

Township of Southgate**Administration Office**

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Phone: 519-923-2110**Toll Free:** 1-888-560-6607**Fax:** 519-923-9262**Web:** www.southgate.ca**Staff Report CAO2022-037****Title of Report:** Southgate LAS Electricity Program and 2023 Hedge Report**Department:** Administration**Council Date:** July 6, 2022**Council Recommendation:****Be it resolved that** Council receive staff report CAO2022-037 as information; and**That** Council approve the Township of Southgate continue with a AMO LAS Electricity Procurement Program purchase of electricity for 2023 Hedge Level of 65% (65 percent) for 2023.**Background:**

Southgate enrolled in the LAS Electricity Program in 2015 to realize the power of bulk purchasing savings we could realize with the AMO LAS program for the energy we use as a municipality, that includes all administrative costs.

At the present time the Southgate LAS electricity hedge is purchasing at a rate of 65% and the spot market at 35% for our electricity procurement program. In 2021 the Township saved \$7,469 or 8% (\$22,689 or 5% over the last 5 years) of our total electricity costs compared to purchasing electricity at 100% from the spot market. The Attachment #1 document is an email from LAS requesting we select the hedge percentage for the Township of Southgate for 2023.

The Attachment #2 document attached provides a report on the Southgate LAS Electricity Procurement Program results in 2021 calendar year and over the last 5 years. The purpose of this document is to report our Township's realized with our hedged and streetlight accounts.

Staff Comments:

Staff recommend that we continue to purchase at the Hedge rate of 65% (sixty-five percent). The Township with Council's approval could increase our hedge rate as high as 75% of our electricity procurement. The benefit of this program is the buying power we realize from partnering with the electricity volume of over 135 other municipalities to secure pricing security and stability for this utility service in 2023.

The third page of the Attachment #1 document is the form staff will complete to inform LAS of the hedge percentage that Southgate has selected to buy electricity in the 2023 program.

Financial Impact or Long Term Implications

There is no financial cost impact to the municipality as a result of this report other than the opportunity for electricity cost savings on an annual basis.

Communications & Community Action Plan Impact:

This report has been written and presented to Council to communicate accurate information to the public.

Concluding Comments:

1. That Council receive this staff report CAO2022-037 as information.
2. That Council approve the Township of Southgate continue with a AMO LAS Electricity Procurement Program purchase of electricity for 2023 Hedge Level of 65% (65 percent) for 2023.

Respectfully Submitted,

CAO approval: Original Signed By

Dave Milliner – CAO

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- Attachment #1 – LAS Electricity Program email dated June 22, 2022
- Attachment #2 – Southgate 2021 LAS Electricity Commodity Cost Review Report