

5 April 2017

**Participation Agreement – Small Tariff Electricity Supply Contracts and Associated Services - Terms and Conditions (EC8310-2017-EL-1)**

In order to move forward with the collaborative procurement of Small Tariff Electricity Supply Contracts and Associated Services, I would be grateful if Council would confirm its participation by formally appointing the Municipal Association of Victoria (MAV) to undertake the tender process in accordance with section 186 of the *Local Government Act 1989*.

This process will be of use to councils with Small Tariff contracts expiring prior to 30 June 2017.

The tender will cover the following categories and participating councils may elect to join one or both of these categories.

- **Supply of:**
  - Electricity for Small Tariff Sites (< 160 MWh p.a.)
  - Green Power

***NB:*** Given current market conditions and considering our existing end dates for Large Buildings and Facilities (>160 MWh p.a) and Unmetered Street Lighting contracts are 31 December 2017, these categories will be tendered through another RFT process later in the year.

**There will be no up front cost to council for participating in this collaborative procurement process.** A brief outline of the process can be found in Attachment B.

**1. Participation in Tender**

As dated below, formally commits to participating in the tender process based on the terms and conditions set out in this letter.

**2. Scope of Agreement**

The parties acknowledge and agree that the scope of the MAV's role will be to:

- (a) conduct a public tender for the procurement of providers for Small Tariff Electricity Supply Contracts and Associated Services;
- (b) assess, negotiate, make recommendations to Council with the input and advice of Council;
- (c) not enter into and execute Agreements on behalf of Councils without Council's express permission;
- (d) manage the ongoing relationship between Council and the suppliers; and
- (e) do all other things and act as necessary on behalf of Council to give effect to the collaborative procurement of Small Tariff Electricity Supply Contracts and Associated Services.

#### 4. Committed Volume Arrangement

The parties acknowledge and agree that this is a committed volume arrangement and as such understand:

- (a) the historical annual usage volumes provided by council or obtained via their current retailers will form part of the committed aggregated volumes forming the basis of this collaborative request for tender;
- (b) that signing the Authority to Proceed contained in Attachment A commits council to participate in the tender process and accept the outcomes of the resulting request for tender.

The MAV will act on your behalf in relation to the procurement and tender process and act in your best interests in a transparent manner. As outlined in Attachment B, energy sector expertise for the process will be provided by Trans Tasman Energy Group (TTEG).

Could you please return a signed copy of this appointment (Attachment A) to MAV by **Monday 24th April, 2017**. If you have any queries or this timeline poses difficulties in terms of Council delegations, please contact me on 9667 5545 or [ptaylor@mav.asn.au](mailto:ptaylor@mav.asn.au).

Yours sincerely

A handwritten signature in black ink, appearing to be 'PTaylor', written in a cursive style.

Paul Taylor  
Contracts Manager, MAV Procurement

## Attachment A – Authority to Proceed

MAV letter dated 4 April 2017

### Small Tariff Electricity Supply Contracts and Associated Services (RFT EC8310-2017-EL-1)

By signing a copy of this correspondence, \_\_\_\_\_ Council hereby accepts the terms and conditions outlined in this letter and acknowledges and agrees to participate in this tender process.

I also confirm that I have the authority within my Council to confirm our participation in the collaborative procurement of Small Tariff Electricity Supply Contracts and Associated Services (RFT EC8310-2017-EL-1).

This letter also authorises the MAV to seek data and information (via TTEG) from our current retailer(s) regarding our small tariff electricity purchases.

Electricity Contracts required (**please tick**)

Contract Expiry Date <sup>\*\*\*</sup>(if known)

- Small Tariff Sites (< 10 Tj p.a.) \_\_\_\_\_
- Green Power \_\_\_\_\_

**\*\*\* NB:** Expiry dates up to 30 June 2017 can be included in the process.

Signed for and on behalf of \_\_\_\_\_ Council by its authorised representative:

Name: \_\_\_\_\_ Position: \_\_\_\_\_

**X** \_\_\_\_\_ Dated (dd/mm/yy) \_\_\_\_\_

Council Contacts for Tender:

*Primary Contact*

*Secondary Contact*

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

Position: \_\_\_\_\_

Email: \_\_\_\_\_

Please return this form via email by **Monday 24 April 2017**, sending copies to both MAV Procurement ([procurement@mav.asn.au](mailto:procurement@mav.asn.au)) and TTEG ([ntrajkoski@tteg.com.au](mailto:ntrajkoski@tteg.com.au))

## Attachment B - Process

### Small Tariff Electricity Supply Contracts and Associated Services (RFT EC8310-2017-EL-1)

#### Objective

Best value small tariff electricity supply and services to councils.

#### Compliance and Expertise

The process to be conducted in accordance with section 186 of the Local Government Act, 1989. MAV has engaged Trans Tasman Energy Group (TTEG) [www.tteg.com.au](http://www.tteg.com.au) to assist with the technical aspects of this project. TTEG is experienced in the process of conducting multisite tenders for councils in New South Wales, South Australia and Victoria.

#### Participation

Contracts expiring on or prior to 30 June 2017 can be included in the process.

#### Timing and Stages

TTEG will go to the market at an appropriate time in early 2017 to enable contracts to be in place for commencement 1 July 2017, or at the end of your current contract expiry.

#### **Small Tariff Electricity Process:**

Stage	Task	Action	Latest
1	Council acceptance to participate	Councils	April 24
2	Compile Council site data profiles	TTEG / Councils	May 12
3	Prepare Tender Documents	TTEG / MAV	May 16
4	Tender Advertised	MAV	May 17
5	Tender Issued	MAV	May 17
6	Tender Received	MAV	May 25
7	Tender Analysis	TTEG	May 30
8	Evaluation and Recommendations to Councils	TTEG / MAV	May 30
9	Council acceptance and approval to TTEG	Council	June 7
10	TTEG confirms acceptance with Retailer	TTEG	June 8
11	Distribution and network charges assessment	TTEG	(A)
12	Site transfer process commences	Retailer	June (B)
13	Retailer Contracts to Councils	Retailer/ TTEG	June (B)
14	Site Transfers complete	Retailer / TTEG	June (B)
15	First site Invoice Check	TTEG	(C)

#### **NB:**

- (A) Any obvious errors identified. Individual councils can be reviewed
- (B) Actual transfer dates will depend on existing contract expiry dates
- (C) To be forwarded by councils to TTEG

### Evaluation and Recommendation

The evaluation process will be conducted by TTEG. The process will result in a summary report being forwarded to all participating councils prior to announcing an outcome. MAV will oversee the probity of the process.

### Cost and Benefit

There will be no up front cost to council. TTEG will be paid by MAV via a management fee paid by the retailer. For Small Tariff Electricity sites the fees will not exceed 1.75%.

MAV / TTEG believes this process will achieve significant benefits for participating councils, as retailers can submit prices by having committed councils i.e. surety of supply.

TTEG's expertise is utilised by large number of councils within the utility markets in New South Wales, South Australia and Victoria.

The group (bulk) process has been successfully developed and employed by TTEG for councils since 2001 to deliver **savings in excess of \$50 million** for participating councils.

As part of the tender process, TTEG's expertise will be used to provide additional "value add" services to councils, including:

- bill checking,
- initial tariff reviews,
- managing changing consumptions from energy efficient lights in the process, etc.