

HOUSE RESEARCH

Bill Summary

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Overview

Allows the state to use forward pricing mechanisms to purchase energy (except electricity). Modifies laws governing guaranteed energy savings agreements, including extending the maximum length of the agreement from ten years to 15 years.

Section

- 1 Energy forward pricing.** Allows the Department of Administration to enter into a contract obligating a state agency to buy or sell a specified quantity of energy at a future date at a set price. This section does not apply to electricity. Provides that the quantity of energy involved must not exceed the estimate energy use for the state agency during the period which may not exceed 24 months. Requires the department to develop written policies and procedures governing use of this mechanism.
- 2 Guaranteed savings agreement.** Amends current law under which the state may enter into guaranteed energy savings contracts.

Subd. 1. Definitions. Re-writes several definitions, including "utility cost savings", and "operation and maintenance cost savings". Adds new definitions of "baseline" and "inflation adjustment".

Subd. 2. Agreements. Extends the maximum terms of a guaranteed energy savings agreement from ten to 15 years. Provides that this limit is measured from date of final installation. Provides that the cost of the engineering report may be considered part of

Section

implementation costs.

Subd. 3. Lease purchase agreement. Extends the maximum length of a lease purchase agreement in accordance with a guaranteed energy savings agreement from ten to 15 years, measured from date of final installation.

Subd. 4. Capitol costs avoidance. Changes terms to refer to the term "guaranteed energy savings agreement" that is used throughout this section.

Subd. 5. Report. Changes terms to refer to the term "guaranteed energy savings agreement" that is used throughout this section.

Subd. 6. Strikes the current provision stating that contracts may not be entered into under this section after June 30, 2007.

3 Effective date. Effective immediately.