

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill expands the use of energy forward pricing mechanisms to all government agencies and modifies some conditions of the existing energy forward pricing mechanism.

- 1 **[16C.143] Energy forward pricing mechanisms.** Expands the use of energy forward pricing mechanisms from state agencies to all government agencies as an optional way to reduce budget risk. It also expands the type of fuel, the amount of energy covered, and includes the purchase or sale of energy options as an allowable mechanism and establishes an oversight mechanism. This section:
  - Adds unleaded fuel to the types covered energy (natural gas, heating oil, propane, diesel fuel and other energy), and strikes exclusion of electricity.
  - Defines government agencies as the Minnesota State Colleges and Universities, the University of Minnesota, statutory or home rule charter cities, counties, towns, school districts, regional agencies, or other political subdivisions.
  - Expands the amount of energy affected by the mechanism from 90 percent to 100 percent of an agency's use over a period up to 48 months after the date of the transaction.
  - Strikes the requirement for a separate account for each agency using the mechanism.
  - Requires each agency using energy forward pricing to establish an oversight process with audit review in a manner prescribed by the state auditor, annual reports, and internal management control.Makes this section effective for contracts entered into on or after July 1, 2012.
- 2 **Repealer.** Repeals the energy forward pricing law for Hennepin County and the Metropolitan Council and transfers the authority for contracts to the authority granted to government agencies under section 1.