

CONFIDENTIAL ITEMS 2003 – AUGUST 2025

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachment/ Minutes	Reason regarding retention or recommend-action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
283	2 June 2025	Confidential Item: Electricity Supply Contract – Update	<u>Section 90 (3) (d) Order</u> <u>Pursuant to Section 90(3)(d)</u> 1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, General Manager Corporate Services, General Manager Infrastructure, General Manager Planning and Regulatory Services, Head of Wastewater and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Confidential Item: Electricity Supply Contract - Update. The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to : • prejudice the commercial position of the person who supplied the information or • to confer a commercial advantage on a third party. In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the tenderer. 4. That having considered Agenda Item 18.1 Confidential Item: Electricity Supply Contract - Update in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council	Council report, attachment and all minutes	The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to : • prejudice the commercial position of the person who supplied the information or • to confer a commercial advantage on a third party. In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the	Council report, attachment and all minutes be retained in confidence for a period determined by the Chief Executive Officer and that this order be reviewed every 12 months		Within 12 months	<i>Report and Minutes released on website 14 October 2025</i>

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			pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes be retained in confidence for a period determined by the Chief Executive Officer and that this order be reviewed every 12 months.		information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the tenderer.				

RELEASED

18. CONFIDENTIAL REPORTS**18.1 REPORT TITLE: CONFIDENTIAL ITEM: ELECTRICITY SUPPLY CONTRACT - UPDATE****DATE OF MEETING: 2 JUNE 2025****FILE NUMBER: DOC/25/74003****ATTACHMENTS: NIL**

Key Contact Sarah Barrett, Senior Sustainability Officer, Infrastructure

Manager/Sponsor Alex Oulianoff, General Manager Corporate Services

Executive Andrew Stuart, CEO
Helen Edmonds, Head of Wastewater

Community Plan 2044:

Leadership and Good Governance

LGG Strategy 1.5 Demonstrate accountability through clear, relevant and easily accessible policies, corporate reporting and legislative compliance.

LGG Strategy 1.10 Adopt and apply a commercial approach to deliver projects, programs and services where enduring community value and benefit can be demonstrated.

Ecological Sustainability

ES Objective 1.3 Work towards 100% renewable energy.

Annual Business Plan:

New solar PV systems to be installed on public assets owned by the council.

Purpose:

To provide Council with an update on the procurement of Electricity Supply for Council and the Wastewater Service. In addition to making a decisions in regards to investing in generation and storage of electricity on Council properties as opposed to purchasing additional LGCs to offset carbon emissions.

Summary – Key Issues:

1. The current contract(s) procured through Local Government Association Procurement (LGAP) expires on 30 June 2025 for both large and small sites.

2. Large-scale Generation Certificates (LGC) can be purchased allowing Council to state that it sources 100% renewable energy.
3. An alternative to purchase LGC's is for Council to invest in Solar and battery storage on Council properties reducing Council and the communities use of energy from the market.

Recommendation:

That Council:

1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, Executive Manager, General Manager Corporate Services, General Manager Infrastructure, General Manager Planning and Regulatory Services, Senior Sustainability Officer, Head of Wastewater and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Confidential Item: Electricity Supply Contract - Update.

The Council is satisfied that pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda item are is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to :

- prejudice the commercial position of the person who supplied the information or
- to confer a commercial advantage on a third party.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information may result in a competitor receiving the information to the detriment of the tenderer.

2. Notes the progress to date in procuring electricity supply for Council and Wastewater Sites.
3. Enter into arrangements to secure the mandatory Large-scale Generation Certificates (LGC) (Currently 17.91%) and that a plan be prepared to invest in Solar, battery and a community bulk buy scheme to reduce costs and carbon emissions for Council and community Groups through for example on site generation and storage.

