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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 1533

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The bill was read for the first time and referred to the Energy Finance and Policy Division

1.1 A bill for an act
1.2 relating to energy; providing cost recovery for utility's renewable facilities;
1.3 providing for high-efficiency utility rate options; amending Minnesota Statutes
1.4 2008, sections 216B.1645, subdivision 2a; 216B.169, subdivision 2; repealing
1.5 Laws 2007, chapter 3, section 3.

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

1.7 Section 1. Minnesota Statutes 2008, section 216B.1645, subdivision 2a, is amended to
1.8 read:

1.9 Subd. 2a. **Cost recovery for utility's renewable facilities.** (a) A utility may petition
1.10 the commission to approve a rate schedule that provides for the automatic adjustment of
1.11 charges to recover prudently incurred investments, expenses, or costs associated with
1.12 facilities constructed, owned, or operated by a utility to satisfy the requirements of section
1.13 216B.1691, provided those facilities were previously approved by the commission under
1.14 section 216B.2422 or 216B.243, or were determined by the commission to be reasonable
1.15 and prudent under section 216B.243, subdivision 9. The commission may approve, or
1.16 approve as modified, a rate schedule that:

1.17 (1) allows a utility to recover directly from customers on a timely basis the costs of
1.18 qualifying renewable energy projects, including:

1.19 (i) return on investment;

1.20 (ii) depreciation;

1.21 (iii) ongoing operation and maintenance costs;

1.22 (iv) taxes; and

1.23 (v) costs of transmission and other ancillary expenses directly allocable to
1.24 transmitting electricity generated from a project meeting the specifications of this
1.25 paragraph;

2.1 (2) provides a current return on construction work in progress, provided that recovery
 2.2 of these costs from Minnesota ratepayers is not sought through any other mechanism;

2.3 (3) allows recovery of other expenses incurred that are directly related to a
 2.4 renewable energy project, including expenses for energy storage, provided that the
 2.5 utility demonstrates to the commission's satisfaction that the expenses improve project
 2.6 economics, ensure project implementation, advance research and understanding of how
 2.7 storage devices may improve renewable energy projects, or facilitate coordination with
 2.8 the development of transmission necessary to transport energy produced by the project
 2.9 to market;

2.10 (4) allocates recoverable costs appropriately between wholesale and retail customers;

2.11 (5) terminates recovery when costs have been fully recovered or have otherwise
 2.12 been reflected in a utility's rates.

2.13 (b) A petition filed under this subdivision must include:

2.14 (1) a description of the facilities for which costs are to be recovered;

2.15 (2) an implementation schedule for the facilities;

2.16 (3) the utility's costs for the facilities;

2.17 (4) a description of the utility's efforts to ensure that costs of the facilities are
 2.18 reasonable and were prudently incurred; and

2.19 (5) a description of the benefits of the project in promoting the development of
 2.20 renewable energy in a manner consistent with this chapter.

2.21 Sec. 2. Minnesota Statutes 2008, section 216B.169, subdivision 2, is amended to read:

2.22 Subd. 2. **Renewable and high-efficiency energy rate options.** (a) ~~Each~~ A utility
 2.23 ~~shall~~ may offer its customers, ~~and shall advertise the offer at least annually,~~ one or
 2.24 more options that allow a customer to determine that a certain amount of the electricity
 2.25 generated or purchased on behalf of the customer is renewable energy or energy
 2.26 generated by high-efficiency, low-emissions, distributed generation such as fuel cells and
 2.27 microturbines fueled by a renewable fuel.

2.28 (b) ~~Each~~ A public utility that offers a rate option under this subdivision shall file an
 2.29 implementation plan within 90 days of July 1, ~~2001~~ 2009, to implement paragraph (a).

2.30 (c) Rates charged to customers must be calculated using the utility's cost of acquiring
 2.31 the energy for the customer and must:

2.32 (1) reflect the difference between the cost of generating or purchasing the renewable
 2.33 energy and the cost of generating or purchasing the same amount of nonrenewable energy;
 2.34 and

3.1 (2) be distributed on a per kilowatt-hour basis among all customers who choose to
3.2 participate in the program.

3.3 (d) ~~Implementation of these rate options may reflect a reasonable amount of~~
3.4 ~~lead time necessary to arrange acquisition of the energy.~~ The utility may acquire the
3.5 energy demanded by customers, in whole or in part, through procuring or generating the
3.6 renewable energy directly, or through the purchase of credits from a provider that has
3.7 received certification of eligible power supply pursuant to subdivision 3. ~~If a utility is not~~
3.8 ~~able to arrange an adequate supply of renewable or high-efficiency energy to meet its~~
3.9 ~~customers' demand under this section, the utility must file a report with the commission~~
3.10 ~~detailing its efforts and reasons for its failure.~~

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

3.12 Sec. 3. **REPEALER.**

3.13 Laws 2007, chapter 3, section 3, is repealed.

APPENDIX
Repealed Minnesota Session Laws: 09-2868

Laws 2007, chapter 3, section 3

Sec. 3. **REPEALER.** Minnesota Statutes 2006, section 216B.169, is repealed.**EFFECTIVE DATE.**

This section is effective January 1, 2010.