SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1078

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02/11/2019	328	Introduction and first reading Referred to Energy and Utilities Finance and Policy

A bill for an act

relating to energy; modifying the definition of biomass as an eligible energy technology; increasing the proportion of energy that electricity-generating utilities must supply from renewable sources and setting target dates by which those goals must be achieved; amending Minnesota Statutes 2018, section 216B.1691, subdivisions 1, 2a, 2b, 9, by adding a subdivision.

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

Section 1. Minnesota Statutes 2018, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:

(1) solar;

(2) wind;

(3) hydroelectric with a capacity of less than 100 megawatts;

(4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from the resources listed in this paragraph; or

(5) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; and the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity~~; and an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel~~.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.

(c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility. "Total retail electric sales" does not include the sale of hydroelectricity supplied by a federal power marketing administration or other federal agency, regardless of whether the sales are directly to a distribution utility or are made to a generation and transmission utility and pooled for further allocation to a distribution utility.

(d) "Carbon-free" means a technology that generates electricity without emitting carbon dioxide.

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

Sec. 2. Minnesota Statutes 2018, section 216B.1691, subdivision 2a, is amended to read:

Subd. 2a. **Eligible energy technology standard.** (a) Except as provided in paragraph (b), each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2012	12 percent
(2)	2016	17 percent
(3)	2020	20 percent
(4)	2025	25 percent.
(5)	2030	55 percent
(6)	2035	80 percent.

(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to

retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1)	2010	15 percent
(2)	2012	18 percent
(3)	2016	25 percent
(4)	2020	30 percent.
(5)	2026	55 percent
(6)	2030	60 percent
(7)	2035	85 percent.

~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.~~

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

Sec. 3. Minnesota Statutes 2018, section 216B.1691, subdivision 2b, is amended to read:

Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay the implementation of a standard obligation, in whole or in part, if the commission determines it is in the public interest to do so. The commission, when requested to modify or delay implementation of a standard, must consider:

(1) the impact of implementing the standard on its customers' utility costs, including the economic and competitive pressure on the utility's customers;

(2) the environmental costs that would be incurred as a result of a delay or modification, based on the environmental cost values established in section 216B.2422, subdivision 3;

(3) the effects of implementing the standard on the reliability of the electric system;

~~(3)~~ (4) technical advances or technical concerns;

~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;

~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;

~~(6)~~ (7) transmission constraints preventing delivery of service; and

~~(7)~~ (8) other statutory obligations imposed on the commission or a utility.

The commission may modify or delay implementation of a standard obligation under clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, would cause significant environmental costs, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under clauses ~~(4)~~ (5) to ~~(6)~~ (7) only if it finds that the circumstances described in those clauses were due to circumstances beyond an electric utility's control and make compliance not feasible.

(b) When evaluating transmission capacity constraints under paragraph (a), clause (7), the commission must consider:

(1) whether the utility has, in a timely fashion, undertaken reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, and its obligations as a member of the Midcontinent Independent System Operator, to acquire sites, necessary permit approvals, and necessary equipment to develop and construct new transmission lines or upgrade existing transmission lines to transmit electricity generated by eligible energy technologies; and

(2) whether the utility has taken all reasonable operational measures to maximize cost-effective electricity delivery from eligible energy technologies in advance of transmission availability.

~~(b)~~ (c) When considering whether to delay or modify implementation of a standard obligation, the commission must give due consideration to a preference for electric generation through use of eligible energy technology and to the achievement of the standards set by this section.

~~(c)~~ (d) An electric utility requesting a modification or delay in the implementation of a standard must file a plan to comply with its standard obligation in the same proceeding that it is requesting the delay.

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

Sec. 4. Minnesota Statutes 2018, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2g. **Carbon-free standard.** (a) By 2050, 100 percent of the electricity each electric utility subject to subdivision 2a, paragraph (a), provides directly to Minnesota retail customers, or indirectly through wholesale sales to a distribution utility serving Minnesota retail customers, must be generated by a technology that is carbon-free.

(b) By 2045, 100 percent of the electricity each electric utility subject to subdivision 2a, paragraph (b), provides directly to Minnesota retail customers, or indirectly through wholesale sales to a distribution utility serving Minnesota retail customers, must be generated by a technology that is carbon-free.

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

Sec. 5. Minnesota Statutes 2018, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that maximizes benefits to all Minnesota citizens~~, balancing~~ throughout the state, including but not limited to:

(1) the creation of high-quality jobs in Minnesota paying wages that support families;

(2) recognition of the rights of workers to organize and unionize;

(3) ensuring that workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in communities that host retiring power plants or that contain historically marginalized and underrepresented populations;

(4) ensuring that all Minnesotans share the benefits of clean and renewable energy, and the opportunity to participate fully in the clean energy economy;

(5) ensuring that air emissions are reduced in communities historically burdened by pollution and the impacts of climate change; and

(6) the provision of affordable electric service to Minnesotans, particularly to low-income consumers.

(b) The commission must also implement this section in a manner that balances factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to Minnesotans.

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