

# HOUSE RESEARCH

## Bill Summary

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### Section

#### **1 Energy forward pricing mechanisms.**

**Subd. 1. Definitions.** Defines "energy" as natural gas, heating oil, diesel fuel, or other source 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.

