Purpose

To approve the Chief Executive entering into two electricity supply contracts for the 2017 calendar year.

Significance of Decision

The Council's Significance and Engagement policy is not triggered by matters discussed in this report.

Recommendations

1. That the Council approves the Chief Executive executing contracts with:
   a. Contact Energy for Time Of Use (TOU) and Distributed Unmetered Load (DUML) sites.
   b. TrustPower for Non Half-Hourly (NHH) sites
1 Contribution to the Council Vision and Council Outcomes

1.1 Relationship to the Council Outcomes that underpin the Council’s Vision:

*Connected, vibrant and thriving Manawatu – the best rural lifestyle in New Zealand*

<table>
<thead>
<tr>
<th>Manawatu District will improve the natural environment, stewarding the district in a practice aligned to the concept of kaitiakitanga.</th>
<th>The Manawatu will attract and retain residents.</th>
<th>Manawatu district develops a broad economic base from its solid foundation in the primary sector.</th>
<th>Manawatu and its people are connected via quality infrastructure and technology.</th>
<th>Manawatu’s built environment is safe, reliable and attractive.</th>
<th>Manawatu District Council is an agile and efficient organisation.</th>
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2 Background

2.1 Manawatū District Council’s electricity supply contracts with Meridian Energy for TOU (Time Of Use) and NHH (Non Half-Hourly) sites expire on 31/12/2016.

2.2 Offers were received through All Of Government procurement for new electricity supply contracts beginning 1/1/2017. To take advantage of the potential savings, we need to sign the contracts prior to 24 December 2016.

2.3 The offers were delayed by the all of All of Government process, hence this paper being a late item.

3 Discussion and Options considered

3.1 The most competitive offers were from Contact Energy for TOU sites (including DUML or Distributed Unmetered Load for street lighting), and TrustPower for NHH sites, for a 21-month period in each case. Cost comparisons are shown in Error! Reference source not found.
Table 1: Cost Comparison

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<tbody>
<tr>
<td>Meridian</td>
<td>1 July 2015 to 30 June 2016</td>
<td>530,877</td>
<td>221,669</td>
<td>175,549</td>
<td>928,095</td>
</tr>
<tr>
<td></td>
<td>Current rates</td>
<td>530,877</td>
<td>140,345</td>
<td>68,358</td>
<td>739,580</td>
</tr>
<tr>
<td>TrustPower (NHH)/Contact (TOU)</td>
<td>AOG (21 months) [6]</td>
<td>506,481</td>
<td>129,520</td>
<td>56,167</td>
<td>692,168</td>
</tr>
<tr>
<td>TrustPower (NHH)/Contact (TOU)</td>
<td>Difference - Total</td>
<td>-24,396[1]</td>
<td>-10,825</td>
<td>-12,191</td>
<td>-47,412</td>
</tr>
</tbody>
</table>

[1] Negatives = savings
[2] NHH is after Prompt Payment Discount of 11%.
[3] Includes line charges, energy charges and other charges (metering and admin costs).
[4] Includes energy charges and other charges (metering and admin costs), not line charges.
[5] MDC street lighting master 0900087357PCBB6 assessed as DUML (TOU-SL). NZTA urban street lighting 1000560474PC712 not included as costs are on-charged and consumption was not available from retailer.
[6] AOG administration fee = 0.25%.

3.2 We have reviewed:

- The pricing analyses from All Of Government.
- The recommendation report from All Of Government.
- The pricing supplements from Contact Energy for TOU/DUML sites.
- The pricing supplement from TrustPower for NHH sites.

3.3 We recommend that Manawatū District Council enter into electricity supply contracts for the period 1/1/2017 to 30/9/2018 (21 months) with:

- Contact Energy for Time of Use and Distributed Unmetered Load sites.
- TrustPower for Non Half Hourly sites.

4 Operational Implications

4.1 Executing these contracts will result in an anticipated saving of $47 000 during the next twenty one months.

5 Financial implications

5.1 There are no unbudgeted financial implications associated with this report.

6 Statutory Requirements

6.1 There are no statutory requirements that relate to this matter.
7 Delegations

7.1 The Council has the authority to make decisions on this matter.

7.2 As the total potential value of the combined contracts exceeds the Chief Executives delegation [$500 000], Council approval is sought for the execution of the contracts.

7.3 While the individual contracts are within the Chief Executives delegation, such ‘unbundling’ is not good practice.

8 Consultation

8.1 There are no community consultation requirements associated with this report.

9 Cultural Considerations

9.1 There are no cultural considerations to be taken into account in association with this matter.

10 Conclusion

10.1 Council approval is sought for the Chief Executive to execute contracts with Contact Energy for Time Of Use (TOU) and Distributed Unmetered Load (DUML) sites and TrustPower for Non Half-Hourly (NHH) sites

11 Attachments

None