

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3419

DATE: April 4, 2006

Version: The delete everything amendment

Authors: Gunther and others

Subject: Prepurchase propane fuel program

Analyst: Elisabeth Long

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill establishes a prepurchase propane fuel program, to be administered by the Department of Commerce (department). Under the program, the commissioner of commerce (commissioner) would purchase a certain amount of liquid propane fuel during July and August, to be used for the upcoming heating season. The department would be authorized to establish a hedge account with a portion of the savings resulting from the prepurchase of propane fuel, and the fund would be used to compensate low-income home energy assistance program recipients if winter-delivered fuel prices are lower than the prepurchase or summer fill price.

Section

1 Prepurchase propane fuel program.

Subd. 1. Created. Requires the commissioner to operate (or contract to operate) a prepurchase propane fuel program. Requires the commissioner to purchase each July and August the lesser of (1) one-third of the liquid propane fuel consumed by low-income home energy assistance program recipients during the previous heating season, or (2) the amount that can be purchased with available funds.

Provides that the program must be available statewide through each local agency that administers the energy assistance program. Authorizes the commissioner to limit or not engage in prepurchasing if the commissioner finds there is a reasonable likelihood

Section

repurchasing will not result in fuel-cost savings.

Subd. 2. Hedge account. Authorizes the commissioner to establish a hedge account with up to 10 percent of the program savings resulting from repurchasing. Requires these funds to be used to compensate low-income home energy assistance program recipients an amount up to the difference in cost for fuel provided to the recipient if winter-delivered fuel prices are lower than the repurchase or summer price.

Subd. 3. Report. Requires the department to issue an annual report (available electronically and in print) including: (1) cost per gallon of the repurchased fuel; (2) total gallons of fuel repurchased; (3) the average cost of propane by month (between October and the following April); (4) the number of energy assistance program households receiving repurchased fuel; and (5) the average savings accruing or benefit increase provided to energy assistance households.

Makes this section effective the day following final enactment.