CAMPBELLTOWN CITY COUNCIL

150 YEARS 1868-2018

Confidential Item

For Council meeting to be held on

Tuesday 21 August 2018 at 7.30 pm

Refer Item 11.3

Our Reference: 100797968

19 June 2018

Corporation of the City of Campbelltown
PO Box 1
CAMPBELLTOWN SA 5074

Attention: Mr Paul Di Iulio

Dear Mr Di Iulio

Public Lighting Letter of Offer – Campbelltown LED Upgrade ("Project")

I refer to the correspondence between SA Power Networks and the Corporation of the City of Campbelltown ("**Council**") regarding the above-mentioned lighting upgrade Project.

SA Power Networks is pleased to make this offer to Council for the supply of public lighting services for the Project. This offer comprises this letter ("**Letter of Offer**") and the Attachments thereto (including the Annexures to the Attachments) ("**Offer**").

All dollar values expressed in this Offer exclude GST. Any capitalised terms or expressions used in this Letter of Offer have the meaning given to those terms or expressions in the Tariff Agreement.

The contact person assigned to this Project is Mr Mark Vinall, whose contact details are provided below.

SUMMARY OF PROJECT

Lighting Upgrade

New Luminaire Type (as specified in Annexure B.1 of the Tariff Agreement)	Tariff Type	Starting Period Tariff Amount	Number of Luminaires	Council Upfront Contribution (Fee)
Sylvania Street LED MKII 14W LED	PLC LED	$49.60	3866	$1,358,280.44
Total Estimated Council Upfront Contribution				$1,358,280.44

Tariffs

The terms and conditions applicable to each Tariff are set out in the Tariff Agreement. The documents comprising the Tariff Agreement are listed in order of precedence in clause 1 of "Attachment A - General Conditions".

Any modifications to the standard service levels set out in the Tariff Agreement, and the pricing impact thereof, are set out in Annexure A.2 and Annexure A.3 (respectively).

Term of Tariff Agreement

The Initial Term of the Tariff Agreement is 20 years.

Project Description

Please refer to "Attachment B – Project Description" for a description of the Project.

Specific Project Arrangements

SA Power Networks commits to the following in respect of this Project:

- To ensure the prompt updating of records during the changeover process, including quickly passing information on to Council's energy retailer;
- To work with Council to develop effective strategies for community engagement during the roll out;
- To work with Council to develop clear roles and responsibilities for the handling of enquiries and ongoing customer management of public lighting; and
- To inform Council in writing of the precise number of Luminaires installed within 30 days of completion of the Project.
- To use best endeavours to complete and invoice the full value of the project to mutually agreed date to be provided in the future.
- The Construction Methodology annexed to this Letter of Offer shall apply to the upgrade process.

Construction Agreement

The Construction Methodology annexed to this Letter of Offer shall apply to the upgrade process.

Where the Tariff selected by Council involves SA Power Networks funding the installation of the Luminaires in accordance with the provisions of the SAPN LED Tariff, no Construction Agreement is required.

If the Construction Agreement applies

Where the Tariff selected by Council involves Council funding the installation of the Luminaires by SA Power Networks in accordance with the provisions of either the PLC LED Tariff or the TFI LED Tariff, the terms and conditions applicable to the supply and installation of the Luminaires are contained in the Construction Agreement, which is provided in "Attachment C – Construction Agreement."

Any modifications to the Construction Agreement are set out in Annexure C.1. The total Fee payable by Council for the installation of the Luminaires under the Construction Agreement is particularised in Annexure C.2.

In accordance with clause 1.3 of the General Conditions, upon completion of the installation and energisation of the Luminaires, the terms of the Tariff Agreement will apply to the Services (other than the Construction Agreement, save from those terms that are intended to survive expiration or termination of the Construction Agreement (including but not limited to the payment of the Fee under Annexure C.2.).

