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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3569

03/24/2016 Authored by Garofalo

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to energy; capping certain transfers to the renewable development
1.3 account; amending Minnesota Statutes 2014, section 116C.779, subdivision 1.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2014, section 116C.779, subdivision 1, is amended to
1.6 read:

1.7 Subdivision 1. **Renewable development account.** (a) The public utility that owns
1.8 the Prairie Island nuclear generating plant must transfer to a renewable development
1.9 account:

1.10 (1) \$500,000 each year for each dry cask containing spent fuel that is located at the
1.11 Prairie Island power plant for each year the plant is in operation, and. The obligation
1.12 ends when the cumulative amount of transfers made under this clause after July 1, 2016,
1.13 reaches \$10,000,000; and

1.14 (2) \$7,500,000 each year the plant is not in operation if ordered by the commission
1.15 pursuant to paragraph (c). The fund transfer must be made if nuclear waste is stored in a
1.16 dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

1.17 (b) The public utility that owns the Monticello nuclear generating plant must transfer
1.18 to the renewable development account:

1.19 (1) \$350,000 each year for each dry cask containing spent fuel that is located at the
1.20 Monticello nuclear power plant for each year the plant is in operation, and. The obligation
1.21 ends when the cumulative amount of transfers made under this clause after July 1, 2016,
1.22 reaches \$10,000,000; and

2.1 (2) \$5,250,000 each year the plant is not in operation if ordered by the commission
2.2 pursuant to paragraph (c). The fund transfer must be made if nuclear waste is stored in a
2.3 dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

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

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

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

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

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

2.19 (4) to develop near-commercial and demonstration scale renewable electric projects
2.20 or near-commercial and demonstration scale electric infrastructure delivery projects if
2.21 those delivery projects enhance the delivery of renewable electric energy.

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

2.24 (e) Expenditures authorized by this subdivision from the account may be made only
2.25 after approval by order of the Public Utilities Commission upon a petition by the public
2.26 utility. The commission may approve proposed expenditures, may disapprove proposed
2.27 expenditures that it finds to be not in compliance with this subdivision or otherwise
2.28 not in the public interest, and may, if agreed to by the public utility, modify proposed
2.29 expenditures. The commission may approve reasonable and necessary expenditures
2.30 for administering the account in an amount not to exceed five percent of expenditures.
2.31 Commission approval is not required for expenditures required under subdivisions 2
2.32 and 3, section 116C.7791, or other law.

2.33 (f) The account shall be managed by the public utility but the public utility must
2.34 consult about account expenditures with an advisory group that includes, among others,
2.35 representatives of its ratepayers. The commission may require that other interests be
2.36 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. A request for proposal for research and development under paragraph (d), clause (3), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. 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 be expended only 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 chairs and ranking minority members 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, 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, 2016.