

**SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE**

S.F. No. 97

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A bill for an act

relating to energy; abolishing 2025 renewable energy standards; making clarifying changes; amending Minnesota Statutes 2012, sections 3.8851, subdivision 3; 216B.1691, subdivisions 2d, 3, 4, 5, 7, 9; repealing Minnesota Statutes 2012, section 216B.1691, subdivisions 2a, 2b, 2c.

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

Section 1. Minnesota Statutes 2012, section 3.8851, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The commission shall continuously evaluate the energy policies of this state and the degree to which they promote an environmentally and economically sustainable energy future. The commission shall monitor the state's progress in achieving its goals to develop renewable sources of electric energy under section 216B.1691, ~~subdivision 2a~~, and the progress of energy-related sectors in reducing greenhouse gas emissions under the state's greenhouse gas emissions-reductions goals established in section 216H.02, subdivision 1. The commission may review proposed energy legislation and may recommend legislation. The commission shall when feasible solicit and consider public testimony regarding the economic, environmental, and social implications of state energy plans and policies. Notwithstanding any other law to the contrary the commission's evaluations and reviews under this subdivision shall include new and existing technologies for nuclear power.

(b) The commission may study, analyze, hold hearings, and make legislative recommendations regarding the following issues:

- (1) the generation, transmission, and distribution of electricity;
- (2) the reduction of greenhouse gas emissions;
- (3) the conservation of energy;

- 2.1 (4) alternative energy sources available to replace dwindling fossil fuel and other
 2.2 nonrenewable fuel sources;
- 2.3 (5) the development of renewable energy supplies;
- 2.4 (6) the economic development potential associated with issues described in clauses
 2.5 (1) to (5); and
- 2.6 (7) other energy-related subjects the commission finds significant.

2.7 Sec. 2. Minnesota Statutes 2012, section 216B.1691, subdivision 2d, is amended to read:

2.8 Subd. 2d. **Commission order.** The commission shall issue necessary orders
 2.9 detailing the criteria ~~and standards~~ by which it will measure an electric utility's efforts to
 2.10 meet the renewable energy objectives of ~~subdivision 2~~ this section to determine whether
 2.11 the utility is making the required good-faith effort. In this order, the commission shall
 2.12 include criteria ~~and standards~~ that protect against undesirable impacts on the reliability
 2.13 of the utility's system and economic impacts on the utility's ratepayers and that consider
 2.14 technical feasibility.

2.15 Sec. 3. Minnesota Statutes 2012, section 216B.1691, subdivision 3, is amended to read:

2.16 Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report
 2.17 on its plans, activities, and progress with regard to the good-faith objectives ~~and standards~~
 2.18 of this section in its filings under section 216B.2422 or in a separate report submitted
 2.19 to the commission every two years, whichever is more frequent, demonstrating to the
 2.20 commission the utility's good-faith effort to ~~comply with this section~~ generate or procure
 2.21 electricity generated by an eligible energy technology. In its resource plan or a separate
 2.22 report, each electric utility shall provide a description of:

- 2.23 (1) the status of the utility's renewable energy mix relative to the good-faith
 2.24 objective ~~and standards~~;
- 2.25 (2) efforts taken to meet the objective ~~and standards~~;
- 2.26 (3) any obstacles encountered or anticipated in meeting the objective ~~or standards~~; and
- 2.27 (4) potential solutions to the obstacles.

2.28 (b) The commissioner shall compile the information provided to the commission
 2.29 under paragraph (a), and report to the chairs of the house of representatives and senate
 2.30 committees with jurisdiction over energy and environment policy issues as to the progress
 2.31 of utilities in the state, including the progress of each individual electric utility, in increasing
 2.32 the amount of renewable energy provided to retail customers, with any recommendations
 2.33 for regulatory or legislative action, by January 15 of each odd-numbered year.

3.1 Sec. 4. Minnesota Statutes 2012, section 216B.1691, subdivision 4, is amended to read:

3.2 Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section,
3.3 the commission, by rule or order, shall establish by January 1, 2008, a program for
3.4 tradable renewable energy credits for electricity generated by eligible energy technology.
3.5 The credits must represent energy produced by an eligible energy technology, as defined in
3.6 subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as
3.7 a kilowatt-hour of eligible energy technology generated or procured by an electric utility if
3.8 it is produced by an eligible energy technology. The program must permit a credit to be
3.9 used only once. The program must treat all eligible energy technology equally and shall
3.10 not give more or less credit to energy based on the state where the energy was generated or
3.11 the technology with which the energy was generated. The commission must determine the
3.12 period in which the credits may be used for purposes of the program.

