

## 5. ELECTRICITY SUPPLY

<b>Officer responsible</b> Corporate Services Manager	<b>Author</b> Roger Lancaster, DDI 371-1794
Corporate Plan Output: Contracts & Purchasing Support Page 6.2.2	

The purpose of this report is to seek approval to extend the existing agreement with Meridian Energy Limited or to call new tenders for the purchase of the Council's electricity requirements.

The Council, at its July 1999 meeting, authorised the Corporate Services Manager to enter into a contract for 12 months, with a right of renewal at the sole discretion of the Council for a further two periods of 12 months, with Meridian Energy Ltd the lowest complying tenderer at that time. The Council, at its April 2000 meeting, authorised the Corporate Services Manager to renew the contract for further period of 12 months with a right of renewal for a further 12 months at the sole discretion of the Council.

The agreement commenced in August 1999 and has maximum prices fixed for a 12 month period for most categories of supply. This agreement requires Meridian Energy Limited to submit their pricing for the extended term at least four months prior to the expiry date to allow the Council time to consider renewing the agreement for a further period or to call for tenders.

The proposed prices received from Meridian Energy Limited for the coming year indicate a reduction in price for smaller sites but an increase in price for the larger sites. The Energy Manager advises that this would increase the energy expenditure component by 1% approx. However, the line charge component (Orion) will decrease as a result of their price reduction effective from 1 April, so the overall effect on Council's budget would be neutral overall with some units experiencing an increase and other units receiving a decrease in total charges. We have checked Meridian's pricing against that of another potential supplier. The alternative pricing was found to be higher than Meridian's proposal.

As we now have confirmed pricing from Meridian for electricity through to 31 July 2002 it is appropriate that these be reflected in the unit budgets for the 2001/02 financial year.

- Recommendation:**
1. That the Council authorise the Corporate Services Manager to renew the existing agreement with Meridian Energy Limited for the supply and delivery of electricity for a further term of one year commencing August 2001.
  2. That, subject to the approval of recommendation 1, the new electricity pricing be reflected in the unit budgets for the 2001/02 financial year.

**Chairman's Recommendation:** That the above recommendation be adopted.