/34770 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.

**26.2 DELEGATION TO AWARD ELECTRICITY CONTRACT – REPORT NO. AR22/34770**

<b>Committee:</b>	<b>Council</b>
<b>Meeting Date:</b>	<b>21 June 2022</b>
<b>Report No.:</b>	<b>AR22/34770</b>
<b>CM9 Reference:</b>	<b>AF21/496</b>
<b>Author:</b>	<b>Julie Scoggins, Manager Financial Services</b>
<b>Authoriser:</b>	<b>Darren Barber, General Manager Corporate and Regulatory Services</b>
<b>Summary:</b>	<b>The current contract through (“LGAP”) expires on 31 December 2022. Following an Expression of Interest market call by LGA Procurement in August 2021, to gauge the market and inform the development of tender documentation, a formal Request for Tender is currently being co-ordinated by “LGAP” on behalf of Councils, to be assessed in July 2022. There will be a limited window for Council to accept offers.</b>
<b>Strategic Plan Reference:</b>	<b>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</b>

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. AR22/34770 titled ‘Delegation to award electricity contract’ as presented on 21 June 2022 be noted.
2. That Council authorise the General Manager Corporate and Regulatory Services, and in his 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

1. Following an Expression of Interest market call by LGA Procurement in August 2021, to gauge the market and inform the development of tender documentation, a formal Request for Tender is currently being co-ordinated by "LGAP" on behalf of Councils, expected to be issued to the market in May with evaluation taking place in July of 2022.
2. Council's current contract for the supply of electricity expires on 31 December 2022.
3. Council's expenditure for electricity consumption historically and current year budget is as follows:

Year	\$'k
2019/20	683
2020/21	815
2021/22	806

## PROPOSAL

1. 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 and has again offered all Councils the opportunity to participate in a new tender process for electricity supply for 2022 and beyond.
2. A working group with representatives from 19 Councils holding expertise in electricity management, procurement and accounting was formed in 2021 and have met regularly to support the LGAP throughout the Expression of Interest phase and also with the proposed Request for Tender.
3. 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. LGAP will approach this procurement seeking the best market outcomes for Councils by issuing a formal request for tender to the market.
6. The tender call is expected to include options to award the contract for a longer term, with options for pricing review every 2-3 years, and also if there are any major federal government policy that may affect electricity pricing.
7. Once tenders have been received, LGAP will have limited time (7-14 days) 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 July 2022). At the request of LGAP, Council needs to be in a position to respond quickly once negotiations are underway.
8. 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 absence.

9. Once the contracts have been executed a report will be brought back to Council.

### **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 and existing Council staff.

### **ENVIRONMENTAL IMPLICATIONS**

LGAP are seeking pricing for 100% renewable energy and market sounding indicates pricing for renewable energy is trending down. It is anticipated that Council may be able to enter into a contract for supply for Accredited Renewable Electricity at a cost that is comparable or less than the current contract cost for unspecified supply.

### **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 January 2023. When the contract is received the value will be assessed against the adopted 2022/23 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. Noting the events of the past week in the national electricity market Council's risk as a standalone customer may be significantly higher in this regard

### **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

CONFIDENTIAL



**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 26.2 AR22/34770 Delegation to award electricity contract and its attachments, the discussion and the 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 JUNE 2022 AT 6.00 P.M.**

**PRESENT:** Cr Sonya Meziniec, Cr Max Bruins, Cr Ben Hood, Cr Paul Jenner, Cr Frank Morello

<b>OFFICERS IN</b>	General Manager City Infrastructure	- Ms B Cernovskis
<b>ATTENDANCE:</b>	General Manager Corporate and Regulatory Services	- Mr D Barber
	General Manager City and Community Growth	- Mr T Coote
	Manager Governance and Property	- Mr M McCarthy
	Manager Financial Services	- Mrs J Scoggins
	Media and Communications Coordinator	- Mrs A Watson
	Media and Communications Coordinator	- Mr J McDonald
	Communications Officer	- Ms M Brookes
	Executive Administrator	- Ms S Wilson



## 26.2 DELEGATION TO AWARD ELECTRICITY CONTRACT – REPORT NO. AR22/34770

### RESOLUTION 2022/75

Moved: Cr Ben Hood  
Seconded: Cr Paul Jenner

#### 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 B Cernovskis, D Barber, T Coote, M McCarthy, J Scoggins, A Watson, J McDonald, M Brookes and S Wilson be excluded from attendance at the meeting for the receipt, discussion and consideration in confidence of Agenda Item 26.2 AR22/34770 Delegation to award electricity contract.

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**CARRIED**

### RESOLUTION 2022/76

Moved: Cr Paul Jenner  
Seconded: Cr Frank Morello

1. That Council Report No. AR22/34770 titled 'Delegation to award electricity contract' as presented on 21 June 2022 be noted.
2. That Council authorise the General Manager Corporate and Regulatory Services, and in his 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 2022/77**

Moved: Cr Sonya Meziniec  
Seconded: Cr Paul Jenner

**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 26.2 AR22/34770 Delegation to award electricity contract and its attachments, the discussion and the 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**