3.13 (b) In lieu of generating or procuring energy directly to satisfy the eligible energy
3.14 technology objective ~~or standard~~ of this section, an electric utility may utilize renewable
3.15 energy credits allowed under the program to satisfy the objective ~~or standard~~.

3.16 (c) The commission shall facilitate the trading of renewable energy credits between
3.17 states.

3.18 (d) The commission shall require all electric utilities to participate in a
3.19 commission-approved credit-tracking system or systems. Once a credit-tracking system is
3.20 in operation, the commission shall issue an order establishing protocols for trading credits.

3.21 ~~(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable~~
3.22 ~~energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.~~

3.23 Sec. 5. Minnesota Statutes 2012, section 216B.1691, subdivision 5, is amended to read:

3.24 Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel
3.25 combustion through fuel blending or co-firing under paragraph (b) may only count toward
3.26 a utility's objectives ~~or standards~~ if the generation facility:

3.27 (1) was constructed in compliance with new source performance standards
3.28 promulgated under the federal Clean Air Act, United States Code, title 42, section 7401 et
3.29 seq., for a generation facility of that type; or

3.30 (2) employs the maximum achievable or best available control technology available
3.31 for a generation facility of that type.

3.32 (b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1,
3.33 paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage
3.34 of electricity that is attributable to a fuel listed in that clause can be counted toward an
3.35 electric utility's renewable energy objectives.

4.1 Sec. 6. Minnesota Statutes 2012, section 216B.1691, subdivision 7, is amended to read:

4.2 Subd. 7. **Compliance.** The commission must regularly investigate whether an
4.3 electric utility is in compliance with its good-faith objective under subdivision 2 ~~and~~
4.4 ~~standard obligation under subdivision 2a.~~ If the commission finds noncompliance, it may
4.5 order the electric utility to construct facilities, purchase energy generated by eligible
4.6 energy technology, purchase renewable energy credits, or engage in other activities
4.7 to achieve compliance. If an electric utility fails to comply with an order under this
4.8 subdivision, the commission may impose a financial penalty on the electric utility in an
4.9 amount not to exceed the estimated cost of the electric utility to achieve compliance. The
4.10 penalty may not exceed the lesser of the cost of constructing facilities or purchasing
4.11 credits. The commission must deposit financial penalties imposed under this subdivision
4.12 in the energy and conservation account established in the special revenue fund under
4.13 section 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any
4.14 other authority of the commission to enforce this section.

4.15 Sec. 7. Minnesota Statutes 2012, section 216B.1691, subdivision 9, is amended to read:

4.16 Subd. 9. **Local benefits.** The commission shall take all reasonable actions within
4.17 its statutory authority to ensure this section is implemented to maximize benefits to
4.18 Minnesota citizens, balancing factors such as local ownership of or participation in
4.19 energy production, development and ownership of eligible energy technology facilities by
4.20 independent power producers, Minnesota utility ownership of eligible energy technology
4.21 facilities, the costs of energy generation to satisfy the ~~renewable standard~~ good-faith
4.22 objective, and the reliability of electric service to Minnesotans.

4.23 Sec. 8. **REPEALER.**

4.24 Minnesota Statutes 2012, section 216B.1691, subdivisions 2a, 2b, and 2c, are
4.25 repealed.

216B.1691 RENEWABLE ENERGY OBJECTIVES.

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. |

(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. |

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.

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 effects of implementing the standard on the reliability of the electric system;
- (3) technical advances or technical concerns;
- (4) delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;
- (5) delays, cancellations, or nondelivery of necessary equipment for construction or commercial operation of an eligible energy technology facility;
- (6) transmission constraints preventing delivery of service; and
- (7) 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) only if it finds implementation would cause significant rate impact, requires significant measures to address reliability, or raises significant technical issues. The commission may modify or delay implementation of a standard obligation under clauses (4) to (6) 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 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) 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.

Subd. 2c. **Use of integrated resource planning process.** The commission may exercise its authority under subdivision 2b to modify or delay implementation of a standard obligation as part of an integrated resource planning proceeding under section 216B.2422. The commission's authority must be exercised according to subdivision 2b. The order to delay or modify shall not be

APPENDIX

Repealed Minnesota Statutes: 13-0431

considered advisory with respect to any electric utility. This subdivision is in addition to and does not limit the commission's authority to modify or delay implementation of a standard obligation in other proceedings before the commission.