



COFFS HARBOUR CITY COUNCIL

SUPPLEMENTARY REPORT (ORDINARY MEETING)

**COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR**

24 JUNE 2010

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	The following items either in whole or in part may be considered in Closed Meeting for the reasons stated:	
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COFFS HARBOUR CITY COUNCIL

ORDINARY MEETING

24 JUNE 2010

CORPORATE BUSINESS SUPPLEMENTARY REPORT

CB10/30 TENDER: SUPPLY OF NON-CONTESTABLE ELECTRICITY "SMALL MASS SITES"

Purpose:

To report on the tenders received by Regional Procurement Initiative (division of Hunter Council Incorporated) on behalf of Coffs Harbour City Council for the Supply of Non-Contestable Electricity "Small Mass Sites" (less than 160MWH) T21011CHCC and to gain Council approval.

Description of Item:

Council currently purchases Non-Contestable Electricity for our Small Sites from Country Energy, with the original contract expiring on the 28 February 2010.

Coffs Harbour City Council is a financial and Associate Member of the Regional Procurement Initiative for the Mid North Coast Procurement Alliance Group of Councils.

Regional Procurement Initiative and in partnership with Energy Action called tenders on behalf of Coffs Harbour City Council for the Supply of Non-Contestable (Small Sites) Electricity Tender No T21011CHCC for a 36 month period that closed on 17 June 2010.

Tenders were evaluated on the following criteria:

- Tender Price
- Quality Assurance- Conform/Not Conform
- Customer Service Breaches
- ESD- Conform/Not Conform (Annual Greenhouse Gas Benchmark Statement)

CB10/30 - Tender: Supply of Non-Contestable Electricity "Small Mass Sites" (Cont'd)

Tenders were received from the following Companies: -

1. Origin Energy
2. Powerdirect
3. TRUenergy

Conforming Tenders

Origin Energy were not conforming to tender as they only tendered for a 12 month but both Powerdirect and TRUenergy provided conforming to tenders.

Sustainability Assessment:

- **Environment**

A key part of this tender is the recommended tenderers conformity to IPART Regulations and Green Power.

- **Social**

This Tender is only for the electricity supply component, and as a result there will be no social impact.

- **Economic**

The contract for the supply of Electricity for Small Sites expired on the 28 February 2010, and Country Energy took a position of non-negotiation, applying IPART Regulated pricing. The tariffs increased from the previous contract rate of approximately 20.018 cents per KWh (Ex GST) to 22.47 cents per KWh (Ex GST).

It is to be noted that effective from the 1 July 2010 Country Energy's Business Regulated Electricity Fees will increase to 25.335 cents per KWh (Ex GST).

With the current IPART Regulated Pricing from Country Energy being "Subject to Change", it is now imperative that Council lock ourselves into a contract with a fixed price term for a minimum of three (3) years.

Related Policy and / or Precedents:

Tendering procedures were carried out by Regional Procurement Initiative in accordance with Council's own policy and procedures. Regional Procurement's Tender Value Selection System was applied during the tender review process to determine the most advantageous offer. Regional Procurement's policy is that the tender with the highest weighted score becomes the recommended tender (see attachments).

Statutory Requirements:

The calling, receiving and reviewing of tenders was carried out in accordance with the Local Government (General) Regulation 2005-Section 7 Tendering.

CB10/30 - Tender: Supply of Non-Contestable Electricity "Small Mass Sites" (Cont'd)

Issues:

Assessment of the tenders is contained in the attached confidential supplement.

Implementation Date / Priority:

The contract is for a three (3) year period commencing the date of signed agreement.

Recommendation:

That Council consider and approve tenders received by Regional Procurement Initiative on behalf of Coffs Harbour City Council for the Supply of Electricity for Small Mass Sites T21011CHCC.

Craig Milburn
Director