

(SENATE AUTHORS: HOWE)

DATE	D-PG	OFFICIAL STATUS
03/30/2011	1066	Introduction and first reading Referred to Energy, Utilities and Telecommunications

1.1A bill for an act

1.2relating to energy; amending definition of community-based energy development

1.3project; amending Minnesota Statutes 2010, section 216B.1612, subdivision 2.

1.4BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5Section 1. Minnesota Statutes 2010, section 216B.1612, subdivision 2, is amended to

1.6read:

1.7Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given

1.8them in this subdivision.

1.9(b) "C-BED tariff" or "tariff" means a community-based energy development tariff.

1.10(c) "Qualifying beneficiary" means:

1.11(1) a Minnesota resident individually or as a member of a Minnesota limited liability

1.12company organized under chapter 322B and formed for the purpose of developing a

1.13C-BED project;

1.14(2) a Minnesota nonprofit organization organized under chapter 317A;

1.15(3) a Minnesota cooperative association organized under chapter 308A or 308B,

1.16including a rural electric cooperative association or a generation and transmission

1.17cooperative on behalf of and at the request of a member distribution utility;

1.18(4) a Minnesota political subdivision or local government including, but not limited

1.19to, a municipal electric utility, or a municipal power agency on behalf of and at the request

1.20of a member distribution utility; the office of the commissioner of Iron Range resources

1.21and rehabilitation; a county, statutory or home rule charter city, town, school district, or

1.22public or private higher education institution; or any other local or regional governmental

1.23organization such as a board, commission, or association;

1.24(5) a tribal council; or

(6) a legal entity (i) formed for a purpose other than to participate in C-BED projects; (ii) whose principal place of business or principal executive office is located in Minnesota; and (iii) that provides labor, services, equipment, components, or debt financing to a C-BED project.

A public utility, as defined in section 216B.02, subdivision 4, is not a qualifying beneficiary.

(d) "Qualifying revenue" includes, but is not limited to:

(1) royalties, distributions, dividends, and other payments flowing directly or indirectly to individuals who are qualifying beneficiaries;

(2) reasonable fees for consulting, development, professional, construction, and operations and maintenance services paid to qualifying beneficiaries;

(3) interest and fees paid to financial institutions that are qualifying beneficiaries;

(4) the value-added portion of payments for goods manufactured in Minnesota; and

(5) production taxes.

(e) "Discount rate" means the ten-year United States Treasury Yield as quoted in the Wall Street Journal as of the date of application for determination under subdivision 10, plus five percent; except that the discount rate applicable to any qualifying revenues contingent upon an equity investor earning a specified internal rate of return is the ten-year United States Treasury Yield, plus eight percent.

(f) "Standard reliability criteria" means:

(1) can be safely integrated into and operated within the utility's grid without causing any adverse or unsafe consequences; and

(2) is consistent with the utility's resource needs as identified in its most recent resource plan submitted under section 216B.2422.

(g) "Renewable" refers to a technology listed in section 216B.1691, subdivision 1, paragraph (a).

(h) "Community-based energy development project" or "C-BED project" means a new renewable energy project that either as a stand-alone project or part of a partnership under subdivision 8:

(1) has no single qualifying beneficiary, including any parent company or subsidiary of the qualifying beneficiary, owning more than 15 percent of a C-BED wind energy project unless: (i) the C-BED wind energy project consists of only one or two turbines; or (ii) the qualifying beneficiary is a public entity listed under paragraph (c), clause (4);

(2) demonstrates that at least 51 percent of the net present value of the gross revenues from a power purchase agreement over the life of the project are qualifying revenues; ~~and~~

3.1 (3) has a resolution of support adopted by the county board of each county in which
3.2 the project is to be located, or in the case of a project located within the boundaries of
3.3 a reservation, the tribal council for that reservation; and

3.4 (4) has a nameplate capacity of 25 megawatts or less.

3.5 (i) "Value-added portion" means the difference between the total sales price and the
3.6 total cost of components, materials, and services purchased from or provided outside
3.7 of Minnesota.

3.8 **EFFECTIVE DATE.** This section is effective the day following final enactment
3.9 and applies to C-BED projects that file an application with the commissioner of commerce
3.10 for a predetermination or determination of C-BED eligibility after that date.