

Addendum Report

REPORTS FROM THE DIRECTOR ENGINEERING

a22 [E-CM] RFO2016077 Supply Electricity for Small Sites from 01 January 2017

SUBMITTED BY: Corporate Governance

Valid



Civic Leadership

LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK:

- 1 Civic Leadership
 - 1.3 Delivering the objectives of this plan
 - 1.3.2 Council will seek the best value in delivering services
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SUMMARY OF REPORT:

Request for Offer RFO2016077 was called to ensure continued electricity supply to Council's small infrastructure after contract EC2013-217 which expires on 31 December 2016.

The offer was advertised as per the requirements of the Local Government Regulation 2005 and closed at 4:00pm NSW Local Time on 7 December 2016.

At the time of closing 5 Offers were received.

The evaluation of the offers against the Selection Criteria is contained in the Offer Evaluation Report included in **CONFIDENTIAL ATTACHMENTS 1 and 2**. The recommendations are based on the evaluation.

RECOMMENDATION:

That, in respect to Contract RFO2016077 Electricity for Small Sites from 01 January 2017:

- 1. Council awards the contract RFO2016077 Electricity for Small Sites from 01 January 2017 to Energy Australia ABN 99 086 014 968 in accordance with the Retail Electricity Supply Agreement (3 Year Contract) and the Schedule of Rates offered.**
 - 2. The General Manager be granted delegated authority to approve appropriately deemed variations to the contract and those variations be reported to Council at finalisation of the contract.**
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3. **ATTACHMENTS 1 and 2 are CONFIDENTIAL in accordance with Section 10A(2) of the Local Government Act 1993, because they contain:-**
- (d) **commercial information of a confidential nature that would, if disclosed:**
 - (i) **prejudice the commercial position of the person who supplied it, or**
 - (ii) **confer a commercial advantage on a competitor of the council, or**
 - (iii) **reveal a trade secret.**

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REPORT:**Offer Background**

This Request for Offer has been prepared for the purpose of engaging a suitably qualified and experienced provider to supply Retail Electricity for Council operated sites within Tweed Shire for a 3 year contract period commencing 1 January 2017.

The sites are those deemed as small sites by their consumption profiles and site meters. Council operates approximately 370 Small Sites consisting of Office Buildings, Sewer Pump Stations, Water Pump Stations, Commercial buildings and Recreational Facilities. Around 95% of Council's small sites operate under the Business tariff BLNN1AU.

Request for Offer Advertising

The Offer was invited in accordance with the provisions of the Local Government Act 1993, the NSW Local Government (General) Regulation 2005 and the Tendering Guidelines for NSW Local Government. The Offer was officially advertised on Tuesday 5 July 2016 in The Sydney Morning Herald and also on 2 July 2016 in both the Brisbane Courier Mail and the Gold Coast Bulletin. It was also advertised in the Tweed Link on 4 July 2016.

Offer Addendums

There were 3 addendums (Notice to Bidders) issued before close of Offer.

Addendum No.01 advised Bidders that the closing date had changed from 26 October to 19 October. The notice also provided bidders with a list of sites and their historical consumption figures to enable competitive pricing.

Addendum No.02 advised Bidders that the closing date had changed from 19 October to 30 November. This change of closing was required due the amended council elections and planned first meeting of the new Council being 8 December.

Addendum No.03 advised Bidders that the closing date had changed from 30 October to 7 December. This change of closing was required due the amended council meeting dates and planned second meeting of the new Council being 15 December 2016.

Offer Submissions

Offer submissions closed at 4.00pm (local time) on 7 December 2016 in the Tender Box located in the foyer at the Tweed Shire Council Civic and Cultural Centre, Murwillumbah NSW 2484. At the closing time for Offer submissions, the Tender Box was opened and 5 Offers were recorded as below:

Bidder	ABN	Offer Price for BLNN1AU
Diamond Energy	97 107 516 334	Confidential Information
Energy Australia	99 086 014 968	
ERM Business Energy	87 126 175 460	
Next Business Energy	91 167 937 555	
Origin Energy	33 071 052 287	

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NOTE: BLNN1AU is the Business Tariff that around 95% of our small sites are billed on. Details of BLNN1AU can be found on Essential Energy's website. The remaining sites are time of use meters or controlled load meters. For the purpose of assessing pricing the BLNN1AU tariff has been adopted.

