A bill for an act

relating to energy; describing powers of qualifying owner of community-based energy development project; authorizing Metropolitan Council and counties to enter into contracts and to finance the purchase of energy and interests in renewable energy projects; amending Minnesota Statutes 2006, sections 216B.1612, by adding a subdivision; 473.1293, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 373.

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

Section 1. Minnesota Statutes 2006, section 216B.1612, is amended by adding a subdivision to read:

Subd. 9. **Powers.** A Minnesota political subdivision or local government may plan, develop, purchase, acquire, construct, or own a C-BED project and may sell output from that project as provided for in this section. A qualifying owner may operate, maintain, improve, and expand the C-BED project subject to any restrictions in this section.

Sec. 2. **[373.48] FINANCING ENERGY PURCHASE CONTRACTS AND PARTICIPATION IN GENERATION AND TRANSMISSION PROJECTS.**

Subdivision 1. **Definitions.** "Project" means a facility that generates electricity from renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c).

Subd. 2. **Energy purchase contracts; generation projects.** (a) A county may, for itself or in cooperation with other counties, enter into agreements for purchasing electrical energy from one or more projects, and may enter into agreements with a utility for purchasing and selling the electrical energy. The agreements may be for a term of one year or may be multiyear agreements, the term of which must not exceed 20 years. A county may also acquire an ownership interest in a project and may enter into agreements for purchasing and selling electrical energy produced.

(b) Notwithstanding paragraph (a), a county (1) may not sell, transmit, or distribute the electrical energy at retail and (2) may not provide for end use of the electrical energy from an off-site facility by any county. On-site generation is allowed to the extent provided for in section 216B.1611.

(c) The energy to be purchased by a county under agreements entered into under this section and the energy produced by the county's interest in projects must not exceed in any year the total amount of energy used by the county for its own facilities in the immediately preceding year, regardless of the source from which the energy was obtained.

(d) This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

Subd. 3. **Financing joint energy purchases and generation project acquisitions.** A county may enter into agreements under section 471.59 with other counties for jointly purchasing energy or jointly acquiring interests in projects. A county may annually levy an ad valorem tax for paying the cost of energy purchased or interests in projects acquired in an amount not exceeding 0.015 percent of the market value of taxable property in the county. A county that enters into a multiyear agreement for purchasing energy or acquiring an interest in a project may finance the estimated cost of the energy to be purchased during the term of the agreement or the cost to the county of the interest in the project by issuing general obligation bonds of the county; provided that, the annual debt service on all bonds issued under this section, together with the amounts to be paid by the county in any year for purchasing energy under agreements entered into under this section, do not exceed the amount of taxes authorized by this section. An agreement entered into under section 471.59 as contemplated by this section may provide that each county issue bonds to pay its respective share of the cost of the projects, or that one of the counties issue bonds to pay the full cost of the project, and that the other participating counties levy the tax authorized under this subdivision and pledge the collections of the tax to the county that issues the bonds. Bonds issued under this section may be issued without an election and do not constitute net debt of any participating county.

Sec. 3. **[373.49] WIND ENERGY CONVERSION SYSTEM.**

(a) A county or the Metropolitan Council may own, construct, acquire, purchase, issue bonds and certificates of indebtedness for, maintain, and operate a wind energy conversion system, or a portion of a wind energy conversion system, and may only purchase and sell electricity from a wind energy conversion system at wholesale on terms and conditions the county board or the Metropolitan Council deems is in the best interests of the public.

(b) With respect to any wind energy conversion system, or any portion of a wind energy conversion system, a county or the Metropolitan Council may exercise the powers granted to a municipal power agency and to a city under sections 453.52, subdivisions 1, 6, and 9; 453.54, subdivision 10; 453.58, subdivision 4; and 453.59; provided that, output from that wind energy conversion system may not be sold, transmitted, or distributed at retail, or provided for end use from an off-site facility, by the county or the Metropolitan Council. On-site generation is allowed to the extent provided for in section 216B.1611.

(c) This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

Sec. 4. Minnesota Statutes 2006, section 473.1293, is amended by adding a subdivision to read:

Subd. 6. **Energy purchase contracts.** (a) In addition to the powers granted in this section, the Metropolitan Council may exercise all of the powers granted to a county under section 373.48; provided that, bonds may be issued by the Metropolitan Council for the purposes of section 373.48 only under its sewer bond authority in section 473.541.

(b) Notwithstanding paragraph (a), the Metropolitan Council (1) may not sell, transmit, or distribute the electrical energy at retail and (2) may not provide for end use from an off-site facility by the Metropolitan Council of the electrical energy as set forth in section 373.48, subdivision 2. On-site generation is allowed to the extent provided for in section 216B.1611.

(c) This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.