

1 Rules as Adopted

2 6 MCAR S 2.4001 Authority and purpose.

3 A. Authority. Rules 6 MCAR SS 2.4001-2.4007 implementing  
4 the district heating preliminary planning grants program are  
5 promulgated by the agency pursuant to Laws of 1981, ch. 356, S  
6 30.

7 B. Purpose. The objective of the district heating  
8 preliminary planning grant program is to encourage the  
9 development and expansion of economically viable district  
10 heating systems which have the potential to save energy and  
11 displace scarce fuels such as oil and natural gas. The program  
12 shall encourage: construction of new hot water district heating  
13 systems; reconstruction or major expansion of existing steam  
14 district heating systems; and expansion of district heating  
15 systems by development of satellite systems or heat islands  
16 which could be connected to an existing or proposed major  
17 central heating system later.

18 6 MCAR S 2.4002 Definitions. For the purpose of 6 MCAR SS  
19 2.4001-2.4007 the words or terms defined in this rule have the  
20 meanings given them.

21 A. Agency. "Agency" means the Minnesota Energy Agency.

22 B. Applicant. "Applicant" means a municipality as defined  
23 in F. as well as any organization submitting a joint application  
24 with the municipality. No application shall be accepted unless  
25 submitted by a municipality as sponsor or co-sponsor.

26 C. Community heatload survey and map. "Community heatload  
27 survey and map" means a description of the district heating  
28 market including location of heat source, location, type and age  
29 of heating systems of potential nonresidential customers, annual  
30 energy consumption and temperature requirements and approximate  
31 load duration for process heat customers.

32 D. Director. "Director" means the director of the Minnesota  
33 Energy Agency.

34 E. Major central system. "Major central system" is one that  
35 does not rely on oil or natural gas.

1 F. Municipality. For purposes of applying for grants under  
2 this program, "municipality" means a city however organized.

3 G. Project. "Project" means the preliminary planning  
4 project.

5 H. Satellite or heat island. A "satellite or heat island"  
6 system relies on oil, natural gas or the combustion of waste  
7 material and is a heating system which in the future would  
8 become a part of a major central system.

9 6 MCAR S 2.4003 Preliminary planning grant program.

10 A. Application schedule. The agency shall accept grant  
11 applications on two-month intervals after the effective date of  
12 6 MCAR SS 2.4001-2.4007. Applications received shall be ranked,  
13 and the director shall recommend ranked applications which meet  
14 all the criteria to the legislative advisory committee for  
15 approval and funding. No municipality shall be awarded more  
16 than two grants out of the same appropriation.

17 B. Review process. Applications shall be reviewed and  
18 ranked by the agency. The director shall prepare and submit to  
19 the legislative advisory committee a list of all district  
20 heating grant requests. The list shall contain the necessary  
21 supporting information. The recommendations of the legislative  
22 advisory committee shall be transmitted to the Governor. The  
23 Governor shall approve, disapprove, or return for further  
24 consideration each project recommended for approval by the  
25 legislative advisory committee. Upon approval by the Governor,  
26 a grant agreement shall be negotiated with the agency in  
27 accordance with 6 MCAR S 2.4006. Comments on applications not  
28 selected for grant awards shall be forwarded to the applicant.  
29 Applications not funded shall be included in the next funding  
30 round unless withdrawn. Applicants may modify or supplement  
31 their proposals for the next funding interval if desired.

32 6 MCAR S 2.4004 Contents of preliminary planning grant  
33 applications. Applications shall contain the information  
34 required by Laws of 1981, ch. 356, S 30, and at least the  
35 following information:

1 A. A community heatload survey and map. The survey shall  
2 contain a description of the heat source and an estimate of the  
3 district heating market.

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

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

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

17 B. Community benefit. Briefly discuss the impact of the  
18 district heating system on the community and how it would relate  
19 to community development plans.

20 C. Community commitment. Include written expressions of  
21 interest and commitment from major potential loads, owner of  
22 heat source, and the municipal governing body.

23 D. Project plan. The project plan shall include a list of  
24 tasks, time estimates for each task and a list of deliverables.  
25 It should also include rough estimates of time required in  
26 successive stages such as design and construction.

27 E. Project budget. Include an estimate of expenditures by  
28 categories such as personnel and travel and estimates of costs  
29 by project plan task.

30 F. Project organization chart and use of consultants.  
31 Assistance in preparing applications can be obtained from the  
32 agency.

33 6 MCAR S 2.4005 Ranking criteria. Applications will be ranked  
34 according to the following criteria, which are listed in order  
35 of importance:

36 A. Estimated capital cost per million BTU of energy sold per

1 year;

2 B. Benefit to the community;

3 C. Project plan;

4 D. Community commitment;

5 E. Thoroughness of community heatload survey;

6 F. Qualifications of project personnel;

7 G. Clarity and conciseness.

8 6 MCAR S 2.4006 Agreement. After approval by the Governor, the  
9 applicant shall enter into an agreement with the agency.

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

17 B. Funding period. Planning grants will be approved for a  
18 period of up to one year.

19 C. Grant limitations. Planning grants shall not exceed 90  
20 percent of eligible planning costs. No single grant shall  
21 exceed \$20,000.

22 D. Disbursement schedule. Ninety percent of grant monies  
23 shall be disbursed at the outset upon receipt of invoice to the  
24 agency of project costs. The remaining ten percent shall be  
25 disbursed upon completion and receipt of a satisfactory final  
26 report.

27 E. Required reports. The grantee shall submit to the agency  
28 on the first of each month a report briefly stating the  
29 activities that have transpired during the month. The grantee  
30 shall provide the agency with three copies, one of which shall  
31 be a camera-ready copy, of the final preliminary planning report.

32 F. Records. The grantee shall maintain for a period of not  
33 less than three years from the date of the execution of the  
34 contract all records relating to the receipt and expenditures of  
35 grant monies.

36 G. Contract deviations. No grant funds shall be used to

1 finance activities by consultants or local staff if the  
2 activities are not included in the grant contract, unless agreed  
3 upon in writing by the agency. Unless agreed upon by the  
4 agency, a municipality may not contract out all its  
5 energy-related activities to consultants.

6 6 MCAR S 2.4007 Evaluation.

7 A. Evaluation. The agency shall conduct an evaluation  
8 within 60 days of the submission by the grantee to the agency of  
9 the final report and all the required reports and financial  
10 documents. The evaluation shall assess:

11 1. Whether the local share contributed was equal to or  
12 greater than ten percent of the total cost of the preliminary  
13 planning project;

14 2. Whether the agreed-upon work program was completed;

15 3. Whether the governing body has formally reviewed the  
16 completed preliminary district heating plan.

17 B. Review. Upon completion of a satisfactory evaluation the  
18 remaining ten percent of the grant shall be disbursed to the  
19 grant recipient. If the results of the evaluation are  
20 unfavorable to the grantee and the grantee does not agree with  
21 the findings of the evaluation, the grantee may request a review  
22 by the director.