Offer Evaluation Panel

Council's Offer Evaluation Panel was made up as follows:

Position
Contract Engineer (Chairperson)
Essential Services Officer
Finance Officer

Evaluation Criteria

An Offer Evaluation Plan was developed based on the premise that competitive Offers were to be received and scored against specific evaluation criteria in order to select the best value Offer.

Offers were evaluated as per the Offer Evaluation Plan dated 23 September 2016.

Criterion	Document Reference	Weighting (%)
Value for Money (Normalised Offer Price)	Schedule 2 & 3	75
Previous and Current Works (Experience)	Schedule 4	5
Project Management (Billing System & Frequency)	Schedule 5	5
Company Insurances	Schedule 9	Yes/No Item
Sustainable Procurement (Industry Value Adds, Innovation & GreenPower Options)	Schedule 10	5
Local Content (Development of Local Business/Industry) (Mandatory 10% assessment as per Policy)	Schedule 11	10
Innovation	All Schedules	Yes/No Item
Council's Contract Administration Costs	Schedule 6	Yes/No Item
	Total	100

*Note: For the Value for Money criteria, the Offer Evaluation Worksheet is based on site list and consumption data from May 2016. This data was used to extend the offered schedule of rates into estimated costs over the life of the proposed contract.

Evaluation Results

Details of the price and non-price evaluation are shown on the Offer Evaluation Report and Offer Evaluation Scoring Sheet. A copy of the Offer Evaluation Report and Offer Evaluation Scoring Sheet are included as ATTACHMENTS 1 and 2 which are CONFIDENTIAL in accordance with Section 10A:

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- (d) commercial information of a confidential nature that would, if disclosed:
 - (i) prejudice the commercial position of the person who supplied it, or
 - (ii) confer a commercial advantage on a competitor of the council, or
 - (iii) reveal a trade secret

The information identifies the Bidder in relation to the Offer price and the evaluation of the products offered by the Bidder. If disclosed, the information would be likely to prejudice the commercial position of the Bidder in terms of market competitiveness by giving their competitors an advantage. Accordingly, disclosure of the information is not in the public interest. Recommendations appear below for the Offer.

Energy Australia achieved the highest overall assessment score and is therefore deemed as the most advantageous option for Council.

Based on Council's May 2016 Small Site Power site list and consumptions, the total estimated cost over 36 months (3 years) for a supply contract with Energy Australia would be \$3,147,042.92 (incl GST).

Local Content scoring was not applied as no other offer fell within the cost cap calculations.

Recommendations

It is recommended that the Offer from Energy Australia ABN 99 086 014 968 be accepted as per the schedule of rates offered and that Council approves delegation to the General Manager to sign a Retail Electricity Supply Agreement with Energy Australia before the offer expires at close of Business on 16 December 2016.

OPTIONS:

That Council:

1. Awards the contract RFO2016077 Electricity for Small Sites from 01 January 2017 to Energy Australia ABN 99 086 014 968 in accordance with the Retail Electricity Supply Agreement (3 Year Contract) and the Schedule of Rates offered.
2. Awards the Contract to a different Bidder, including reasons for this course of action.
3. Declines to accept any of the Offers, including reasons for this course of action.

CONCLUSION:

It is recommended that the Offer from Energy Australia ABN 99 086 014 968 be accepted as per the schedule of rates offered and that Council approves delegation to the General Manager to sign a Retail Electricity Supply Agreement with Energy Australia before the offer expires at close of Business on 16 December 2016.

Based on Council's May 2016 Small Site Power site list and consumptions, the total estimated cost over 36 months (3 years) for a supply contract with Energy Australia would be \$3,147,042.92 incl GST.

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COUNCIL IMPLICATIONS:

a. Policy:

The Offer invitation and evaluation were conducted in accordance with the provisions of:

- Local Government Act 1993 and NSW Local Government (General) Regulation 2005.
- Council's Procurement Policy v1.6.

b. Budget/Long Term Financial Plan:

Provision for RFO2016077 is included in each Council Divisions Operational Expense Budget for the period 1 Jan 2017 to 31 Dec 2019.

c. Legal:

Not Applicable.

d. Communication/Engagement:

Inform - We will keep you informed.

UNDER SEPARATE COVER/FURTHER INFORMATION:

(Confidential) Attachment 1. RFO2016077 - Offer Evaluation Report (ECM4347453).

(Confidential) Attachment 2. RFO2016077 - Offer Evaluation Scoring Sheet (ECM4346118).
