SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 2181

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DATE	D-PG	OFFICIAL STATUS
03/01/2012	4075	Introduction and first reading
		Referred to Energy, Utilities and Telecommunications
03/12/2012		Comm report: To pass as amended and re-refer to Finance

A bill for an act

relating to energy; regulating the renewable development account; amending Minnesota Statutes 2010, section 116C.779, subdivision 2; Minnesota Statutes 2011 Supplement, section 116C.779, subdivision 1; repealing Laws 2003, First Special Session chapter 11, article 2, section 17.

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

Section 1. Minnesota Statutes 2011 Supplement, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The public utility that owns the Prairie Island nuclear generating plant must transfer to a renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(d)~~ (c). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year. ~~Funds in the account may be expended only for development of renewable energy sources. Preference must be given to development of renewable energy source projects located within the state. The utility that owns a nuclear generating plant is eligible to apply for renewable development fund grants. The utility's proposals must be evaluated by the renewable development fund board in a manner consistent with that used to evaluate other renewable development fund project proposals.~~

(b) The public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(d)~~ (c). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

~~(c) Expenditures authorized by this subdivision from the account may only be made after approval by order of the Public Utilities Commission upon a petition by the public utility. Commission approval is not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or other law.~~

~~(d)~~ (c) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

(d) Funds in the account may be expended only for any of the following purposes:

(1) to increase the market penetration within the state of renewable electric energy resources at reasonable costs;

(2) to promote the start-up, expansion, and attraction of renewable electric energy projects and companies within the state;

(3) to stimulate research and development within the state into renewable electric energy technologies; and

(4) to develop near-commercial and demonstration scale renewable electric or electric infrastructure efficiency projects beneficial to the public utility's ratepayers.

The utility that owns a nuclear generating plant is eligible to apply for renewable development account grants.

(e) Expenditures authorized by this subdivision from the account may only be made after approval by order of the Public Utilities Commission upon a petition by the public utility. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. Commission approval is not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or other law.

(f) The account shall be managed by the public utility but the public utility must consult about account expenditures with an advisory group that includes, among others, representatives of its ratepayers. The commission may require that other interests be represented on the advisory group. The advisory group must be consulted with respect to the general scope of expenditures in designing a request for proposal and in evaluating projects submitted in response to a request for proposals. In addition to consulting with the advisory group, the public utility must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. The utility should attempt to reach agreement with the advisory group after consulting with it but the utility has full and sole authority to determine which expenditures shall be submitted to the commission for commission approval. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

(g) Funds in the account may not be directly appropriated by the legislature by a law enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date may only be expended pursuant to an order of the commission according to this subdivision.

(h) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

(i) The public utility must annually, by February 15, report to the chair and ranking minority member of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(j) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

(k) Final reports and any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the commission.

(l) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development fund, noting that the fund is financed by the public utility's ratepayers.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 116C.779, subdivision 2, is amended to read:

Subd. 2. **Renewable energy production incentive.** (a) Until January 1, 2021, $10,900,000 annually must be allocated from available funds in the account to fund renewable energy production incentives. $9,400,000 of this annual amount is for incentives for electricity generated by wind energy conversion systems that are eligible for the incentives under section 216C.41 or Laws 2005, chapter 40.

(b) The balance of this amount, up to $1,500,000 annually, may be used for production incentives for on-farm biogas recovery facilities and hydroelectric facilities that are eligible for the incentive under section 216C.41 or for production incentives for other renewables, to be provided in the same manner as under section 216C.41.

(c) Any portion of the $10,900,000 not expended in any calendar year for the incentive is available for other spending purposes under ~~this section~~ subdivision 1. This subdivision does not create an obligation to contribute funds to the account.

(d) The Department of Commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the Department of Commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 3. **REPEALER.**

Laws 2003, First Special Session chapter 11, article 2, section 17, is repealed.

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