

**COST-EFFECTIVE GOVERNMENTAL ENERGY USE ACT (EXCERPT)**  
**Act 625 of 2012**

**18.1723 Energy performance contract; provisions; extension; limitation.**

Sec. 13.

(1) Each energy performance contract shall provide both of the following:

(a) All payments between the parties, except obligations on termination of the contract before its expiration, shall be made over time.

(b) The objective of the energy performance contract is implementation of cost-savings measures and achievement of both utility cost savings and operation and maintenance cost savings.

(2) An energy performance contract and payments under that contract may extend beyond the fiscal year in which the energy performance contract becomes effective, subject to appropriation of money, if required by law, for costs incurred in future fiscal years.

(3) The term of an energy performance contract shall not exceed 15 years or the average useful life of the measures. The term of an energy performance contract may also reflect the useful life of the cost-savings measures.

(4) An energy performance contract may provide for payments over a period of time not to exceed deadlines specified in the energy performance contract from the date of the final installation of the cost-savings measures.

**History:** 2012, Act 625, Eff. Mar. 28, 2013