4. **That having considered Agenda Item 18.1 Confidential Item: Electricity Supply Contract - Update in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes be retained in confidence for a period determined by the Chief Executive Officer and that this order be reviewed every 12 months.**
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Background:

1. Council's current electricity supply contracts for large sites and street lighting (sites above 160 MWh per annum), and small sites (sites below 160 MWh per annum) expire on 30 June 2025.
2. Council resolved at the 8 October 2024 Council meeting that:
That Council:
Authorise the Chief Executive Officer or his delegate to:
 1. *Negotiate and enter in contract(s) for:*
 - a. *sites above 160 MWh per annum; and*
 - b. *sites below 160 MWh per annum; and*
 - c. *12 hour and 24 hour unmetered lighting; and*
 2. *Make, vary and discharge the contract(s); and*
 3. *Sign all relevant documentation in this matter.*
3. Council have undertaken an open tender procurement process and sought offers for innovative solutions including Standard Retail Offers, Power Purchase Agreements (PPAs) and Virtual Power Plant (VPPs).
4. Council currently purchases the mandatory amount of renewable energy (approximately 17.91%) and has made incremental improvements to energy efficiency across its operations, including the installation of solar panels.
5. Council has Solar panels offsetting energy usage at the Civic Centre, SSRP, ESC and select Wastewater Sites. Solar panels are also being installed at the Summit Aquatic and Leisure Centre.

Discussion:

6. Through the procurement process the tender evaluation panel have determined that the best value for money for Council will be achieved by continuing to have supply arrangements separated out for small sites from Large and unmetered sites.
7. Council undertook its own procurement process in parallel to the Local Government Association Procurement (LGAP) for both large and small sites.
8. A recommendation from the Tender Evaluation Panel for small sites is in the final stages with a recommendation to be provided to the CEO for execution under delegation.

9. In order to progress the large sites recommendation, the Tender Evaluation Panel has sought a decision of Council, in regards to the appropriate mechanism to reduce carbon emissions in the district.
10. Options available through the procurement process is to either purchase Large-scale Generation Certificates (LGCs) which would allow Council to say that it purchases renewable energy or alternatively invest the equivalent in renewable energy infrastructure and programs to reduce energy consumption and emissions over the long term, with direct benefits to be realised by residents of the Mount Barker district, through reduced energy bills on Council owned buildings and through savings potentially achieved through bulk buy schemes for Solar and Battery installation.
11. LGCs are a nationally recognised mechanism under the Renewable Energy Target scheme, allowing organisations to claim that they use 100% renewable electricity usage (if they elect to purchase sufficiently LGCs to 100% offset their consumption). Alternatively, direct investment in infrastructure such as solar panels, battery storage, and community energy initiatives can reduce energy demand and create long-term environmental and economic benefits.
12. Council has committed to reducing its greenhouse gas emissions in line with community expectations and broader climate action targets. This has informed decision making and design of recent projects such as the Summit Aquatic and Leisure Centre.
13. The desired outcome of the procurement process was, where possible, achieve an outcome which included an increased usage of renewable energy, which would result in supporting Council in achieving its goal to reduce greenhouse gas emissions.
14. Purchasing renewable energy (by way of purchasing LGCs) could help Council reach its greenhouse gas emission reduction goal of 60% by 2035 as per its' Corporate Energy and Emissions Reduction Plan (CEERP), including the commitment in the Environment Strategy (endorsed in February 2018). Further work is required however, to determine what impact the purchase of renewable energy would have on the achievement of this target.
15. Council can achieve these objectives by sourcing energy from retailers who generate the majority of their energy through the generation of renewable energy or by Council directly investing in renewable generation on Council owned buildings to reduce the net consumption of energy from the market.
16. Council at a minimum will be securing the mandatory rate of Renewable Power Percentage (RPP) which is currently 17.91%.
17. The LGC and Small-scale technology certificates which are available to be purchased (and in some cases mandated) are part of the Renewal Energy Target (RET) scheme, which was developed to provide financial incentives for renewable energy installations. Due to the success of the scheme, they are now expected to be phased out by 2030.
18. The price of LGCs, depending on how they are purchased, are forecast to reduce significantly in cost over time with the price estimated to be potentially 50% cheaper in 2030 than the current rates in 2025.

19. Given the uncertainty beyond 2030, the increased cost burden in purchasing LGCs and various potentials to reduce Council and the communities energy net consumption from the grid, two alternate options have been considered with the advantages and disadvantages included below.

20. Options which have been considered are:

a. Option 1: Purchase up to 100% LGCs

By purchasing sufficient LGCs, Council can claim that 100% (or a nominated proportion) of its electricity use is sourced from renewable energy, this can be done upfront or phased over multiple years.

