16C.143 ENERGY FORWARD PRICING MECHANISMS.

Subdivision 1. **Definitions.** The following definitions apply in this section:

(1) "energy" means natural gas, heating oil, propane, diesel fuel, and any other energy source except electricity used in state operations; and

(2) "forward pricing mechanism" means a contract or financial instrument that obligates a state agency to buy or sell a specified quantity of energy at a future date at a set price.

Subd. 2. **Authority.** Notwithstanding any other law to the contrary, the commissioner may use forward pricing mechanisms for budget risk reduction.

Subd. 3. **Conditions.** Forward pricing mechanism transactions must be made only under the following conditions:

(1) the quantity of energy affected by the forward pricing mechanism must not exceed 90 percent of the estimated energy use for the state agency for the same period, which shall not exceed 24 months; and

(2) a separate account must be established for each state agency using a forward pricing mechanism.

Subd. 4. **Written policies and procedures.** Before exercising the authority under this section, the commissioner must develop written policies and procedures governing the use of forward pricing mechanisms.

History: *2005 c 156 art 2 s 23; 2007 c 68 s 1*