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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1311

02/20/2025 Authored by Mekeland; Igo; Wiener; Anderson, P. H.; Murphy and others
The bill was read for the first time and referred to the Committee on Energy Finance and Policy
02/27/2025 Adoption of Report: Re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to energy; modifying procedures governing cost recovery for public utility
1.3 electric generation and transmission assets; amending Minnesota Statutes 2024,
1.4 section 216B.16, by adding subdivisions.

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

1.6 Section 1. Minnesota Statutes 2024, section 216B.16, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 6e. Cost recovery for generation and transmission assets. (a) A public utility
1.9 that proposes to add an electric generating facility or transmission asset to the public utility's
1.10 rate base must include in the filing with the commission (1) a quantitative and qualitative
1.11 assessment of the proposed asset's contribution to the utility's system reliability during times
1.12 of peak demand, and (2) for an electric generating facility, a calculation of the addition's
1.13 seasonal effective load carrying capability and the methodology used to make the calculation.

1.14 (b) A commission order addressing the addition of an electric generating facility or
1.15 transmission asset to a public utility's rate base must:

1.16 (1) include a finding explaining the extent to which adding the electric generating facility
1.17 or transmission asset contributes to the utility's system reliability during times of peak
1.18 demand, as determined by the commission;

1.19 (2) determine what, if any, portion of the costs and expenses related to adding the electric
1.20 generating unit or transmission asset to the public utility's rate base are recoverable costs
1.21 that may be obtained through rates that are just and reasonable; and

1.22 (3) include the following information, as applicable:

2.1 (i) the approved increase in recoverable rates;
 2.2 (ii) the approved rate of return on an electric generating facility or transmission asset,
 2.3 and the duration of the approved return; and

2.4 (iii) the amount of the electric generating facility or transmission asset costs and expenses
 2.5 that the commission has determined are not recoverable costs.

2.6 (c) For the purposes of this subdivision and subdivision 6f, the following terms have the
 2.7 meanings given:

2.8 (1) "electric generating facility" means an asset used to generate or store electricity for
 2.9 retail sale to Minnesota ratepayers;

2.10 (2) "recoverable costs" means the revenue a public utility may recover from Minnesota
 2.11 ratepayers to pay for:

2.12 (i) the cost of an electric generating facility;

2.13 (ii) the cost of a transmission asset; and

2.14 (iii) the rate of return a public utility may earn on items (i) and (ii);

2.15 (3) "seasonal effective load carrying capability" means the incremental load an electric
 2.16 system is capable of supplying from a particular electric generating facility while maintaining
 2.17 the same level of system reliability during each season, as determined by the Midcontinent
 2.18 Independent System Operator;

2.19 (4) "system reliability" means an electric system's ability to deliver electricity to the
 2.20 electric system's customers without interruption or failure; and

2.21 (5) "transmission asset" means equipment necessary to transmit electricity from an
 2.22 electric generating facility to a public utility's distribution system for delivery to a retail
 2.23 electric customer.

2.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 2.25 applies to applicable filings made on or after that date.

2.26 Sec. 2. Minnesota Statutes 2024, section 216B.16, is amended by adding a subdivision to
 2.27 read:

2.28 Subd. 6f. **Reduction in capacity or retirement of generation or transmission assets.** (a)
 2.29 A public utility that proposes to reduce the capacity of or retire from service an electric
 2.30 generating facility or a transmission asset must include in the public utility's filing with the
 2.31 commission evidence that the proposed action does not impair the public utility's ability to

3.1 fully meet the public utility's system reliability requirements during times of peak demand,
3.2 including a quantitative and qualitative evaluation of the impact of the proposed action on
3.3 system reliability.

3.4 (b) A commission order addressing the reduction in capacity or retirement of an electric
3.5 generating facility or transmission facility must contain an explanation describing the extent
3.6 to which the action impacts the utility's system reliability during times of peak demand,
3.7 taking into account other scheduled utility asset reductions in capacity or retirements from
3.8 service.

3.9 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.10 applies to applicable filings made on or after that date.