

(8) \$100 per violation of rules adopted under section 116.49, relating to underground storage tank system general operating requirements, up to a maximum of \$2,000;

(9) \$250 per violation of rules adopted under section 116.49, relating to underground storage tank system release detection requirements, up to a maximum of \$2,000;

(10) \$50 per violation of rules adopted under section 116.49, relating to out-of-service underground storage tank systems and closure, up to a maximum of \$2,000; and

(11) \$50 per violation of sections 116.48 to 116.491 relating to underground storage tank system notification, monitoring, environmental protection, and tank installers training and certification requirements, up to a maximum of \$2,000.

Sec. 5. LEAD STUDY.

By January 15, 1999, the commissioner of the pollution control agency, in conjunction with the director of the office of environmental assistance, the commissioner of the department of health, the University of Minnesota, and the metropolitan council, shall report to the environment and natural resources committees of the senate and the house of representatives on the sources and amount of lead, including lead in wastewater treatment sludges, the ecological and health risks associated with lead, and recommendations for reducing the amount of lead in the environment and associated risks.

Sec. 6. EFFECTIVE DATE.

Sections 1, 3, and 4 are effective December 31, 1998, and apply to violations occurring on or after that date. Section 2 is effective the day following final enactment.

Presented to the governor April 9, 1998

Signed by the governor April 9, 1998, 6:35 p.m.

CHAPTER 380—H.F.No. 3654

An act relating to utilities; modifying the membership of the legislative electric energy task force; requiring comprehensive study of electric industry restructuring; requiring establishment of technical advisory work groups; authorizing task force to use its assessment authority to fund work group activities; requiring reports; amending Minnesota Statutes 1997 Supplement, section 216C.051, subdivision 2.

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

Section 1. Minnesota Statutes 1997 Supplement, section 216C.051, subdivision 2, is amended to read:

Subd. 2. **ESTABLISHMENT.** (a) There is established a legislative electric energy task force to study future electric energy sources and costs and to make recommendations for legislation for an environmentally and economically sustainable and advantageous electric energy supply.

(b) The task force consists of:

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(1) ten members of the house of representatives including the chairs of the environment and natural resources and regulated industries and energy committees and ~~six~~ eight members to be appointed by the speaker of the house, four of whom must be from the minority caucus; and

(2) ten members of the senate including the chairs of the environment and natural resources and jobs, energy, and community development committees and ~~six~~ eight members to be appointed by the subcommittee on committees, four of whom must be from the minority caucus.

(c) The task force may employ staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties other than state employees or employees of electric utilities. The director of the legislative coordinating commission shall assist the task force in administrative matters. The task force shall elect cochairs, one member of the house and one member of the senate from among the committee chairs named to the committee. The task force members from the house shall elect the house cochair, and the task force members from the senate shall elect the senate cochair.

Sec. 2. **LEGISLATIVE ELECTRIC ENERGY TASK FORCE; SPECIFIC RESTRUCTURING ISSUES.**

Subdivision 1. BULK POWER SYSTEM RELIABILITY, INFRASTRUCTURE, AND REGULATION. The legislative electric energy task force shall solicit and analyze information on the following issues relating to bulk power system reliability, infrastructure, and regulation:

(1) When will the bulk power system be capable of reliably supporting the volume of power transactions that would result from implementation of retail competition?

(2) What modifications to the bulk power system and its management are necessary to ensure that retail competition in the state's electric industry does not diminish the reliability of electric service, and what is the estimated cost of those modifications?

(3) What options and alternatives can customers and power suppliers in the state and in the region use to ensure the independent operation and competitively neutral management of the bulk power grid, and what are the advantages and disadvantages associated with each option or alternative?

(4) What market infrastructure developments are necessary or useful in supporting trade and competition in a reliable electricity market, and what are the advantages and disadvantages associated with each approach?

(5) What are the regulatory and legal means the state could use to ensure the low cost, competitively neutral, and fair utilization of the bulk power system and any market infrastructure created or sanctioned by the state, and how should the state address issues of overlapping state, federal, and international jurisdictions in a regional electricity market?

Subd. 2. DISTRIBUTION RELIABILITY, SAFETY, AND MAINTENANCE. The legislative electric energy task force shall analyze the following issues relating to distribution reliability, safety, and maintenance in a competitive electricity market:

(1) What safety standards should be used to ensure reliability, safety, and efficient operation of the distribution system?

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(2) What options are available to identify and establish the respective rights and responsibilities of distribution utilities, consumers, and competitive power suppliers regarding electricity reliability and continuity of service?

(3) What alternatives can be used, or standards developed, to address issues relating to the provision of billing, metering, and customer service?