Despite clause 5.2 of the General Conditions, where the PLC LED Tariff applies, ownership and title in each Luminaire will vest with Council on payment of that part of the Council Upfront Contribution relevant to that Luminaire, provided however that this amendment does not otherwise vary or limit the effect of any of the other provisions in clauses 5.1, 5.2, 5.2.1, 5.2.2 and 5.2.3 of the General Conditions.

If the Construction Agreement is terminated prior to completion of the installation of all Luminaires, then the Tariff Agreement will apply (other than Attachment C – Construction Agreement, Annexure C.1. and Annexure C.2.) to the Luminaires that have been installed and for which SA Power Networks has been paid the Fee under Annexure C.2.

ACCEPTANCE OF THIS OFFER

To accept this Offer, please have a duly authorised Officer sign two copies of the Letter of Offer. At that time, the Tariff Agreement will become effective.

We would ask that you retain one copy of the Letter of Offer for your own records, and return the other to SA Power Networks by:

1. Scanning a copy and emailing it to: roadlighting@sapowernetworks.com.au; and
2. Mailing the second original and attachments to: Lighting Solutions, SA Power Networks
   41-55 Barnes Avenue, Marleston SA 5033

Please note that this Offer only remains open for twenty-eight (28) days from the date of this Letter of Offer, after which time it will lapse unless otherwise agreed in writing.

Should you have any queries, or if we can assist in any way, please do not hesitate to contact Mr Mark Vinall, Lighting Solutions Manager, whose contact details are as follows:

Phone: 0407 940 254 or 08 8292 0433
Email: mark.vinall@sapowernetworks.com.au
Post: GPO Box 77, Adelaide SA 5001

Yours faithfully

Robert Stobbe
Chief Executive Officer
SA Power Networks

Enclosed: *Attachment A: General Conditions*
Attachment B: Project
Attachment C: Construction Agreement
Construction Methodology

Acceptance of Offer

Corporation of the City of Campbelltown, ABN 37 379 133 969, accepts this Offer and acknowledges and agrees that, on and from the date of signing, it is bound by the terms and conditions of this Offer.

Signed for and on behalf of
Corporation of the City of Campbelltown
by its duly authorised signatory

Witnessed by:

Signature of duly authorised signatory	Signature of Witness
Name (please print)	Name (please print)
Title (please print)	Title (please print)
Date	Date

Table 1: Estimate saving from the switch over

Month	**Number of lights replaced**	**Anticipated reduction in tariff ($)**	**Anticipate electricity saving ($)**	**Total Cumulative saving**
August	1,000	1,000 x $13.50/12(months) = $1125 + GST per month	1000 x (typical hours of usage)x365/1000(W/kW)x$0.16/12(months) = $4,660 per month	$5,785
September	1,400	$1,575 + GST per month. (Cumulative savings $2,700)	$6,525 per month (Cumulative savings $11,185 per month)	$13,885
October	800	$900 + GST per month (Cumulative savings $3,600)	$3,730 per month (Cumulative savings $14,915 per month)	$18,515
November	660	$750 + GST per month (Cumulative savings $4,350)	$3100 per month (Cumulative savings $18,015 per month)	$22,365*

** after November Council could realise $22,365 saving per month.*

Table 2: Cost comparison between two procurements model

	Anticipated Time Frame	**Potential Capital Cost Saving**	**Potential tariff and electricity saving until end of June 2019**	**Total Saving**
Option 1 - SAPN	4 months (August - November 2018)	$ -	$156,555	$156,555
Option 2 - Direct material source, SAPN install	9 months (August - May/June 2019)	$116,000	$ -	$116,000
				$40,555 *

Note:

Total saving could vary depending on the actual completion time of option 2, if option 2 can be completed in May, the saving different between the two options will reduce to approximately $18,000. However should it further delay by one month the potential saving different could increase to approximately $40,000. In summary each month this project is delayed will cost Council approximately $22,000.