

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 3902**

(SENATE AUTHORS: MATHEWS)

**DATE**  
04/09/2018

**D-PG**  
7255

Introduction and first reading  
Referred to Energy and Utilities Finance and Policy

**OFFICIAL STATUS**

1.1 A bill for an act  
1.2 relating to energy; eliminating the requirement that the Public Utilities Commission  
1.3 establish a range of environmental costs for use in utility planning; amending  
1.4 Minnesota Statutes 2016, section 216B.243, subdivisions 3, 3a; repealing Minnesota  
1.5 Statutes 2016, section 216B.2422, subdivision 3.

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

1.7 Section 1. Minnesota Statutes 2016, section 216B.243, subdivision 3, is amended to read:

1.8 Subd. 3. **Showing required for construction.** No proposed large energy facility shall  
1.9 be certified for construction unless the applicant can show that demand for electricity cannot  
1.10 be met more cost effectively through energy conservation and load-management measures  
1.11 and unless the applicant has otherwise justified its need. In assessing need, the commission  
1.12 shall evaluate:

1.13 (1) the accuracy of the long-range energy demand forecasts on which the necessity for  
1.14 the facility is based;

1.15 (2) the effect of existing or possible energy conservation programs under sections 216C.05  
1.16 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

1.17 (3) the relationship of the proposed facility to overall state energy needs, as described  
1.18 in the most recent state energy policy and conservation report prepared under section  
1.19 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed  
1.20 line to regional energy needs, as presented in the transmission plan submitted under section  
1.21 216B.2425;

1.22 (4) promotional activities that may have given rise to the demand for this facility;

2.1 (5) benefits of this facility, including its uses to protect or enhance environmental quality,  
2.2 and to increase reliability of energy supply in Minnesota and the region;

2.3 (6) possible alternatives for satisfying the energy demand or transmission needs including  
2.4 but not limited to potential for increased efficiency and upgrading of existing energy  
2.5 generation and transmission facilities, load-management programs, and distributed generation;

2.6 (7) the policies, rules, and regulations of other state and federal agencies and local  
2.7 governments;

2.8 (8) any feasible combination of energy conservation improvements, required under  
2.9 section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed  
2.10 facility, and (ii) compete with it economically;

2.11 (9) with respect to a high-voltage transmission line, the benefits of enhanced regional  
2.12 reliability, access, or deliverability to the extent these factors improve the robustness of the  
2.13 transmission system or lower costs for electric consumers in Minnesota;

2.14 (10) whether the applicant or applicants are in compliance with applicable provisions  
2.15 of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date  
2.16 certain an application for certificate of need under this section or for certification as a priority  
2.17 electric transmission project under section 216B.2425 for any transmission facilities or  
2.18 upgrades identified under section 216B.2425, subdivision 7;

2.19 (11) whether the applicant has made the demonstrations required under subdivision 3a;  
2.20 and

2.21 (12) if the applicant is proposing a nonrenewable generating plant, the applicant's  
2.22 assessment of the risk of ~~environmental costs and~~ regulation on that proposed facility over  
2.23 the expected useful life of the plant, including a proposed means of allocating costs associated  
2.24 with that risk.

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

2.26 Sec. 2. Minnesota Statutes 2016, section 216B.243, subdivision 3a, is amended to read:

2.27 Subd. 3a. **Use of renewable resource.** The commission may not issue a certificate of  
2.28 need under this section for a large energy facility that generates electric power by means  
2.29 of a nonrenewable energy source, or that transmits electric power generated by means of a  
2.30 nonrenewable energy source, unless the applicant for the certificate has demonstrated to  
2.31 the commission's satisfaction that it has explored the possibility of generating power by  
2.32 means of renewable energy sources and has demonstrated that the alternative selected is

3.1 less expensive (~~including environmental costs~~) than power generated by a renewable energy  
3.2 source. For purposes of this subdivision, "renewable energy source" includes hydro, wind,  
3.3 solar, and geothermal energy and the use of trees or other vegetation as fuel.

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

3.5 Sec. 3. **REPEALER.**

3.6 Minnesota Statutes 2016, section 216B.2422, subdivision 3, is repealed.

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

**216B.2422 RESOURCE PLANNING; RENEWABLE ENERGY.**

Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.

(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).