

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

**S.F. No. 204**

(SENATE AUTHORS: SCHMIT)

DATE	D-PG	OFFICIAL STATUS
01/31/2013	130	Introduction and first reading Referred to Environment and Energy

1.1 A bill for an act  
 1.2 relating to energy; utilities; community-based energy development projects;  
 1.3 modifying tariff issues; adding an eligibility review; amending Minnesota  
 1.4 Statutes 2012, section 216B.1612, subdivisions 3, 7, by adding subdivisions.

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

1.6 Section 1. Minnesota Statutes 2012, section 216B.1612, subdivision 3, is amended to  
 1.7 read:

1.8 Subd. 3. **Tariff rate.** (a) The tariff described in subdivision 4 must provide for a rate  
 1.9 that is higher in the first ten years of the power purchase agreement than in the last ten years.

1.10 ~~(b) The commission shall consider mechanisms to encourage the aggregation~~  
 1.11 ~~of C-BED projects.~~

1.12 ~~(e)~~ (b) The commission shall require that C-BED projects provide sufficient security  
 1.13 to secure performance under the power purchase agreement, and shall prohibit transfer of  
 1.14 a C-BED project during the initial term of a power purchase agreement if the transfer will  
 1.15 result in the project no longer qualifying under subdivision 2, paragraph (h).

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

1.17 Sec. 2. Minnesota Statutes 2012, section 216B.1612, subdivision 7, is amended to read:

1.18 Subd. 7. **Other C-BED tariff issues.** (a) A community-based project developer  
 1.19 and a utility shall negotiate the rate and power purchase agreement terms consistent with  
 1.20 the tariff established under subdivision 4.

1.21 (b) At the discretion of the developer, a community-based project developer and a  
 1.22 utility may negotiate a power purchase agreement entered into before July 1, 2013, with  
 1.23 terms different from the tariff established under subdivision 4.

2.1 (c) A C-BED project may be jointly developed with a non-C-BED project. However,  
2.2 the terms of the C-BED tariff may only apply to the portion of the energy production of  
2.3 the total project that is directly proportional to the energy produced by the C-BED project.  
2.4 A project that is operating under a power purchase agreement under a C-BED tariff is not  
2.5 eligible for net energy billing under section 216B.164, subdivision 3, or for production  
2.6 incentives under section 216C.41.

2.7 (d) A public utility must receive commission approval of a power purchase  
2.8 agreement for a C-BED tariffed project. The commission shall provide the utility's  
2.9 ratepayers an opportunity to address the reasonableness of the proposed power purchase  
2.10 agreement. Unless a party objects to a contract within 30 days of submission of the  
2.11 contract to the commission the contract is deemed approved.

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

2.13 Sec. 3. Minnesota Statutes 2012, section 216B.1612, is amended by adding a  
2.14 subdivision to read:

2.15 Subd. 8a. **Aggregation.** The commission shall consider mechanisms to encourage  
2.16 the aggregation of C-BED projects.

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

2.18 Sec. 4. Minnesota Statutes 2012, section 216B.1612, is amended by adding a  
2.19 subdivision to read:

2.20 Subd. 11. **C-BED eligibility review.** Beginning July 1, 2013, and each year  
2.21 thereafter, a C-BED project that has received a determination of eligibility from the  
2.22 commissioner must submit to the commission, on a form developed by the commission,  
2.23 evidence that the project continues to meet all the qualifying criteria established under  
2.24 subdivision 2, paragraph (h), clauses (1) and (2), and subdivision 3. If the commission,  
2.25 after reviewing this information and any other information it deems relevant, determines  
2.26 that a C-BED project no longer meets all the qualifying criteria established under  
2.27 subdivision 2, paragraph (h), clauses (1) and (2), and subdivision 3, the commission shall  
2.28 revoke the project's C-BED eligibility determination.

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