Advantages:

- Immediate impact on Council's reported emissions profile.
- Reputational benefit of aligning with climate goals and demonstrating leadership.
- Administrative simplicity, as this approach does not require upfront capital expenditure or complex project management.
- Supports the renewable energy sector by increasing demand for accredited projects.

Disadvantages:

- Ongoing annual cost without a return on investment (LGC prices fluctuate but provide no asset).
- No reduction in actual energy consumption — emissions reductions are purchased, not created locally.
- Less community engagement and fewer local economic or resilience benefits.

b. Option 2: Do Not Purchase LGCs and Invest in Infrastructure

Instead of purchasing LGCs, Council could allocate equivalent funds toward renewable energy infrastructure such as solar PV systems on Council facilities, battery storage, or partnerships with community energy programs to reduce local energy use and emissions directly.

Advantages:

- Tangible, long-term reductions in electricity usage and emissions.
- Potential financial savings over time through reduced energy bills and cost stability.
- Ability to apply for grants to fund infrastructure which will reduce electricity which needs to be purchased from the market, with locally generated energy.
- Local benefits including resilience, community empowerment, and economic development.
- Alignment with asset-based investment principles, building energy-generating capacity.
- Visibility of action through local infrastructure projects.

- By supporting a community solar / battery scheme, Council with the community will be able to make a more meaningful impact on reducing carbon emissions in our district, whilst also delivering potential savings for our community on their energy bills.

Disadvantages

- Potentially slower impact on Council's emissions profile — with projects requiring time to implement (These should however be able to be achieved prior to Council's stated target date of 2035).
 - Upfront capital investment may be required for Council owned buildings, which may need to be staged.
 - Requires resourcing to support the delivery of infrastructure as compared to purchasing certificates.
21. On balance it is recommended that Council should not purchase LGC's beyond the mandatory level and instead invest the equivalent in renewable energy generation, and storage on Council owned buildings.
22. The next steps in the procurement process will be for the administration to:
- a. Complete the final detailed negotiation and due diligence with the preferred tender(ers) for large sites.
 - b. Develop an implementation plan per the recommendations included in this item.
 - c. Engage with relevant stakeholders and experts to refine costs and priorities.

Community Engagement:

Informing only	Council agenda/minute on website once released from confidence
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Policy:

Procurement Policy.

Long Term Financial Plan:

Electricity expenditure is included in the operating budget and any changes derived from this new contract will be incorporated in the next updated version of Long Term Financial Plan.

It is estimated that purchasing LGCs over a 10 year period are likely to cost in excess of \$1 million based on forecast pricing of LGCs and consumption.

Budget:

No expected impact on this year's budget as the contract would not start until 1 July 2025. It is anticipated that electricity rates arising from this contract will be in line or lower than current rates.

Statutory/Legal:

Section 49 of the *Local Government Act 1999* "Contracts & Tender Policies".

A formal contract will be established between Council and the successful supplier(s).

Staff Resource Requirements:

The procurement process has been managed with existing internal resources and supported by external subject matter experts.

Environmental:

Community Plan - ES Objective 1.3

Work towards 100% renewable energy.

Council has a Strategic Outcome to reduce greenhouse gas emissions and has recently committed to reducing its corporate emissions profile by 60% by 2035, compared to the 2022/23 baseline (as per the Corporate Energy and Emissions Reduction Plan).

The key documents that the Council have committed to taking action in regards to climate change and emissions reduction are:

- Mount Barker 2044 – Community Plan: Climate Change
- Environment Strategy: Low Carbon & Resilient
- Climate Change Action Plan: Emission Reduction
- Corporate Energy and Emissions Reduction Plan

Council's stated aim is to reduce its greenhouse gas emissions and has committed to reduce its emissions by 3% per year (Environment Strategy 2018). A Power Purchase Agreement, purchase of LGCs or the investment directly in renewable energy infrastructure (solar panels/batteries) are all options which would assist in achieving Council's goal. However further analysis will be required once offers are received and negotiated.

