

TOWNSHIP OF LOWER MERION

FINANCE COMMITTEE

**Monday, August 5, 2024
6:55 PM (Approximately)**

Chairperson: V. Scott Zelov
Vice Chairperson: Ray Courtney, Sean Whalen

AGENDA

1. **AUTHORIZATION TO ENTER INTO AN AGREEMENT FOR ENERGY SUPPLY SERVICES**



AGENDA ITEM INFORMATION

ITEM: AUTHORIZATION TO ENTER INTO AN AGREEMENT FOR ENERGY SUPPLY SERVICES

Consider for recommendation to the Board of Commissioners authorizing the Township Manager to enter into an agreement to purchase electricity and natural gas supply services for Township facilities.

PUBLIC COMMENT

ATTACHMENTS:

Description	Type
☐ Issue Briefing - Energy Contract	Issue Briefing

TOWNSHIP OF LOWER MERION
Finance Committee
Issue Briefing

Topic: Energy Procurement
Prepared By: Ernie McNeely, Township Manager
Date: August 2, 2024

I. Action To Be Considered By The Board:

Authorize the Township Manager to enter into agreements to purchase electricity supply and natural gas services for Township facilities.

II. Why This Issue Requires Board Consideration:

The Board of Commissioners must authorize award of a contract for electricity/natural gas supply services. Pricing information will be supplied at the August 5, 2024 Finance Committee meeting.

III. Current Policy Or Practice (If Applicable):

The Township's multi-year fixed rate contracts for electricity and natural gas are expiring at the end of 2024.

IV. Other Relevant Background Information:

The Township currently has three-year fixed rate contracts for electricity and natural gas supply which will expire at the end of 2024. The Township utilizes the services of a consultant Provident Energy to monitor the energy supply markets, provide advice and to seek competitive pricing proposals when the contracts near expiration. While energy prices have been up considerably from when the Township last shopped three years ago Provident recently notified us that electric and natural gas futures were at a point that it made sense to seek new pricing proposals now.

Staff will receive, review and provide the Board with the list of proposals and a staff recommendation at the Finance Committee meeting scheduled for August 5, 2024. The electric supply proposals will once again include an option for 100% green power for Board consideration. Additionally, the request for proposals includes options for splitting street lighting accounts from other general service accounts as they are priced differently.

The reality of the energy market is that actual pricing cannot be obtained until the day the contracts will be executed for electric and for natural gas as those market prices change daily and

hourly. The price being considered on August 5, 2024 could even have a small adjustment by the time contracts would be executed the following day but the pricing under consideration will have a not to exceed provision so if rates increase the award can be terminated.

Six years ago, the Board elected to go to 100% green energy. The green energy premium in the 2018-2021 contract was a modest cost of approximately \$10,000 per year for all electric accounts.

Market forces for both supply and green premium were up three years ago as they are again now. The green premium in the 2021-2024 contracts to purchase 100% renewables across all accounts was over \$30,000 still a very modest premium on an electric spend of approximately \$1.2 million per year.

V. Impact On Township Finances:

The impact on Township finances will be presented at the August 5, 2024 Finance Committee meeting.

VI. Staff Recommendation:

The staff recommendation will be provided once pricing is secured via the proposals.