

HOUSE RESEARCH

Bill Summary

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Overview

This bill would allow the metropolitan council to buy and sell energy futures contracts in order to level out the council's energy expenses as fuel costs fluctuate on the market.

Section

1 Energy forward pricing mechanisms.

Subd. 1. Definitions. Defines "energy" as natural gas, heating oil, diesel fuel, or other source (except electric) used by the metropolitan council. Defines "forward pricing mechanism" as a contract obligating an entity to buy or sell a specified amount of energy at a future date at a set price, or an option to buy or sell the contract.

Subd. 2. Authority provided. Authorizes the council to use forward pricing mechanisms.

Subd. 3. Conditions. Forward pricing can only be used under these conditions:

- ▶ the amount of energy forward priced cannot exceed the amount the council estimates it will use during the time period;
- ▶ the expiration date cannot exceed 24 months from the trade date of the transaction; and
- ▶ separate accounts must be established for each energy for which the mechanisms are used.

Subd. 4. Written policies and procedures. Before exercising this authority, the council must have written policies and procedures in place.

Subd. 5. Oversight process. Before exercising this authority, the council must have an oversight process in place.

2 Application. Applies in the seven-county metropolitan area.

3 Effective date. Effective the day following final enactment.