

## 7.4.6 MUNICIPAL ASSOCIATION OF VICTORIA (MAV) LARGE GAS TARIFF SITE CONTRACT - MONASH AQUATIC AND RECREATION CENTRE (MARC)

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| <b>Responsible Manager:</b>  | Richard Page, Manager Strategic Asset Management |
| <b>Responsible Director:</b> | Jarrold Doake, Director City Services            |

### RECOMMENDATION

That Council:

- 1. Approves access to the Municipal Association of Victoria Contract No. EC8310-2023 NG – Supply of Natural Gas for Large Buildings and Facilities, for provision of Natural Gas to the Monash Aquatic and Recreation Centre (MARC) large tariff site, under Council Contract No. 2024015 for a schedule of rates based contract (fixed \$/GJ rate plus tariffs) with Shell Energy for an estimated contract value of no more than \$2,500,000 inclusive of GST for three years;**
  - 2. Authorises the Chief Executive Officer to execute the contract agreement;**
  - 3. Notes that the contract will expire on 31 December 2026 with no extension options.**
- \*all dollar figures are GST Inclusive unless stated otherwise.**

### INTRODUCTION

This report considers the recommendations from the collaborative tender with other councils led by the Municipal Association of Victoria Procurement (MAVP) supported by their specialist consultants Trans-Tasman Energy Group (TTEG) for the supply of natural gas to council sites that qualify as Large Tariff sites.

### BACKGROUND

Council has one (1) Large Tariff site, Monash Aquatic and Recreation Centre, with a total gas consumption of approximately 33,424GJ per annum.

Council has previously successfully used the collaborative tender process through MAVP for both electricity supply and natural gas supply. In June 2023, Councillors were notified of the intention to appoint MAVP as Council's agent for the tendering for the supply of natural gas for Council's large tariff site. Subsequently Council Officers appointed MAVP to act as its agent, in consultation with TTEG for the collaborative procurement of the supply of natural gas for large tariff sites.

MAVP issued a collaborative tender for natural gas supply for sites qualifying for the large site tariffs (request for tender EC8310-2023 NG) which resulted in tender offers being available to Council in mid-October 2023.

Tenders for energy supply are conducted on a commodity basis with contracted tariffs offered for an estimated volume and for a fixed term with no extensions.

This report is based on the results of the MAVP tender and their recommendation report.

## **NOTIFICATION**

The public tender notice was advertised by MAVP through Tenderlink on 29 August 2023 with a closing date of 9<sup>th</sup> October 2023.

The tender was issued by MAVP, acting as Council's Agent, under RFT EC8310-2023 NG – Supply of Natural Gas to Large Buildings and Facilities as allowed under Council's Procurement Policy.

## **TENDER EVALUATION**

The confidential report from MAVP and TTEG provides detail on the pricing offers provided and the various fixed and variable costs. It also discusses contract length and the recommendation from MAVP for all customers is that they accept the three-year term option with Shell Energy (Tariff D sites) as the price timing is favourable and that it is likely that rates will increase in the near-term.

The Council evaluation panel reviewed the MAVP recommendation and agreed that the offer from Shell Energy represented the best value outcome for Council and notes that compared to Council's current contract, a cost reduction has been achieved.

## **FINANCIAL IMPLICATIONS**

The recommended offer represents a price decrease to Council's current budgeted expenditure.

## **CONCLUSION**

That Council approves the recommendations contained within this report.

## **ATTACHMENT LIST**

Nil