

## CHAPTER 216C

## DEPARTMENT OF COMMERCE; ENERGY DIVISION

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**216C.01 DEFINITIONS.**

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

*[For text of subds 1a and 1b, see M.S.2000]*

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of commerce.

*[For text of subd 2a, see M.S.2000]*

Subd. 3. **Department.** "Department" means the department of commerce.

*[For text of subd 4, see M.S.2000]*

**History:** 1Sp2001 c 4 art 6 s 47-49

**216C.051 LEGISLATIVE ELECTRIC ENERGY TASK FORCE.**

*[For text of subds 1 to 5, see M.S.2000]*

Subd. 6. **Assessment; appropriation.** On request by the cochairs of the legislative task force and after approval of the legislative coordinating commission, the commissioner of commerce shall assess from all public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing electric or natural gas services in Minnesota, in addition to assessments made under section 216B.62, the amount requested for the operation of the task force not to exceed \$150,000 in a fiscal year. The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended. The department shall apportion those costs among all energy utilities in proportion to their respective gross operating revenues from the sale of gas or electric service within the state during the last calendar year. For the purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision.

*[For text of subds 7 and 8, see M.S.2000]*

Subd. 9. **Expiration.** This section is repealed June 30, 2005.

**History:** 2001 c 212 art 8 s 8,9; 1Sp2001 c 4 art 6 s 50

**216C.052 RELIABILITY ADMINISTRATOR.**

Subdivision 1. **Responsibilities.** (a) There is established the position of reliability administrator in the department of commerce. The administrator shall act as a source of independent expertise and a technical advisor to the commissioner, the commission, the public, and the legislative electric energy task force on issues related to the reliability of the electric system. In conducting its work, the administrator shall:

(1) model and monitor the use and operation of the energy infrastructure in the state, including generation facilities, transmission lines, natural gas pipelines, and other energy infrastructure;

(2) develop and present to the commission and parties technical analyses of proposed infrastructure projects, and provide technical advice to the commission;

(3) present independent, factual, expert, and technical information on infrastructure proposals and reliability issues at public meetings hosted by the task force, the environmental quality board, the department, or the commission.

(b) Upon request and subject to resource constraints, the administrator shall provide technical assistance regarding matters unrelated to applications for infrastructure improvements to the task force, the department, or the commission.

(c) The administrator may not advocate for any particular outcome in a commission proceeding, but may give technical advice to the commission as to the impact on the reliability of the energy system of a particular project or projects. The administrator must not be considered a party or a participant in any proceeding before the commission.

Subd. 2. **Administrative issues.** (a) The commissioner may select the administrator who shall serve for a four-year term. The commissioner shall oversee and direct the work of the administrator, annually review the expenses of the administrator, and annually approve the budget of the administrator. The administrator may hire staff and may contract for technical expertise in performing duties when existing state resources are required for other state responsibilities or when special expertise is required. The salary of the administrator is governed by section 15A.0815, subdivision 2.

(b) Costs relating to a specific proceeding, analysis, or project are not general administrative costs. For purposes of this section, "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(c) The department of commerce shall pay:

(1) the general administrative costs of the administrator, not to exceed \$1,500,000 in a fiscal year, and shall assess energy utilities for reimbursement for those administrative costs. These costs must be consistent with the budget approved by the commissioner under paragraph (a). The department shall apportion the costs among all energy utilities in proportion to their respective gross operating revenues from sales of gas or electric service within the state during the last calendar year, and shall then render a bill to each utility on a regular basis; and

(2) costs relating to a specific proceeding analysis or project and shall render a bill for reimbursement to the specific energy utility or utilities participating in the proceeding, analysis, or project directly, either at the conclusion of a particular proceeding, analysis, or project, or from time to time during the course of the proceeding, analysis, or project.

(d) For purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision. The amount of the bills rendered by the department under paragraph (c) must be paid by the energy utility into an account in the special revenue fund in the state treasury within 30 days from the date of billing and is appropriated to the commissioner for the purposes provided in this section. The commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover amounts paid by utilities under this section. All amounts assessed under this section are in addition to amounts appropriated to the commission and the department by other law.

