

CHAPTER 7665
DEPARTMENT OF PUBLIC SERVICE
DISTRICT HEATING SYSTEMS

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PRELIMINARY PLANNING GRANTS

7665.0100 DEFINITIONS.

Subpart 1. **Scope.** For the purpose of parts 7665.0100 to 7665.0160, the words or terms defined in this part have the meanings given them.

Subp. 2. **Agency.** "Agency" means the Department of Public Service.

Subp. 3. **Applicant.** "Applicant" means a municipality as defined in subpart 7, as well as any organization submitting a joint application with the municipality. No application shall be accepted unless submitted by a municipality as sponsor or cosponsor.

Subp. 4. **Community heatload survey and map.** "Community heatload survey and map" means a description of the district heating market, including: location of heat source; location, type, and age of heating systems of potential nonresidential customers; annual energy consumption and temperature requirements; and approximate load duration for process heat customers.

Subp. 5. **Commissioner.** "Commissioner" means the commissioner of the Minnesota Department of Public Service.

Subp. 6. **Major central system.** "Major central system" is one that does not rely on oil or natural gas.

Subp. 7. **Municipality.** For purposes of applying for grants under this program, "municipality" means a city however organized.

Subp. 8. **Project.** "Project" means the preliminary planning project.

Subp. 9. **Satellite or heat island.** A "satellite or heat island" system relies on oil, natural gas, or the combustion of waste material and is a heating system that in the future would become a part of a major central system.

Statutory Authority: *MS s 216C.10*

History: *L 1983 c 289 s 115 subd 1; L 1987 c 186 s 15; c 312 art 1 s 9*

7665.0110 AUTHORITY AND PURPOSE.

Subpart 1. **Authority.** Parts 7665.0100 to 7665.0160, implementing the district heating preliminary planning grants program, are promulgated by the agency pursuant to Laws of Minnesota 1981, chapter 356, section 30.

Subp. 2. **Purpose.** The objective of the district heating preliminary planning grant program is to encourage the development and expansion of economically viable district heating systems that have the potential to save energy and displace scarce fuels such as oil and natural gas. The program shall encourage: construction of new hot water district heating systems; reconstruction or major expansion of existing steam district heating systems; and expansion of district heating systems by development of satellite systems or heat islands that could be connected to an existing or proposed major central heating system later.

Statutory Authority: *MS s 216C.10*

History: *L 1987 c 312 art 1 s 9*

7665.0120 PRELIMINARY PLANNING GRANT PROGRAM.

Subpart 1. **Application schedule.** The agency shall accept grant applications on two-month intervals after December 21, 1981. Applications received shall be ranked, and the director shall recommend ranked applications that meet all the criteria to the legislative advisory committee for approval and funding. No municipality shall be awarded more than two grants out of the same appropriation.

Subp. 2. **Review process.** Applications shall be reviewed and ranked by the agency. The commissioner shall prepare and submit to the legislative advisory committee a list of all district heating grant requests. The list shall contain the necessary supporting information. The recommendations of the legislative advisory committee shall be transmitted to the governor. The governor shall approve, disapprove, or return for further consideration each project recommended for approval by the legislative advisory committee. Upon approval by the governor, a grant agreement shall be negotiated with the agency in accordance with part 7665.0150. Comments on applications not selected for grant awards shall be forwarded to the applicant. Applications not funded shall be included in the next funding round, unless withdrawn. Applicants may modify or supplement their proposals for the next funding interval if desired.

Statutory Authority: *MS s 216C.10*

History: *L 1987 c 186 s 15; c 312 art 1 s 9*

7665.0130 CONTENTS OF PRELIMINARY PLANNING GRANT APPLICATIONS.

Subpart 1. **Statutory requirement.** Applications shall contain the information required by Laws of Minnesota 1981, chapter 356, section 30, and at least the information in subparts 2 to 7.

Subp. 2. **Community heatload survey and map.** The survey shall contain a description of the heat source and an estimate of the district heating market.

If plans call for an existing heat source such as an electric generation plant or a coal fired boiler, the application shall include at least a discussion of: type, size, age, fuel, present use, and emission controls. If a new heat source is proposed to be used, the application shall include: fuel, estimated cost of fuel, and fuel availability.

