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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 759

02/02/2017 Authored by Metsa, Ecklund and Sandstede
The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to energy; amending the terms of a contract for a biomass project; amending
1.3 Minnesota Statutes 2016, section 216B.2424, subdivisions 2, 3.

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

1.5 Section 1. Minnesota Statutes 2016, section 216B.2424, subdivision 2, is amended to read:

1.6 Subd. 2. **Interim exemption.** (a) A biomass project proposing to use, as its primary fuel
1.7 over the life of the project, short-rotation woody crops, may use as an interim fuel agricultural
1.8 waste and other biomass which is not farm-grown closed-loop biomass for up to six years
1.9 after the project's electric generating facility becomes operational; provided, the project
1.10 developer demonstrates the project will use the designated short-rotation woody crops as
1.11 its primary fuel after the interim period and provided the location of the interim fuel
1.12 production meets the requirements of subdivision 1, paragraph (a), clause (3).

1.13 (b) A biomass project proposing to use, as its primary fuel over the life of the project,
1.14 short-rotation woody crops, may use as an interim fuel agricultural waste and other biomass
1.15 which is not farm-grown closed-loop biomass for up to three years after the project's electric
1.16 generating facility becomes operational; provided, the project developer demonstrates the
1.17 project will use the designated short-rotation woody crops as its primary fuel after the interim
1.18 period.

1.19 (c) A biomass project that uses an interim fuel under the terms of paragraph (b) may, in
1.20 addition, use an interim fuel under the terms of paragraph (a) for six years less the number
1.21 of years that an interim fuel was used under paragraph (b).

2.1 (d) A project developer proposing to use an exempt interim fuel under paragraphs (a)
 2.2 and (b) must demonstrate to the public utility that the project will have an adequate supply
 2.3 of short-rotation woody crops which meet the requirements of subdivision 1 to fuel the
 2.4 project after the interim period.

2.5 (e) If a biomass project using an interim fuel under this subdivision is or becomes directly
 2.6 or indirectly owned or controlled, ~~directly or indirectly~~, by two municipal utilities as
 2.7 described in subdivision 5a, paragraph (b), the project is deemed to comply with the
 2.8 requirement under this subdivision to use as its primary fuel farm-grown closed-loop biomass
 2.9 if, of the total fuel used over the life of the project:

2.10 (1) farm-grown closed-loop biomass comprises no less than 25 percent of the fuel used
 2.11 over the life of the project; and

2.12 (2) all biomass fuels used comprise no less than 75 percent.

2.13 (f) For the purposes of assessing compliance with paragraph (e), clauses (1) and (2), the
 2.14 calculation must exclude the five years during the first ten years of the life of the project in
 2.15 which farm-grown closed-loop biomass and all biomass fuels, as appropriate, are at the
 2.16 lowest levels as a proportion of total fuel used.

2.17 (g) For purposes of this subdivision and subdivision 3, "life of the project" means 20
 2.18 years from the date the project becomes operational or the term of the applicable power
 2.19 purchase agreement between the project owner and the public utility, whichever is longer.

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

2.21 Sec. 2. Minnesota Statutes 2016, section 216B.2424, subdivision 3, is amended to read:

2.22 Subd. 3. **Fuel exemption.** Over the ~~duration of the contract~~ life of the project of a biomass
 2.23 power facility selected to satisfy the mandate in subdivision 5, fuel sources that are not
 2.24 biomass may be used to satisfy up to 25 percent of the fuel requirements of a biomass power
 2.25 facility selected to satisfy the biomass power mandate in subdivision 5, except that
 2.26 agricultural crop wastes, such as oat hulls, may be used to satisfy more than 25 percent of
 2.27 the fuel requirements of a power facility selected to satisfy the biomass power mandate in
 2.28 subdivision 5 if the wastes are co-fired with the fuel authorized for the facility. A biomass
 2.29 power facility selected to satisfy the mandate in subdivision 5 also may use fuel sources
 2.30 that are not biomass during any period when biomass fuel sources are not reasonably available
 2.31 to the facility due to any circumstances constituting an act of God. Fuel sources that are not
 2.32 biomass used during such a period of biomass fuel source unavailability shall not be counted
 2.33 toward the 25 percent exemption provided in this subdivision. For purposes of this

3.1 subdivision, "act of God" means any natural disaster or other natural phenomenon of an
3.2 exceptional, inevitable, or irresistible character, including, but not limited to, flood, fire,
3.3 drought, earthquake, and crop failure resulting from climatic conditions, infestation, or
3.4 disease.

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