



Title:	Commodity Price Hedging	
Policy Group: Your Government and People	Policy Administrator: Finance	
Resolution No. CW-118-2022	Policy Number: FIN-11	
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1. Policy Statement

- a) The County of Prince Edward may enter into Price Hedging Agreements from time to time when appropriate subject to complying with the Municipal Act, 2001, O/Reg 653/05, Section 6(1).

2. Purpose

- a) The purpose of this policy is to adopt a statement of the municipality's commodity price hedging policies and goals. Section 6(1) of O. Reg. 653/05 requires the adoption of such a statement prior to the municipality entering into commodity price hedging agreements.

3. Scope

- a) This policy applies to all commodity price hedging agreements that the municipality may enter into.

4. Legislative Authority

- a) Municipal Act, 2001, O/Reg 65305

5. General

Statement of Commodity Price Hedging Policies and Goals.

- a) The Corporation of the County of Prince Edward will consider commodity price hedging agreements as a means of fixing, directly or indirectly, or enabling the municipality to fix, the price or range of prices to be paid by the municipality for the future delivery of some or all of the commodity or the future cost to the municipality of an equivalent quantity of the commodity, where it is advantageous for the municipality to do so.

- b) In determining whether a particular commodity price hedging agreement is advantageous for the municipality, the following will be considered:
- i. Any and all projects of the municipality are projects for which commodity price hedging agreements will be appropriate;
 - ii. If, at the time, it is the opinion that the fixed costs and estimated costs of the municipality will be reduced by virtue of the use of such an agreement;
 - iii. If, at the time, it is the opinion that the future price or cost to the municipality of the applicable commodity will be lower or more stable than it would be without the agreement;
 - iv. If, at the time, the project includes a detailed estimate of the expected result of using such an agreement;
 - v. If, at the time, it is the opinion that the financial and other risks to the municipality that would exist with the use of such an agreement will be lower than the financial and other risks to the municipality that would exist without such an agreement;
 - vi. If, at the time, it is the opinion that the agreement contains adequate risk control measures relating to such an agreement, such as:
 1. Limited credit exposure based on credit ratings and/or on the degree of regulatory oversight and/or the regulatory capital of the other party to the agreement;
 2. A standard agreement
 3. Ongoing monitoring with respect to the agreement.

Report on Commodity Price Hedging Agreements

- c) If a municipality has any subsisting commodity price hedging agreements in a fiscal year, the treasurer of the municipality shall prepare and present to the municipal council once in that fiscal year, or more frequently if the council so desires, a detailed report on all of those agreements. O. Reg. 653/05, s. 7 (1).
- d) The report must contain the following information and documents:
- i. A statement about the status of the agreements during the period of the report, including a comparison of the expected and actual results of using the agreements.
 - ii. A statement by the treasurer indicating whether, in his or her opinion, all of the agreements entered during the period of the report are consistent with the municipality's statement of policies and goals relating to the use of financial agreements to address commodity pricing and costs.

- iii. Such other information as the council may require. Such other information as the treasurer considers appropriate to include in the report.

6. Responsibility and Implementation

- a) Council shall be responsible for approving commodity price hedging agreements by by-law where applicable.
- b) The CAO in collaboration with the municipal Treasurer shall be responsible for the negotiation and administration of all commodity price hedging agreements.
- c) Directors, Managers, and Supervisors are responsible for ensuring that the appropriate staff are trained on this policy.
- d) Municipal Treasurer responsible for all reporting requirements for commodity price hedging agreements.