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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE NO. **3644**

March 3, 2008

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

March 17, 2008

Committee Recommendation and Adoption of Report:

To Pass

Read Second Time

1.1 A bill for an act
1.2 relating to local government; extending and changing the terms of guaranteed
1.3 energy savings contracts under the uniform municipal contracting law; amending
1.4 Minnesota Statutes 2007 Supplement, section 471.345, subdivision 13.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2007 Supplement, section 471.345, subdivision 13,
1.7 is amended to read:

1.8 Subd. 13. **Energy efficiency projects.** The following definitions apply to this
1.9 subdivision.

1.10 (a) "Energy conservation measure" means a training program or facility alteration
1.11 designed to reduce energy consumption or operating costs and includes:

1.12 (1) insulation of the building structure and systems within the building;

1.13 (2) storm windows and doors, caulking or weatherstripping, multiglazed windows
1.14 and doors, heat absorbing or heat reflective glazed and coated window and door
1.15 systems, additional glazing, reductions in glass area, and other window and door system
1.16 modifications that reduce energy consumption;

1.17 (3) automatic energy control systems;

1.18 (4) heating, ventilating, or air conditioning system modifications or replacements;

1.19 (5) replacement or modifications of lighting fixtures to increase the energy efficiency
1.20 of the lighting system without increasing the overall illumination of a facility, unless an
1.21 increase in illumination is necessary to conform to the applicable state or local building
1.22 code for the lighting system after the proposed modifications are made;

1.23 (6) energy recovery systems;

2.1 (7) cogeneration systems that produce steam or forms of energy such as heat, as well
2.2 as electricity, for use primarily within a building or complex of buildings;

2.3 (8) energy conservation measures that provide long-term operating cost reductions.

2.4 (b) "Guaranteed energy savings contract" means a contract for the evaluation
2.5 and recommendations of energy conservation measures, and for one or more energy
2.6 conservation measures. The contract must provide that all payments, except obligations
2.7 on termination of the contract before its expiration, are to be made over time, but not to
2.8 exceed ~~15~~ 20 years from the date of final installation, and the savings are guaranteed to
2.9 the extent necessary to make payments for the systems.

2.10 (c) "Qualified provider" means a person or business experienced in the design,
2.11 implementation, and installation of energy conservation measures. A qualified provider
2.12 to whom the contract is awarded shall give a sufficient bond to the municipality for its
2.13 faithful performance.

2.14 Notwithstanding any law to the contrary, a municipality may enter into a guaranteed
2.15 energy savings contract with a qualified provider to significantly reduce energy or
2.16 operating costs.

2.17 Before entering into a contract under this subdivision, the municipality shall provide
2.18 published notice of the meeting in which it proposes to award the contract, the names of
2.19 the parties to the proposed contract, and the contract's purpose.

2.20 Before installation of equipment, modification, or remodeling, the qualified provider
2.21 shall first issue a report, summarizing estimates of all costs of installations, modifications,
2.22 or remodeling, including costs of design, engineering, installation, maintenance, repairs,
2.23 or debt service, and estimates of the amounts by which energy or operating costs will be
2.24 reduced.

2.25 A guaranteed energy savings contract that includes a written guarantee that savings
2.26 will meet or exceed the cost of energy conservation measures is not subject to competitive
2.27 bidding requirements of section 471.345 or other law or city charter. The contract is
2.28 not subject to section 123B.52.

2.29 A municipality may enter into a guaranteed energy savings contract with a qualified
2.30 provider if, after review of the report, it finds that the amount it would spend on the energy
2.31 conservation measures recommended in the report is not likely to exceed the amount to
2.32 be saved in energy and operation costs over ~~15~~ 20 years from the date of installation if
2.33 the recommendations in the report were followed, and the qualified provider provides a
2.34 written guarantee that the energy or operating cost savings will meet or exceed the costs
2.35 of the system. The guaranteed energy savings contract may provide for payments over a
2.36 period of time, not to exceed ~~15~~ 20 years.

3.1 A municipality may enter into an installment payment contract for the purchase and
3.2 installation of energy conservation measures. The contract must provide for payments of
3.3 not less than ~~1/15~~ 1/20 of the price to be paid within two years from the date of the first
3.4 operation, and the remaining costs to be paid monthly, not to exceed a ~~15-year~~ 20-year
3.5 term from the date of the first operation.

3.6 A municipality entering into a guaranteed energy savings contract shall provide a
3.7 copy of the contract and the report from the qualified provider to the commissioner of
3.8 commerce within 30 days of the effective date of the contract.

3.9 Guaranteed energy savings contracts may extend beyond the fiscal year in which
3.10 they become effective. The municipality shall include in its annual appropriations measure
3.11 for each later fiscal year any amounts payable under guaranteed energy savings contracts
3.12 during the year. Failure of a municipality to make such an appropriation does not affect
3.13 the validity of the guaranteed energy savings contract or the municipality's obligations
3.14 under the contracts.