



## STAFF REPORT ACTION REQUIRED

16.

### Participation in City's Power Purchase Arrangement

<b>Date:</b>	October 17, 2011
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

#### **SUMMARY**

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To request Toronto Public Library Board approval for continued participation in the City of Toronto's Power Purchase Arrangement (PPA) for the supply of electricity.

#### **RECOMMENDATIONS**

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**The City Librarian recommends that the Toronto Public Library Board:**

1. approves the continued participation of the Toronto Public Library in the City of Toronto's Power Purchase Arrangement, and
2. authorizes and directs the appropriate Library staff to take the necessary action to give effect thereto.

#### **FINANCIAL IMPACT**

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Participation in the City's PPA provides optimal pricing and greater stability in pricing. The budget in 2011 for electrical power usage is \$3.62 million.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

#### **DECISION HISTORY**

Since May 2002, the Library's electricity use and accounts have been included in the City's PPA, and appropriate City staff has been administering the electricity purchase contracts on the Library's behalf. In 2006, the City developed a price-hedging strategy to manage electricity costs for its facilities and operations. At its September 2006 meeting, the Library Board approved continued participation in the City PPA, for a three-year term, starting in January 2007. Based on that approval, the Library entered into an agreement with the City to participate in the PPA. That agreement has an indefinite term.

## **ISSUE BACKGROUND**

The Library has continued its participation in the PPA beyond the initial three-year term approved by the Board. The City's PPA has been in effect during that time. Ongoing participation needs to be formalized through a Board motion.

## **COMMENTS**

The Library Board has benefited from the expertise and administration provided by the City staff through the PPA, including monitoring and reporting on energy consumption. Continued participation in the PPA is in keeping with the City strategy to maximize cost savings and efficiencies through shared services. It is recommended that the Board approve continued participation in the PPA.

The City price-hedging strategy was approved by City Council in June 2006. The purpose for employing the hedging arrangements is to receive optimal electricity commodity pricing, and to reduce the volatility of the pricing for the municipal user group whereby the future pricing, or cost of electricity to the municipality will be more stable than it would be without the electricity commodity price hedges. More details are to be found in the report on [\*City Electricity Purchase and Results for Expressions of Interest \(REOI\) 9119-06-7107.\*](#)

## **CONTACT**

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## **SIGNATURE**

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