

473.1293 ENERGY FORWARD PRICING MECHANISMS.

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

(a) "Energy" means natural gas, heating oil, diesel fuel, or any other energy source, except electric, used in Metropolitan Council operations.

(b) "Forward pricing mechanism" means either:

(1) a contract or financial instrument that obligates an entity to buy or sell a specified amount of an energy commodity at a future date and at a set price; or

(2) an option to buy or sell the contract or financial instrument.

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

Subd. 3. **Conditions.** (a) Forward pricing transactions made under this section must be made only under the conditions in paragraphs (b), (c), and (d).

(b) The amount of energy forward priced must not exceed the estimated energy usage for council operations for the period of time covered by the forward pricing mechanism.

(c) The holding period and expiration date for any forward pricing mechanism must not exceed 24 months from the trade date of the transaction.

(d) Separate accounts must be established for each operational energy for which forward pricing mechanisms are used under this section.

Subd. 4. **Written policies and procedures.** Before exercising authority under subdivision 2, the council must have written policies and procedures governing the use of forward pricing mechanisms.

Subd. 5. **Oversight process.** (a) Before exercising authority under subdivision 2, the governing body of the council must establish an oversight process that provides for review of the council's use of forward pricing mechanisms.

(b) The process must include:

(1) internal or external audit reviews;

(2) quarterly reports to, and review by, an internal investment committee; and

(3) internal management control.

History: *1Sp2003 c 16 s 2*