

## CHAPTER 355—H.F.No. 31

## VETOED

## CHAPTER 356—H.F.No. 1253

*An act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B.*

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

Section 1. Minnesota Statutes 1992, section 216B.164, subdivision 4, is amended to read:

Subd. 4. **PURCHASES; WHEELING.** (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40 kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs including the value of environmental costs avoided by the qualifying facility considered appropriate by the commission. To the extent possible, the commission shall quantify and value all environmental costs associated with each method of electricity generation as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.

(c) For all qualifying facilities having 30 kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

New language is indicated by underline, deletions by ~~strikeout~~.