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POLICY: I: 30 Public Procurement of Energy – Forward Pricing Mechanisms  
Procedure Review: Annually

DATED: September 2012  
UPDATED: April 2020

APPROVED: Executive Director of Facilities and Construction:

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I. PURPOSE

The University's Forward Pricing Mechanism process will be accomplished by the Associate Director of Operations executing the transactions to create the desired effect within the constraints of this policy. Execution, monitoring and reporting of natural gas requires a constant effort to monitor the gas market, to hedge the market, and purchase gas when cost is down.

II. PROCEDURE

1. Quantity of natural gas to be purchased shall be determined by the Associate Director (AD) of Operations based on factors such as past usage, predicted growth and operational changes.
2. The AD of Operations will follow the gas market to insure the commodity is purchased at the lowest price possible. When markets are moving toward favorable pricing the broker will be contacted.
3. Meetings will occur to discuss the lock-in strategy. The AD of Operations will recommend when the lock-in time and finalized price. The University agreement normally locks-in for a maximum of 24 months; however, the agreement will never exceed a 48-month lock-in agreement.
  - a. The AD of Operations will send the recommendation to the Executive Director of Facilities and Construction, the Assistant Vice President of Finance and the Procurement manager for review and approval.
  - b. The Executive Director of Facilities and Construction, Assistant Vice President of Finance and Procurement manager will separately give approval to the AD of Operations.
  - c. Upon all parties' approvals, the Procurement manager is responsible for signing the lock-in agreement provided by the contracted broker.