Subd. 3. **Appropriation.** The commissioner of commerce shall transfer up to \$500,000 annually of the amounts provided for in subdivision 2 to the commissioner of administration for the purposes provided in section 16B.325, as needed to implement that section.

Subd. 4. **Expiration.** This section expires June 30, 2006.

**History:** 2001 c 212 art 8 s 10, 18

## 216C.37 ENERGY CONSERVATION INVESTMENT LOAN.

Subdivision 1. **Definitions.** In this section:

(a) "Commissioner" means the commissioner of commerce.

(b) "Energy conservation investments" means all capital expenditures that are associated with conservation measures identified in an energy project study, and that have a ten-year or less payback period.

(c) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(d) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

*[For text of subs 2 to 7, see M.S.2000]*

**History:** *1Sp2001 c 4 art 6 s 51*

#### 216C.40 ALTERNATIVE FUEL VEHICLES.

*[For text of subs 1 to 3, see M.S.2000]*

Subd. 4. **Condition precedent.** The duties of the department under this section are conditional on the commissioner finding that there will be at least one public utility that will be subject to the assessment created by Laws 1993, chapter 254, section 7.

*[For text of subd 5, see M.S.2000]*

**History:** *1Sp2001 c 4 art 6, s 52*

#### 216C.41 RENEWABLE ENERGY PRODUCTION INCENTIVE.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) located within one county and owned by a natural person who owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a nonprofit organization; or

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A; and

(ii) all shares and membership in the cooperative are held by natural persons or estates, at least 51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

- (1) is located at the site of an agricultural operation;
- (2) is owned by a natural person who owns or rents the land where the facility is located; and
- (3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the general fund sums sufficient to make the payments required under this section.

Subd. 3. **Eligibility window.** Payments may be made under this section only for electricity generated:

- (1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, 2005;
- (2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005; or
- (3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2015.

Subd. 4. **Payment period.** (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

- (1) by a qualified hydroelectric facility after December 31, 2015;
- (2) by a qualified wind energy conversion facility after December 31, 2015; or
- (3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) The payment period begins and runs consecutively from the first year in which electricity generated from the facility is eligible for incentive payment or after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.

Subd. 5. **Amount of payment.** (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is:

- (1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cents per kilowatt hour; and
- (2) for all other facilities, 1.5 cents per kilowatt hour.

For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed

100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

(b) Beginning January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

- (1) located within five miles of the wind energy conversion system;
- (2) constructed within the same calendar year as the wind energy conversion system; and
- (3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

**Subd. 6. Ownership; financing; cure.** (a) For the purposes of subdivision 1, paragraph (c), clause (2), a wind energy conversion facility qualifies if it is owned at least 51 percent by one or more of any combination of the entities listed in that clause.

(b) A subsequent owner of a qualified facility may continue to receive the incentive payment for the duration of the original payment period if the subsequent owner qualifies for the incentive under subdivision 1.

(c) Nothing in this section may be construed to deny incentive payment to an otherwise qualified facility that has obtained debt or equity financing for construction or operation as long as the ownership requirements of subdivision 1 and this subdivision are met. If, during the incentive payment period for a qualified facility, the owner of the facility is in default of a lending agreement and the lender takes possession of and operates the facility and makes reasonable efforts to transfer ownership of the facility to an entity other than the lender, the lender may continue to receive the incentive payment for electricity generated and sold by the facility for a period not to exceed 18 months. A lender who takes possession of a facility shall notify the commissioner immediately on taking possession and, at least quarterly, document efforts to transfer ownership of the facility.

(d) If, during the incentive payment period, a qualified facility loses the right to receive the incentive because of changes in ownership, the facility may regain the right to receive the incentive upon cure of the ownership structure that resulted in the loss of eligibility and may reapply for the incentive, but in no case may the payment period be extended beyond the original ten-year limit.

(e) A subsequent or requalifying owner under paragraph (b) or (d) retains the facility's original priority order for incentive payments as long as the ownership structure requalifies within two years from the date the facility became unqualified or two years from the date a lender takes possession.

**History:** 2001 c 212 art 5 s 1-3; 1Sp2001 c 4 art 2 s 21