Subd. 3. ENERGY PRICES AND PRICE PROTECTION MECHANISMS. The legislative electric energy task force shall:

(1) solicit and analyze information of the potential benefits and costs of the implementation of retail competition in the state, as well as an evaluation and analysis as to how costs and benefits might be distributed, and might be expected to change over time;

(2) develop a comparison and evaluation of alternative mechanisms to protect consumers from unwarranted potential price increases that may be attributable to electric industry deregulation during a transition to a competitive energy market; and

(3) develop a comparison and evaluation of various means to ensure that prices offered by competitors are nondiscriminatory and that all customer classes benefit from competition.

Subd. 4. UNIVERSAL SERVICE. The legislative electric energy task force shall analyze issues relating to the provision of universal energy service in the state, with special emphasis on ensuring affordable service for rural and low-income energy consumers, and develop:

(1) a needs assessment of the number of low-income individuals and households at or below 150 percent of the federal poverty guidelines and the average energy burden of these individuals and households, expressed as the percentage of overall income dedicated to the payment of energy costs;

(2) an evaluation of alternative, nonbypassable, competitively neutral funding mechanisms to finance programs to reduce the energy burden of low-income customers;

(3) alternatives regarding program design, administration, outreach, and participation goals for bill payment and energy conservation assistance;

(4) an evaluation of alternatives for ensuring affordable service for individuals who do not or cannot choose an alternate energy supplier, including default supplier and provider of last resort options; and

(5) an evaluation of options to ensure that rural energy consumers continue to receive affordable, high-quality energy service and participate in any benefits attributable to increased competition.

Subd. 5. INFORMATION DISCLOSURE AND CONSUMER PROTECTION. The legislative electric energy task force shall analyze issues relating to information disclosure and consumer protection and develop:

(1) an evaluation of alternative standards and means of providing all consumers with information sufficient to support an informed choice of electricity provider in a competitive environment regarding: (i) price, terms, and conditions of service; and (ii) environmental information; and

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(2) recommendations regarding consumer protection standards and practices sufficient to prevent consumer fraud and abuse while supporting effective competition.

Subd. 6. RENEWABLE ENERGY, EFFICIENCY, AND ENVIRONMENTAL SUSTAINABILITY. (a) The legislative electric energy task force shall analyze issues of renewable energy, efficiency, and environmental sustainability, and develop an assessment of alternatives the state could take, whether alone or as part of a regional compact, or as part of a national mandate, to encourage energy efficiency, renewable energy development, and decreased pollution in the context of a competitive electric industry. In assessing alternatives for renewable energy development, the task force must consider questions relating to potential renewable energy portfolio requirements, system benefits charges, or green marketing of electricity. The task force's analysis must also include an assessment of alternative energy's effect on business and the state's economy, and how renewable requirements can be implemented in a competitively neutral manner.

(b) In conducting the analysis under this subdivision, the task force shall convene a work group under section 3 that includes the department of public service, utility representatives, the public utilities commission, community action agency representatives, and other energy efficiency advocates and service providers to investigate the energy conservation improvement program under Minnesota Statutes, section 216B.241, and to develop recommendations regarding how energy efficiency and related services could best be provided in a more competitive electricity market. The task force must give particular attention to assessing the success of these projects on meeting the goals of Minnesota Statutes, section 216B.241.

Subd. 7. UNBUNDLED RATES. The legislative electric energy task force shall analyze issues relating to the unbundling of energy rates, and shall convene a work group under section 3 that includes private, public, and cooperative utilities; national and regional energy marketers; consumers and their advocates; and other interested parties to develop a timeline and recommended procedures for separating the charges for electric generation services, including electric energy and capacity, from the charges for distribution services, transmission services, and other services on customers' bills.

Subd. 8. COMPETITIVE PARITY. The legislative electric energy task force shall conduct an analysis of laws and regulations that could prevent Minnesota utilities from competing fairly in a competitive electricity market, and must make recommendations as to how those requirements could be fulfilled in a competitively neutral manner. In addition, the task force shall analyze issues relating to access to the retail marketplace by competitors and methods to prevent the exercise of market power and to limit the effects of anticompetitive behavior.

Subd. 9. STRANDED COSTS. The legislative electric energy task force shall analyze issues relating to stranded costs and develop:

(1) a sensitivity analysis of the magnitude and duration of net stranded costs, and include in its analysis the potential for stranded benefits or negative stranded costs that may result from market prices that are higher than regulated prices;

(2) information as to whether and how net stranded cost recovery by utilities could affect competition, consumers, utilities, and utility investors;

(3) a comparison and evaluation of potential difficulties stranded costs could create for private, public, and cooperative utilities, and alternative means to ensure that custom-

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ers receive at least as much assurance of negative stranded cost recovery as utility owners would of stranded cost recovery;

(4) recommendations on alternatives for the mitigation and elimination of stranded costs and on mechanisms for recovery of net stranded costs;

(5) an analysis of the advantages and disadvantages of prior versus periodic evaluation, determination, and assessment of stranded costs; and

(6) an analysis of the advantages and disadvantages of securitization and other means of requiring customers to pay for utility stranded costs.

