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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3209

02/13/2020 Authored by Stephenson The bill was read for the first time and referred to the Energy and Climate Finance and Policy Division

1.1 A bill for an act
1.2 relating to energy; requiring utilities to analyze the economics of restricting
1.3 nonrenewable generating facilities to seasonal operation; providing a process for
1.4 Public Utilities Commission approval of a seasonable operations pilot project;
1.5 amending Minnesota Statutes 2018, section 216B.2422, by adding a subdivision;
1.6 proposing coding for new law in Minnesota Statutes, chapter 216B.

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

1.8 Section 1. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 2d. Nonrenewable seasonal operations analysis. (a) Each utility required to file
1.11 a resource plan under subdivision 2 must include in the plan an analysis of the economic
1.12 and environmental costs and benefits to operate each of the utility's nonrenewable generating
1.13 units on a seasonal basis. The analysis must include:

1.14 (1) for each of the next three years, an estimate of the amount of excess generating
1.15 capacity on the utility's grid;

1.16 (2) for the three most recent years, a list of the dates on which each nonrenewable
1.17 generating unit was not committed to the Midcontinent Independent System Operator as a
1.18 result of economics;

1.19 (3) for each of the next three years, a comparison of the estimated reduction in variable
1.20 costs to operate each unit on a seasonal basis, including but not limited to operations and
1.21 maintenance costs, capital expenditures, and the associated reduction in revenues;

1.22 (4) for each of the next three years, the estimated reduction in carbon dioxide and criteria
1.23 pollutant emissions at units operating on a seasonal basis, including projections for the

2.1 economic value of those reductions calculated using the environmental costs established
 2.2 by the commission under subdivision 3;

2.3 (5) the impact of seasonal operation on the reliability of the utility's grid;

2.4 (6) the impact of different Midcontinent Independent System Operator auction clearing
 2.5 prices on the economics of seasonal operation;

2.6 (7) a discussion regarding what seasonal operations require modification to comply with
 2.7 Midcontinent Independent System Operator and Federal Energy Regulatory Commission
 2.8 rules and regulations;

2.9 (8) whether additional operational flexibility is required to meet contingencies that
 2.10 develop under seasonal operation; and

2.11 (9) any other information requested by the commission.

2.12 (b) For the purposes of this subdivision, "seasonal operation" or "seasonal basis" means
 2.13 operating a nonrenewable electric generating unit only during the months of June through
 2.14 August and December through February, while retaining the ability to restart the idled plant
 2.15 in other months.

2.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 2.17 applies to an integrated resource plan filed on or after that date.

2.18 **Sec. 2. [216B.2427] SEASONAL OPERATIONS PLAN.**

2.19 (a) As part of an integrated resource plan or via a separate filing, an electric utility may
 2.20 file for the commission's review and approval a plan to implement a pilot project to operate
 2.21 one or more of its nonrenewable electric generating facilities on a seasonal basis. The plan
 2.22 must include:

2.23 (1) the analysis required under section 216B.2422, subdivision 2d;

2.24 (2) the proposed changes in operation and the duration of those changes;

2.25 (3) a description of the data collected by the utility from the pilot project;

2.26 (4) a discussion regarding how the electric utility proposes to evaluate the data collected;

2.27 (5) protections employed by the electric utility to ensure the pilot project does not
 2.28 unreasonably increase rates to ratepayers or negatively impact the utility's ability to provide
 2.29 reliable electric service; and

2.30 (6) a schedule of reports made by the utility to the commission during and after pilot
 2.31 project operations, including a description of the data and analyses the reports will contain.

3.1 (b) The commission may approve, modify, or reject a plan. An electric utility may elect
3.2 not to implement a plan modified by the commission.

3.3 (c) The commission may approve a plan if it finds that the plan:

3.4 (1) produces useful information on the costs and benefits of seasonal operations as a
3.5 means of reducing the electric utility's greenhouse gas emissions;

3.6 (2) does not jeopardize reliable electric service to ratepayers; and

3.7 (3) does not unreasonably increase electric rates.

3.8 (d) An electric utility implementing an approved pilot project under this section is
3.9 authorized to recover prudently incurred costs, including fuel costs, resulting from
3.10 implementation of the plan.

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