The estimate of the district heating market shall contain nonresidential building information including location, type and age of heating system, type of fuel and annual energy consumption, and a description of process load including temperature requirements and load duration.

The map shall show the location of the heat source and major load concentrations.

Subp. 3. **Community benefit.** Briefly discuss the impact of the district heating system on the community and how it would relate to community development plans.

Subp. 4. **Community commitment.** Include written expressions of interest and commitment from major potential loads, owner of heat source, and the municipal governing body.

Subp. 5. **Project plan.** The project plan shall include a list of tasks, time estimates for each task, and a list of deliverables. It should also include rough estimates of time required in successive stages such as design and construction.

Subp. 6. **Project budget.** Include an estimate of expenditures by categories such as personnel and travel, and estimates of costs by project plan task.

Subp. 7. **Project organization chart and use of consultants.** Assistance in preparing applications can be obtained from the agency.

Statutory Authority: *MS s 216C.10*

History: *L 1987 c 312 art 1 s 9*

7665.0140 RANKING CRITERIA.

Applications will be ranked according to the following criteria, which are listed in order of importance:

- A. estimated capital cost per million Btu of energy sold per year;
- B. benefit to the community;
- C. project plan;
- D. community commitment;
- E. thoroughness of community heatload survey;
- F. qualifications of project personnel; and
- G. clarity and conciseness.

Statutory Authority: *MS s 216C.10*

History: *L 1987 c 312 art 1 s 9*

7665.0150 AGREEMENT.

Subpart 1. **Governor's approval.** After approval by the governor, the applicant shall enter into an agreement with the agency.

Subp. 2. **Contents.** The agreement shall specify the grant amount and the duration of the grant. The agreement shall include assurance that the local share will be provided and that the agreed upon work program will be carried out. A grant agreement based upon a joint application must be executed by the lead applicant. Amendments and extensions may only be made in writing and must be signed by all parties.

Subp. 3. **Funding period.** Planning grants will be approved for a period of up to one year.

Subp. 4. **Grant limitations.** Planning grants shall not exceed 90 percent of eligible planning costs. No single grant shall exceed \$20,000.

Subp. 5. **Disbursement schedule.** Ninety percent of grant moneys shall be disbursed at the outset upon receipt of invoice to the agency of project costs. The remaining ten percent shall be disbursed upon completion and receipt of a satisfactory final report.

Subp. 6. **Required reports.** The grantee shall submit to the agency on the first of each month a report briefly stating the activities that have transpired during the month. The grantee shall provide the agency with three copies, one of which shall be a camera ready copy, of the final preliminary planning report.

Subp. 7. **Records.** The grantee shall maintain for a period of not less than three years from the date of the execution of the contract all records relating to the receipt and expenditures of grant moneys.

Subp. 8. **Contract deviations.** No grant funds shall be used to finance activities by consultants or local staff if the activities are not included in the grant contract, unless agreed upon in writing by the agency. Unless agreed upon by the agency, a municipality may not contract out all its energy-related activities to consultants.

Statutory Authority: *MS s 216C.10*

History: *L 1987 c 312 art 1 s 9*

7665.0160 EVALUATION.

Subpart 1. **Conducting.** The agency shall conduct an evaluation within 60 days of the submission by the grantee to the agency of the final report and all the required reports and financial documents. The evaluation shall assess:

- A. whether the local share contributed was equal to or greater than ten percent of the total cost of the preliminary planning project;
- B. whether the agreed upon work program was completed; and
- C. whether the governing body has formally reviewed the completed preliminary district heating plan.

Subp. 2. **Review.** Upon completion of a satisfactory evaluation the remaining ten percent of the grant shall be disbursed to the grant recipient. If the results of the

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evaluation are unfavorable to the grantee and the grantee does not agree with the findings of the evaluation, the grantee may request a review by the commissioner.

Statutory Authority: *MS s 216C.10*

History: *L 1987 c 186 s 15; c 312 art 1 s 9*

7665.0200 [Repealed, L 1993 c 327 s 24]

7665.0210 [Repealed, L 1993 c 327 s 24]

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7665.0380 [Repealed, L 1993 c 327 s 24]