Subd. 10. PERIODIC UPDATES. By January 15 of each year, the task force must provide the legislature with an update on the progress of its review and analysis of restructuring issues under this section, including legislative recommendations as the task force deems appropriate.

Subd. 11. CONSULTATION WITH AFFECTED PARTIES. In conducting its review and analysis of restructuring issues, the task force must solicit information from and consult with all affected and interested parties, including, but not limited to, representatives of: rural energy consumers; low-income energy consumers; commercial energy consumers; industrial energy consumers; small business energy consumers; investor-owned utilities; cooperative electric associations; municipal utilities; organized labor; local units of government; environmentalists; renewable energy developers and providers; natural gas distribution utilities; community action agencies; the mid-continent area power pool; the department of public service; the public utilities commission; and the office of the attorney general.

Sec. 3. LEGISLATIVE ELECTRIC ENERGY TASK FORCE; ELECTRIC RESTRUCTURING TECHNICAL ASSISTANCE.

Subdivision 1. ESTABLISHMENT OF TECHNICAL ADVISORY WORK GROUPS. The legislative electric energy task force shall convene technical advisory work groups to assist the legislature in analyzing the specific issues listed in section 2. Unless terminated earlier by the task force, these technical advisory work groups expire January 31, 2000.

Subd. 2. MEMBERSHIP OF TECHNICAL ADVISORY WORK GROUP. (a) Each advisory work group convened under this section shall consist of members that satisfy both of the following criteria:

(1) have technical expertise in one or more of the following areas: energy marketing; energy efficiency; energy procurement and purchasing; utility regulation; electricity production; market economics; electric system operation and reliability; and the provision of universal electric service, especially to low-income or rural consumers; and

(2) reflect the broad array of interests affected by the electric industry restructuring issue under review.

(b) The task force shall invite representatives of the public utilities commission, the department of public service, and the office of the attorney general to participate in each technical advisory work group convened under this section, and in an effort to avoid or minimize duplication of effort, shall request from these state entities information and ex-

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isting studies relevant to the issue or issues that are the subject of the technical advisory work group.

Sec. 4. **REPORTS.**

During the 1998 legislative interim, the legislative electric energy task force shall convene technical advisory work groups under section 3 on at least the following issues: (1) bulk power system reliability, infrastructure, and regulation issues described in section 2, subdivision 1, clauses (1) and (2); (2) distribution reliability, safety, and maintenance issues described in section 2, subdivision 2; (3) energy prices and price protection mechanisms issues described in section 2, subdivision 3; and (4) universal service issues described in section 2, subdivision 4.

No later than November 30, 1998, task force staff shall prepare and provide to the task force reports on the activities and findings of these technical advisory work groups. The task force shall use these reports in preparing its report to the legislature due January 15, 1999.

Sec. 5. **TASK FORCE ASSESSMENT AUTHORITY.**

(a) The legislative electric energy task force is authorized to utilize its assessment authority under Minnesota Statutes 1997 Supplement, section 216C.051, subdivision 6, to fund activities of technical advisory work groups under this act.

(b) If the commissioner of public service finds that a more equitable allocation of expenses would result, the department of public service, as an alternative to the traditional assessment procedure, may allocate technical advisory work group expenses among all public and municipal utilities providing electric service in the state, all cooperative electric associations operating in Minnesota, and all other energy providers participating in technical advisory committee activities under this act, and may require each of those entities to pay their allocated portion of those expenses.

(c) The task force shall periodically certify the expenses of the technical advisory work groups to the department of public service. The department may render a bill to the entities listed in paragraph (b). Utilities and energy providers providing more than one type of energy shall only be billed as a single entity. Generation and transmission cooperative electric associations whose member distribution cooperatives are billed for technical advisory work group expenses under this section shall not be billed separately. As required under Minnesota Statutes, section 216C.051, subdivision 6, amounts assessed and collected under this section are appropriated to the director of the legislative coordinating commission and are available until expended.

(d) For the purposes of this section, "other energy providers" includes natural gas distribution utilities, power marketers, power brokers, aggregators, and any other entity engaged in the marketing, selling, distribution, or transmission of energy at wholesale or retail, whether operating in or out of the state.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment.

Presented to the governor April 9, 1998

Signed by the governor April 9, 1998, 6:40 p.m.

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