

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 2972**

(SENATE AUTHORS: TOMASSONI, Bakk and Saxhaug)

| DATE       | D-PG | OFFICIAL STATUS  |
|------------|------|--|
| 03/21/2016 | 5148 | Introduction and first reading<br>Referred to Environment and Energy |

A bill for an act

relating to energy; allocating emission credits resulting from implementation of federal carbon emissions reduction requirements to certain cities; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

Section 1. **[216B.1649] ALLOCATION OF EMISSION CREDITS TO AFFECTED COMMUNITIES.**

Subdivision 1. **Definition.** For the purposes of this section, "Clean Power Plan" means the final rule of the federal Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, issued by the United States Environmental Protection Agency in Docket No. EPA-HQ-OAR-2013-0602, and any subsequent amendments made to the plan.

Subd. 2. **Emission allowance allocation.** (a) Unless federal law provides otherwise, emission allowances granted to the state by the United States Environmental Protection Agency under the Clean Power Plan must be allocated as provided in this section.

(b) Ten percent of any emissions allowances granted to the state of Minnesota by the United States Environmental Protection Agency under the Clean Power Plan that are not allocated to coal-fired electric generating plants must be set aside for allocation to statutory and home rule charter cities and towns in which coal-fired electric generating plants have ceased operation. A statutory or home rule charter city or a town may be allocated emission allowances under this section only if the commission has determined that the implementation of the Clean Power Plan was a significant factor contributing to a utility's decision to cease operations at the coal-fired electric generating plant. When making a determination under this paragraph, the commission must consider:

- 2.1 (1) the remaining useful life of the electric generating plant;  
2.2 (2) the future cost of generating electricity at the plant compared with the cost of  
2.3 purchasing electricity or generating electricity from newly constructed facilities;  
2.4 (3) projected changes in the utility's electricity demand and customer base;  
2.5 (4) other factors affecting the financial condition of the utility that owns the electric  
2.6 generating plant that ceases operation; and  
2.7 (5) any other factor the commission deems relevant.

2.8 (c) Allowances set aside under paragraph (b) must be distributed to an individual  
2.9 city or town based on the proportion of carbon dioxide emissions from the city or town's  
2.10 coal-fired electric generating plant compared to the total carbon dioxide emissions from  
2.11 all coal-fired electric generating plants in Minnesota. The calculation under this paragraph  
2.12 must be based on carbon dioxide emissions from the calendar year immediately preceding  
2.13 the year in which electric generation ceases. A town or city may receive an allocation  
2.14 under this paragraph only if the commission determines the city or town's closed coal-fired  
2.15 plant meets the requirements under paragraph (b).

2.16 Subd. 3. **Application.** This section applies to any coal-fired electric generating plant  
2.17 located in Minnesota that ceases operation after 2010 and before 2026 that the commission  
2.18 determines has met the requirements under subdivision 2, paragraph (b).

2.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.