A bill for an act

relating to energy; authorizing certain governments to engage in energy-related activities, including ownership of renewable energy projects; authorizing bonds; authorizing an annual ad valorem tax; 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, chapters 216F; 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. **Local government and political subdivision powers.** A Minnesota political subdivision or local government may plan, develop, purchase, acquire, construct, and own a C-BED project and may sell output from that project as provided for in this section. A Minnesota political subdivision or local government may operate, maintain, improve, and expand the C-BED project subject to any restrictions in this section.

Sec. 2. **[216F.09] COUNTY; WIND ENERGY CONVERSION SYSTEM.**

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. A county or the Metropolitan Council may purchase and sell electricity from a wind energy conversion system only at wholesale on terms and conditions that the county board or the Metropolitan Council deems are in the best interests of the public. 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, except 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. A county's on-site generation authorized under this subdivision is limited to a total of ten megawatts. Nothing in this section modifies the provisions governing exclusive service territories or a utility's exclusive service right under sections 216B.37 to 216B.43.

Sec. 3. **[373.48] FINANCING ENERGY PURCHASE CONTRACTS AND PARTICIPATION IN GENERATION AND TRANSMISSION PROJECTS.**

Subdivision 1. **Definitions.** For the purpose of this section, "project" means a facility that generates electricity from renewable energy sources listed in section 216B.1691, subdivision 1, paragraph (a), clause (1).

Subd. 2. **Energy purchase contracts; generation projects.** A county may, for itself or in cooperation with other counties, enter into agreements for the purchase of electrical energy from one or more projects, and may enter into agreements with a utility for the purchase and sale of the electrical energy so purchased. Agreements may be for a term of one year to 20 years. A county may also acquire an ownership interest in a project and may enter into agreements for the purchase and sale of electrical energy produced. A county may not sell, transmit, or distribute the electrical energy at retail or provide for end use from an off-site facility by the county or counties of the electrical energy. A county's on-site generation authorized under this subdivision is limited to a total of ten megawatts. Nothing in this section modifies the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43. The energy to be purchased by a county under agreements entered into under this section and the energy produced that is commensurate with the county's interest in projects shall not in any year exceed the total amount of energy used by the county for its own facilities in the immediately preceding year, regardless of the source from which energy was obtained.

Subd. 3. **Joint purchase of energy and acquisition of generation projects; financing.** A county may enter into agreements under section 471.59 with other counties for joint purchase of energy or joint acquisition of interests in projects. A county may annually levy an ad valorem tax for the purpose of paying the cost of energy purchased or acquiring interests in projects 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 purchase of energy or acquires 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 the issuance of 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 the purchase of energy under agreements entered into under this section, shall not exceed the amount of taxes authorized by this section. An agreement entered into under section 471.59 as provided by this section may provide that each county shall issue bonds to pay their respective shares of the cost of the projects, or that one of the counties shall issue bonds to pay the full costs of the project, and that the other participating counties shall 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 shall not constitute net debt of any participating county.

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

Subd. 6. **Energy purchase contracts.** In addition to the powers granted elsewhere 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. The Metropolitan Council may not sell, transmit, or distribute electrical energy at retail or provide for end use from an off-site facility by the Metropolitan Council of the electrical energy as provided by section 373.48, subdivision 2. The Metropolitan Council's on-site generation authorized by this subdivision is limited to a total of ten megawatts. Nothing in this section modifies the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.