

6 MCAR 2

4-22-82

1 Department of Energy, Planning and Development
2 Energy Division (Minnesota Energy Agency)
3 Alternative Energy Development Section
4
5 Adopted Rules for the Administration of the District Heating
6 Bonding Act Regarding Design Loans
7
8 Rules as Adopted

9 6 MCAR S 2.4011 Definitions.

10 A. Applicability. For the purposes of 6 MCAR SS
11 2.4011-2.4017 the terms defined in B.-G. have the meanings given
12 them.

13 B. Act. "Act" means Laws of 1981, ch. 334.

14 C. Commissioner. "Commissioner" means the Commissioner of
15 the Department of Energy, Planning, and Development.

16 D. Department. "Department" means the Department of Energy,
17 Planning, and Development.

18 E. Design loan. "Design loan" means a loan made to fund
19 those activities required to be completed during the final
20 design phase of a district heating system in order to finance
21 and construct the system. These activities include conducting
22 economic feasibility analyses, obtaining heat source commitments
23 and customer contracts, structuring financing, and related
24 management tasks.

25 F. Preliminary engineering design. "Preliminary engineering
26 design" means a design effort with the objective of estimating
27 district heating design and construction costs within 15 percent
28 of the actual costs.

29 G. Project. "Project" means a district heating design
30 project.

31 6 MCAR S 2.4012 Authority, purpose, and applicability.

32 A. Authority. Rules 6 MCAR SS 2.4011-2.4017 are authorized
33 by Minn. Stat. S 116H.31, subd. 11.

34 B. Purpose. Rules 6 MCAR SS 2.4011-2.4017 are promulgated
35 for the purpose of allowing prompt and proper applications for

1 design loans after comprehensive preliminary engineering,
2 economic, and design studies have been completed. Rules 6 MCAR
3 SS 2.4011-2.4017 set forth the procedures that municipalities
4 must follow to apply for loans and establish the criteria by
5 which the applications are reviewed.

6 C. Applicability. Rules 6 MCAR SS 2.4011-2.4017 apply to
7 the department and to any municipality applying for design loans
8 under the act.

9 6 MCAR S 2.4013 Application procedure. Applications for design
10 loans under the act and 6 MCAR SS 2.4011-2.4017 shall be
11 submitted to the commissioner. Ten complete copies shall be
12 submitted. Applications will be accepted beginning on the date
13 6 MCAR SS 2.4011-2.4017 become effective.

14 6 MCAR S 2.4014 Application contents.

15 ~~A. Information required.~~ An application shall contain the
16 following information:

17 ~~1-~~ A. Name, address, and telephone number of the
18 responsible official of the municipality;

19 ~~2-~~ B. A comprehensive business plan for the project as
20 specified in 6 MCAR S 2.4015;

21 ~~3-~~ C. A resolution in support of the project from the
22 governing body of the municipality, which must include the
23 pledges the municipality proposes to make to guarantee repayment
24 of the design loan;

25 ~~4-~~ D. A resolution or letter of intent from the proposed
26 owner or operator of the district heating system indicating that
27 he would expect to proceed with construction if the results of
28 the design and final feasibility project are consistent with the
29 preliminary feasibility study;

30 ~~5-~~ E. Identification of all licenses, permits, zoning
31 regulations, and other requirements of federal, state, or local
32 governments with which the project would be expected to comply,
33 and the present status of each;

34 ~~6-~~ F. A list of key personnel and their qualifications as
35 they relate to the project;

1 7- G. An estimate of the type and amount of fuel to be
2 saved per year from the full operation of the district heating
3 system compared to the type and amount of fuel to be used by the
4 existing system;

5 8- H. A copy of a completed environmental impact
6 statement, or a negative declaration of the need for an
7 environmental impact statement from a completed environmental
8 assessment worksheet, or in those cases where no environmental
9 rules or regulations apply, a statement as to the environmental
10 effects of the project.

11 ~~B. Waiver of negative declaration. The commissioner may~~
12 ~~waive the requirement of A-8- upon written request by the~~
13 ~~municipality. This request will be considered as part of the~~
14 ~~application and must contain the municipality's rationale in~~
15 ~~support of a waiver.~~

16 6 MCAR S 2.4015 Contents of comprehensive business plan.

17 A. Minimum contents. The comprehensive business plan
18 submitted under 6 MCAR S 2.4014 A.2. must contain no less than
19 the information specified in B.-H.

20 B. Preliminary engineering design. A preliminary
21 engineering design of the project must include the following
22 information.

23 1. An analysis of the proposed piping layout must address
24 optimum service to the total designated area; reliability of
25 service; system temperatures and pressure requirements; thermal
26 and hydraulic operability for normal and emergency conditions;
27 optimum piping configuration to provide service; and flexibility
28 for future expansion.

29 2. An analysis of the proposed piping design must address
30 reliability of service; ease of construction; ease of
31 maintenance; installation methods; and specifications and
32 standards.

33 3. An analysis of the heat source design must define the
34 proposed roles of the following heat sources in the development
35 and the future operation of the system: base load heating
36 plant; peaking plants; large boiler plants in existing

1 buildings; mobile boilers; accumulators; and future heat sources
2 such as solid waste, solar, and industrial waste heat.

3 C. Market study. The comprehensive business plan must
4 include a market study of customers who represent 90 percent of
5 the proposed thermal load of the district heating system defined
6 by the business plan. This study must show detailed information
7 on present fuel consumption or heating demand and the present
8 heating system in each building.

9 D. Preliminary expansion plan. A preliminary expansion plan
10 must show how the system could be expanded to serve other parts
11 of the community.

12 E. Preliminary economic analysis. A preliminary economic
13 analysis must include a preliminary financing and development
14 plan for the district heating system and cash flow, income, and
15 balance sheets for a 20-year planning period. This analysis
16 must also contain a cost estimate and expenditure schedule for
17 all transmission and distribution piping; heat source
18 conversion, purchase, or rental; operating and maintenance costs
19 excluding fuel costs; and building heating conversion costs.

20 F. Letters of intent to purchase heat. The applicant shall
21 submit copies of letters of intent to purchase heat supplied by
22 the project, from major customers representing at least 50
23 percent of the thermal load.

24 G. Letter of intent to furnish heat. The applicant shall
25 submit a copy of a letter of intent to furnish heat, from the
26 owner of the heat source or the proposed system owner or
27 operator.

28 H. Engineering opinion. The business plan requires an
29 opinion by a registered professional engineer that the system
30 described by the preliminary designs is technically feasible and
31 that the preliminary engineering design and cost estimate is
32 within standard engineering practice.

33 6 MCAR S 2.4016 Application review criteria. The commissioner
34 shall review each application as it is received according to the
35 eligibility and priority criteria of Minn. Stat. S 116H.31; the
36 sophistication and reasonableness of the technical approach as

1 detailed in the application; the experience and qualifications
2 of the applicant as they relate to the project; the project
3 organization and personnel assignment; and the estimated cost of
4 the project.

5 6 MCAR S 2.4017 Expenditures not required. Rules 6 MCAR SS
6 2.4011-2.4017 do not require expenditure of money not available.