

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 379

DATE: April 9, 2003

Version: First engrossment

Authors: Wardlow and others

Subject: Guaranteed savings contracts

Analyst: Mark Shepard (651-296-5051)

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

Authorizes the commissioner of administration to enter into guaranteed savings contracts to reduce utility or operating costs.

Section

1 **Guaranteed savings contracts.** Specifies conditions under which the commissioner of administration may enter into guaranteed savings contracts:

- (1) A qualified provider must be selected through a competitive process.
- (2) The qualified provider must agree to submit an engineering report before execution of the contract.
- (3) The commissioner must find that the amount spent on utility cost-savings measures in the engineering report is not likely to exceed the amount to be saved in utility and maintenance costs over 15 years from implementation of utility cost-savings measures.
- (4) The provider must guarantee that the utility and operation and maintenance cost savings will meet or exceed the costs of the contract, and that the provider will reimburse the state for any shortfall.
- (5) The provider must give a sufficient bond for faithful implementation and installation of utility cost-savings measure.

Section

Authorizes the commissioner to enter into a lease purchase agreement for the implementation of utility cost-savings conservation measures. Implementation costs must not exceed the amount to be saved in utility and operation and maintenance costs over the term of the lease purchase agreement. The term may not exceed 15 years.

Specifies conditions under which an affected agency may contribute funds for capital cost avoidance for guaranteed savings contracts. Use of capital cost avoidance is subject to department of administration guaranteed savings contracting guidelines.
This section is effective upon enactment.