

POLICY	
Policy Number: FIN2020-001	Date Approved: September 2007
Department: Finance	Date Reviewed: October 2020
Commodity Price Hedging Agreements	

**1. Policy Statement**

According to the Municipal Act 2001, Regulation 653/05 Section 6 (1) a municipality shall adopt a statement of policies and goals relating to the use of financial agreements to address commodity pricing and costs.

**2. Purpose**

Not Applicable

**3. Scope**

Not Applicable

**4. Definitions**

Not Applicable

**5. Policy & Procedures**

The Town of Kirkland Lake wishes to entertain commodity price hedging agreements for the purchase of natural gas and electricity. With the deregulation of natural gas and electricity it may be advantageous to the municipality to enter into an agreement to provide better pricing and stability to our budget process. By not entering into an agreement then the municipality will be paying the market rate. Department budgets will have to try and forecast what the market prices will be for the upcoming year instead of having a fixed agreed price. It is predicted that by going with a retailer of commodities, the municipality will see a significant savings due to bulk purchasing of that commodity. Council is always seeking the most cost effective manner in delivering services and these agreements will reduce operating costs for all of our departments.

Council directs the Director of Corporate Services to make recommendations regarding natural gas and electricity pricing agreements and prepare the appropriate by-laws for Council approval.

According to Section 7 of the same regulation, the Director shall prepare and present to municipal council once during a fiscal year a detailed report regarding any signed agreements.

**6. Summary**

Not Applicable