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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **1326**

03/06/2013 Authored by McNamar, Beard, Atkins and Garofalo
The bill was read for the first time and referred to the Committee on Energy Policy

1.1 A bill for an act
1.2 relating to public utilities; providing for cost recovery for certain emission
1.3 reduction projects; amending Minnesota Statutes 2012, sections 216B.1692,
1.4 subdivisions 1, 8, by adding a subdivision; 216B.1695, subdivision 5.
1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2012, section 216B.1692, subdivision 1, is amended to
1.7 read:

1.8 Subdivision 1. **Qualifying projects.** (a) Projects that may be approved for the
1.9 emissions reduction-rate rider allowed in this section must:

1.10 (1) be installed on existing large electric generating power plants, as defined in
1.11 section 216B.2421, subdivision 2, clause (1), that are located in the state and that are
1.12 currently not subject to emissions limitations for new power plants under the federal Clean
1.13 Air Act, United States Code, title 42, section 7401 et seq.;

1.14 (2) not increase the capacity of the existing electric generating power plant more
1.15 than ten percent or more than 100 megawatts, whichever is greater; and

1.16 (3) result in the existing plant either:

1.17 (i) complying with applicable new source review standards under the federal Clean
1.18 Air Act; or

1.19 (ii) emitting air contaminants at levels substantially lower than allowed for new
1.20 facilities by the applicable new source performance standards under the federal Clean
1.21 Air Act; or

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

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

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

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

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

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

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

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