

Welshpool Town Council

Report: Council Energy Supplies

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Welshpool Town Council's energy requirements have been fulfilled by Gazprom for some years. In November 2020, with the prospect of gas prices increasing significantly, a renewal of the Council's contract with Gazprom was negotiated and secured at fixed prices, for the period April 2022 to September 2025.

At the time the contract was renewed there was no reason to have any concerns over the suitability of Gazprom as an energy supplier.

In February 2022, the invasion of Ukraine by Russia placed a new focus on companies such as Gazprom due to their perceived Russian connections. On making enquiries to our brokers the Council was informed that it was too late to break our contract with Gazprom without incurring major cost penalties.

As well as these costs, the Council, and in turn the residents of Welshpool, would incur further major costs by sourcing a new supplier, as gas prices had risen significantly in the intervening period.

In addition, Gazprom would be able to sell on the energy it intended to supply to Welshpool Town Council, at new and much higher market prices, therefore increasing the company's profits.

Since the invasion of Ukraine, the UK arm of Gazprom has been taken over by the German Government. We have been assured by our MP that Gazprom UK is now a separate company from its parent and that the energy supplied by Gazprom UK is not of Russian origin.

The Finance Committee considered the above advice provided by the RFO and recommended to Full Council that the current supplier should remain; however, when the contract ends in September 2025 a full review will be undertaken prior to committing to any contract.

It should be noted that Welshpool Town Council's Environment Policy and strategic plans aim to reduce its carbon footprint and to that end is taking measures to change its reliance on fossil fuels.

Based on all the above the Council officers have concluded that remaining, for the present with Gazprom is correct politically, ethically and in terms of cost-effectiveness.