Social:

N/A

Risk Assessment:

The following risks were identified in relation to the purchase of LGCs:

- Financial risk
- Emissions/ offset risk
- Reputational risk
- Market volatility risk

- Delivery risk
- Opportunity cost risk
- Community impact risk
- Policy/ regulatory risk

	Pros	Risks
Purchasing LGCs	• Simple • immediate emission offset • low project delivery risk	• Costly over time • lacks local benefits • potential for negative perception
Not Purchasing LGCs (investing instead)	• Builds lasting assets • reduces actual consumption • aligns with sustainability goals • Financial savings for Council and Community groups in the medium to long term.	• Higher complexity • upfront costs, • longer time to demonstrate emissions reduction

Asset Management:

Electricity supply contract impacts asset whole of life cost with respect to the operating cost of power consuming assets.

Conclusion:

The choice between purchasing LGCs and investing in renewable infrastructure involves balancing short term emissions reporting goals against long term sustainability, financial efficiency, and community impact.

Previous Decisions By/Information Reports to Council

Meeting Date	8 OCTOBER 2024	CM Reference	DOC/24/138048
Title	Delegation of authority to award electricity supply contract		
Purpose	To gain Council's authority for the Chief Executive Officer or their delegate to negotiate and enter into contract(s) for electricity supply.		

Meeting Date	7 March 2022	CM Reference	DOC/22/9339
Title	Delegation of authority to award electricity supply contract		
Purpose	To meet time constraints associated with the strategic tender for electricity supply being co-ordinated by Local Government Association Procurement (LGAP), gain Council's authority for the Chief Executive Officer or his delegate being the General Manager Corporate Services to (<i>inter alia</i>) Accept recommendation(s) of Local Government Association Procurement ("LGAP") to enter into a contract(s) with the successful tenderer(s) for the supply of electricity.		

Meeting Date	1 April 2019	CM Reference	DOC/19/25335
Title	Delegation of authority to award electricity supply contract		
Purpose	To meet time constraints associated with the strategic tender for electricity supply being co-ordinated by LGAP, gain Council's authority for the Chief Executive Officer or his delegate being the Chief Financial Officer to(<i>inter alia</i>) Accept recommendation(s) of Local Government Association Procurement ("LGAP") to enter into a contract(s) with the successful tenderer(s) for the supply of electricity.		

Meeting Date	7 August 2017	HPRM Reference	DOC/17/59928
Title	Delegation of Authority to Award Electricity Supply Contracts		
Purpose	To meet time constraints associated with tenders, to gain Council's authority for the Chief Executive Officer or his delegate being the General Manager Corporate Services to accept tenders from and enter into contracts with the successful tenderers for the supply of electricity.		

RELEASED

RELEASED

18. CONFIDENTIAL REPORTS

18.1	REPORT TITLE:	CONFIDENTIAL ITEM: ELECTRICITY SUPPLY CONTRACT - UPDATE
	DATE OF MEETING:	2 JUNE 2025
	FILE NUMBER:	DOC/25/74003
	ATTACHMENTS:	NIL

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Moved Councillor Seager that Council:

1. Pursuant to Section 90(2) of the Local Government Act 1999 the Council orders that all members of the public except Chief Executive Officer, General Manager Corporate Services, General Manager Infrastructure, General Manager Planning and Regulatory Services, Head of Wastewater and Minute Secretary be excluded from attendance at the meeting for Agenda Item 18.1 Confidential Item: Electricity Supply Contract - Update.

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Seconded Councillor Size

9.57pm Councillor Hewett returned to the meeting and took her chair

CARRIED
OM20250602.36

Moved Councillor Seager that Council:

2. Notes the progress to date in procuring electricity supply for Council and Wastewater Sites.



3. Enter into arrangements to secure the mandatory Large-scale Generation Certificates (LGC) (Currently 17.91%) and that a plan be prepared to invest in Solar, battery and a community bulk buy scheme to reduce costs and carbon emissions for Council and community Groups through for example on site generation and storage.

Seconded Councillor Westwood

CARRIED
OM20250602.37

Moved Councillor Westwood that Council:

4. That having considered Agenda Item 18.1 Confidential Item: Electricity Supply Contract - Update in confidence under 90(2) and 3(d) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act orders that the Council report, attachment and all minutes be retained in confidence for a period determined by the Chief Executive Officer and that this order be reviewed every 12 months.

Seconded Councillor Szilassy

CARRIED
OM20250602.38

MEETING DECLARED CLOSED AT 10.05PM



MAYOR

11-7-25

DATE

