



R E P O R T	TO	PLANNING & FINANCE COMMITTEE
	FROM	Ken Thompson, District Engineer
	FILE REF	04.202.999 - OO194201.rtf
	DATE	2 June 2004
	SUBJECT	ENERGY SUPPLY TENDER REPORT

RECOMMENDATION
 THAT the report be received

The existing electrical energy supply contract with Genesis Power Limited expires on 30 June 2004. A replacement contract has been tendered following a similar arrangement as for the existing contract, where the energy requirements of a group of local authorities were included in a request for tender.

A single tender has been received, again from Genesis Power limited. Compared with existing contract prices, the effect of the new energy tender prices and revised line charges on Council's total energy costs is an increase of 11.1%. The contract period offered in the new tender is three years. The contract agreement provides the option to review energy prices before the start of the third year of the agreement and to either complete the existing agreement at prices as shown in the agreement or to extend the agreement at the reviewed prices for another three years.

The tender offers to supply energy at the following rates:

<u>General Installations, up to 300,000 kWh per month</u>	6.95 cents per kWh any time Management fee \$15.00 per installation per month
<u>Street Lighting</u>	6.02 cents per kWh any time Based on lantern input wattages plus network loss factor
<u>Time of Use Installations</u>	Schedule attached

It is believed that the magnitude of the increase and the contract period offered make the tender attractive to Council. The only immediate alternative is to buy energy at spot market rates, with associated risk and budget uncertainty that are strong detractions from this course of action.

EnergTendSupply.rtf

RECOMMENDATION

THAT the tender of Genesis Power Limited be accepted

AND THAT the Chief Executive be authorised to sign the Energy Supply Agreement on behalf of the Council.

Ken Thompson
District Engineer