



Council

Meeting of 04 March 2021

Business Unit: Infrastructure
Date Created: 01 March 2021

Electricity Procurement

Purpose

To seek Council approval for the award of three electricity supply contracts for a 30 month fixed term commencing 1 September 2021.

Significance of Decision

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

Recommendations

1. That the Council enter into a **Time of Use (TOU)** electricity supply contract with **Contact Energy Limited** to the value of Five Hundred and Thirty Seven Thousand, Nine Hundred and Eighty Four Dollars (\$537,984) plus GST for a 30 month term commencing 1 September 2021 until 29 February 2024.
2. That the Council enter into a **Non-Half-Hour (NHH)** electricity supply contract with **Meridian Energy Limited** to the value of One Million, Two Hundred and Fifty Six Thousand, Nine Hundred and Eighty Four Dollars (\$1,256,984) plus GST for a 30 month term commencing 1 September 2021 until 29 February 2024.
3. That the Council enter into a **Distributed Unmetered Load (DUML)** electricity supply contract with **Genesis Energy Limited** to the value of One Hundred and Twenty Three Thousand, Seven Hundred and Thirty Two Dollars (\$123,732) plus GST for a 30 month term commencing 1 September 2021 until 29 February 2024.

Report prepared by:
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General Manager - Infrastructure

Approved for submission by:
Hamish Waugh
General Manager - Infrastructure

1 Executive Summary

- 1.1 The current Council electricity supply contracts are fixed from 1 October 2018 until 31 August 2021. These are due to expire and this report outlines the suggested way forward to replace the three fixed terms contracts.
- 1.2 The three fixed terms contracts are for a Time of Use (TOU), Non-Half-Hour (NHH) and Distributed Unmetered Load (DUML).
- 1.3 Electricity purchasing options for Council have been explored through an All-of-Government (AoG) electricity procurement initiative. The AoG Electricity Team operate within the Ministry of Business Innovation and Employment (MBIE) and have tendered the Council electricity contracts as a package of buying entities referred to as Tranche 15.
- 1.4 The recommendation of the AoG Electricity Team is based on the lowest expected charges offered for the supply of electricity to Council.
- 1.5 Five AoG Electricity panel suppliers were invited to submit pricing for the Tranche 15 electricity procurement. These suppliers were Contact Energy Limited, Genesis Energy Limited, Meridian energy Limited, Mercury Energy Limited and Trustpower Limited.

2 Contribution to the Council Vision and Council Outcomes

- 2.1 Relationship to the Council Outcomes that underpin the Council's Vision:

Connected, vibrant and thriving Manawatū District – the best lifestyle in New Zealand

Manawatū District protects the natural environment through stewardship of the District's natural and physical resources.	Manawatū District attracts and retains residents and businesses.	Manawatū District develops a broad economic base from its solid foundation in the primary sector.	Manawatū District is connected via quality infrastructure, services and technology.	Manawatū District's built environment is safe, resilient and attractive.	Manawatū District Council is a customer-focussed and efficient organisation.
	✓	✓	✓		

3 Background

- 3.1 The current Council electricity supply contracts are fixed from 1 October 2018 until 31 August 2021 and need to be replaced.
- 3.2 Electricity purchasing options for Council have been explored through an All-of-Government (AoG) electricity procurement initiative. The AoG Electricity Team operate within the Ministry of Business Innovation and Employment (MBIE) and have tendered the Council electricity contracts as a package of buying entities referred to as Tranche 15.
- 3.3 The recommendation of the AoG Electricity Team is based on the lowest expected charges offered for the supply of electricity to Council.

4 Discussion and Options considered

- 4.1 Council has previously utilised the services of the AoG Electricity Team with satisfactory outcomes.

- 4.2 Council approaching the market independently would remove the collective buying power of Council being associated with a larger buying group and almost certainly result in higher electricity costs.
- 4.3 Council, via the AoG Electricity Team received a good response to the Tranche 15 procurement process. A breakdown is provided below:
 - 4.3.1 The Time of Use (TOU) electricity supply contract attracted five bids. These bids were from Contact Energy Limited, Genesis Energy Limited, Meridian energy Limited, Mercury Energy Limited and Trustpower Limited. **The range of prices for a 30 month contract term was \$537,984 to \$603,273.**
 - 4.3.2 The Non-Half-Hour (NHH) electricity supply contract attracted five bids. These bids were from Contact Energy Limited, Genesis Energy Limited, Meridian energy Limited, Mercury Energy Limited and Trustpower Limited. **The range of prices for a 30 month contract term was \$1,256,984 to \$1,733,189.**
 - 4.3.3 The Distributed Unmetered Load (DUML) electricity supply contract attracted five bids. These bids were from Contact Energy Limited, Genesis Energy Limited, Meridian energy Limited, Mercury Energy Limited and Trustpower Limited. **The range of prices for a 30 month contract term was \$123,732 to \$153,596.**

5 Operational Implications

- 5.1 There are no operational implications.

6 Financial implications

- 6.1 The projected costs of the electricity are included in the operational budget of Council in the draft 2021/31 Ten Year Plan.

7 Statutory Requirements

- 7.1 There are no statutory requirements related to this electricity procurement initiative.

8 Delegations

- 8.1 The Council has the authority to approve these procurement outcomes.

9 Consultation

- 9.1 No consultation is required.

10 Cultural Considerations

- 10.1 There are no cultural considerations.

11 Conclusion

- 11.1 The outcome of the AoG collective procurement for the supply of electric represents good value for Council.

12 Attachments

- There are no attachments.