

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1000

02/28/2013 Authored by Kelly, Hortman, Beard, Atkins, Falk and others
The bill was read for the first time and referred to the Committee on Energy Policy

03/13/2013 Adoption of Report: Pass and Read Second Time

03/14/2013 By motion, re-referred to the Committee on Commerce and Consumer Protection Finance and Policy

04/02/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means

04/23/2013 Adoption of Report: Pass as Amended and Read Second Time

05/07/2013 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act

1.2 relating to energy; modifying the emissions reductions-rate rider for certain

1.3 projects; requiring the commissioner of commerce to make assessments to

1.4 fund clean energy resource teams; amending Minnesota Statutes 2012, sections

1.5 216B.1692, subdivisions 1, 8, by adding a subdivision; 216B.1695, subdivision

1.6 5; 216B.241, subdivision 1e.

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

1.8 Section 1. Minnesota Statutes 2012, section 216B.1692, subdivision 1, is amended to

1.9 read:

1.10 Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the

1.11 emissions reduction-rate rider allowed in this section must:

1.12 (1) be installed on existing large electric generating power plants, as defined in

1.13 section 216B.2421, subdivision 2, clause (1), that are located in the state and that are

1.14 currently not subject to emissions limitations for new power plants under the federal Clean

1.15 Air Act, United States Code, title 42, section 7401 et seq.;

1.16 (2) not increase the capacity of the existing electric generating power plant more

1.17 than ten percent or more than 100 megawatts, whichever is greater; and

1.18 (3) result in the existing plant either:

1.19 (i) complying with applicable new source review standards under the federal Clean

1.20 Air Act; or

1.21 (ii) emitting air contaminants at levels substantially lower than allowed for new

1.22 facilities by the applicable new source performance standards under the federal Clean

1.23 Air Act; or

2.1 (iii) reducing emissions from current levels at a unit to the lowest cost-effective level
2.2 when, due to the age or condition of the generating unit, the public utility demonstrates
2.3 that it would not be cost-effective to reduce emissions to the levels in item (i) or (ii).

2.4 (b) Notwithstanding paragraph (a), a project may be approved for the emission
2.5 reduction rate rider allowed in this section if the project is to be installed on existing
2.6 large electric generating power plants, as defined in section 216B.2421, subdivision 2,
2.7 clause (1), that are located outside the state and are needed to comply with state or federal
2.8 air quality standards, but only if the project has received an advance determination of
2.9 prudence from the commission under section 216B.1695.

2.10 Sec. 2. Minnesota Statutes 2012, section 216B.1692, is amended by adding a
2.11 subdivision to read:

2.12 Subd. 1a. **Exemption.** Subdivisions 2, 4, and 5, paragraph (c), clause (1), do not
2.13 apply to projects qualifying under subdivision 1, paragraph (b).

2.14 Sec. 3. Minnesota Statutes 2012, section 216B.1692, subdivision 8, is amended to read:

2.15 Subd. 8. **Sunset.** This section is effective until December 31, ~~2015~~ 2020, and
2.16 applies to plans, projects, and riders approved before that date and modifications made to
2.17 them after that date.

2.18 Sec. 4. Minnesota Statutes 2012, section 216B.1695, subdivision 5, is amended to read:

2.19 Subd. 5. **Cost recovery.** The utility may begin recovery of costs that have been
2.20 incurred by the utility in connection with implementation of the project in the next rate
2.21 case following an advance determination of prudence or in a rider approved under section
2.22 216B.1692. The commission shall review the costs incurred by the utility for the project.
2.23 The utility must show that the project costs are reasonable and necessary, and demonstrate
2.24 its efforts to ensure the lowest reasonable project costs. Notwithstanding the commission's
2.25 prior determination of prudence, it may accept, modify, or reject any of the project costs.
2.26 The commission may determine whether to require an allowance for funds used during
2.27 construction offset.

2.28 Sec. 5. Minnesota Statutes 2012, section 216B.241, subdivision 1e, is amended to read:

2.29 Subd. 1e. **Applied research and development grants.** (a) The commissioner
2.30 may, by order, approve and make grants for applied research and development projects
2.31 of general applicability that identify new technologies or strategies to maximize energy
2.32 savings, improve the effectiveness of energy conservation programs, or document

3.1 the carbon dioxide reductions from energy conservation programs. When approving
3.2 projects, the commissioner shall consider proposals and comments from utilities and
3.3 other interested parties. The commissioner may assess up to \$3,600,000 annually for the
3.4 purposes of this subdivision. The assessments must be deposited in the state treasury
3.5 and credited to the energy and conservation account created under subdivision 2a. An
3.6 assessment made under this subdivision is not subject to the cap on assessments provided
3.7 by section 216B.62, or any other law.

3.8 (b) The commissioner, as part of the assessment authorized under paragraph (a),
3.9 shall annually assess and grant up to \$500,000 for the purpose of subdivision 9.

3.10 (c) The commissioner, as part of the assessment authorized under paragraph (a),
3.11 shall annually assess \$500,000 for a grant to the partnership created by section 216C.385,
3.12 subdivision 2. The grant must be used to exercise the powers and perform the duties
3.13 specified in section 216C.385, subdivision 3.

3.14 (d) By February 15 annually, the commissioner shall report to the chairs and ranking
3.15 minority members of the committees of the legislature with primary jurisdiction over
3.16 energy policy and energy finance on the assessments made under this subdivision for the
3.17 previous calendar year and the use of the assessment. The report must clearly describe the
3.18 activities supported by the assessment and the parties that engaged in those activities.

3.19 **EFFECTIVE DATE.** Paragraph (b) is effective for assessments for state fiscal years
3.20 commencing after June 30, 2013.