

4.12 TENDER FOR SUPPLY OF NATURAL GAS TO LARGE TARIFF SITES (CF2023133: HB)

Responsible Director: Jarrod Doake

RECOMMENDATION*

That Council:

- 1. Approves access to the Municipal Association of Victoria Contract EC8310-2022-NG – Supply of Natural Gas for Large Buildings and Facilities for provision of Natural Gas to Large Tariff Sites, under Council Contract No. 2023133 for a schedule of rates based contract (fixed \$/GJ rate plus tariffs) with Shell Energy for an estimated contract value of \$1,037,000 inclusive of GST;*
- 2. Authorises the Chief Executive Officer to execute the contract agreement;*
- 3. Notes that the contract will expire on 31 December 2023 with no extension options.*

**all dollar figures are GST Inclusive unless stated otherwise.*

INTRODUCTION

Council Officers seek to access a contract through the Municipal Association of Victoria for the provision of Supply of Natural Gas to Large Tariff Sites.

BACKGROUND

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

Wholesale gas prices in Victoria have quadrupled from typical levels to more than \$30/GJ over the past several months. Fixed retail gas prices have also risen to levels not seen since 2016 at between \$28-\$33/GJ.

This volatile demand/supply scenario in the gas market is likely to continue until such time as there are stronger regulatory frameworks in place. Regulatory frameworks would provide long-term solutions protecting Australian consumers from the unsustainable high prices of the market today.

Council 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.

The Municipal Association of Victoria Procurement often establish contracts on behalf of or accessible to Local Government authorities so that they may access supplier contracts in an efficient and cost-effective manner. These organisations are focused on achieving better procurement outcomes by aggregating demand and achieving improved commercial and service outcomes.

The Municipal Association of Victoria Procurement contract will expire on 31 December 2023.

NOTIFICATION

A Public Notice was not required because the proposal is to access a contract from the Municipal Association of Victoria Procurement Contract Number *EC8310-2022-NG – Supply of Natural Gas for Large Buildings and Facilities* as allowed under Council's Procurement Policy .

TENDER EVALUATION

The Municipal Association of Victoria undertook an evaluation of all the submissions. Council was provided with a confidential recommendation report from the Municipal Association of Victoria, detailing the suppliers that submitted a tender and the supplier that has been awarded the contract.

The Council evaluation panel reviewed the recommendation report and recommends that the City of Monash accesses this contract for the Supply of Natural Gas to Large Tariff Sites through Shell Energy

The Council panel evaluated the MAVP recommendation and agree that the offer from Shell Energy represents the best value outcome for the City of Monash and notes the following:

1. The 12-month pricing offer to 31 December 2023 for tariff D sites from Shell Energy provides Council with fixed rates, in a hugely volatile gas market,
2. Shell Energy does not apply a minimum take up or pay quantity,
3. Shell Energy have offered a number of value-added services, at no cost to participants, which include
 - a. Network tariff health checks/ change applications
 - b. Ongoing energy Management advice
 - c. Supply alterations
 - d. Energy Audits (some are complimentary whilst some may incur a cost)
4. Accepting Shell's 12-month offer will mitigate the risk of Council being subject to any further price increases during the contract term

FINANCIAL IMPLICATIONS

The recommended offer represents a price increase to Council's current budgeted expenditure, therefore there will be cost implications for the current 2022/2023 and future 2023/2024 budgets.

CONCLUSION

That Council approves the recommendations contained within this report.