

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3872

(SENATE AUTHORS: OSMEK)

DATE
03/29/2018

D-PG

Introduction and first reading
Referred to Energy and Utilities Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to energy; modifying the definition of large customer facility under the
1.3 conservation improvement program; amending Minnesota Statutes 2016, section
1.4 216B.241, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2016, section 216B.241, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision
1.8 6b, the terms defined in this subdivision have the meanings given them.

1.9 (a) "Commission" means the Public Utilities Commission.

1.10 (b) "Commissioner" means the commissioner of commerce.

1.11 (c) "Department" means the Department of Commerce.

1.12 (d) "Energy conservation" means demand-side management of energy supplies resulting
1.13 in a net reduction in energy use. Load management that reduces overall energy use is energy
1.14 conservation.

1.15 (e) "Energy conservation improvement" means a project that results in energy efficiency
1.16 or energy conservation. Energy conservation improvement may include waste heat that is
1.17 recovered and converted into electricity, but does not include electric utility infrastructure
1.18 projects approved by the commission under section 216B.1636. Energy conservation
1.19 improvement also includes waste heat recovered and used as thermal energy.

1.20 (f) "Energy efficiency" means measures or programs, including energy conservation
1.21 measures or programs, that target consumer behavior, equipment, processes, or devices
1.22 designed to produce either an absolute decrease in consumption of electric energy or natural

2.1 gas or a decrease in consumption of electric energy or natural gas on a per unit of production
 2.2 basis without a reduction in the quality or level of service provided to the energy consumer.

2.3 (g) "Gross annual retail energy sales" means annual electric sales to all retail customers
 2.4 in a utility's or association's Minnesota service territory or natural gas throughput to all retail
 2.5 customers, including natural gas transportation customers, on a utility's distribution system
 2.6 in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

2.7 (1) gas sales to:

2.8 (i) a large energy facility;

2.9 (ii) a large customer facility whose natural gas utility has been exempted by the
 2.10 commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made
 2.11 to the large customer facility; and

2.12 (iii) a commercial gas customer facility whose natural gas utility has been exempted by
 2.13 the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales
 2.14 made to the commercial gas customer facility; and

2.15 (2) electric sales to a large customer facility whose electric utility has been exempted
 2.16 by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made
 2.17 to the large customer facility.

2.18 (h) "Investments and expenses of a public utility" includes the investments and expenses
 2.19 incurred by a public utility in connection with an energy conservation improvement, including
 2.20 but not limited to:

2.21 (1) the differential in interest cost between the market rate and the rate charged on a
 2.22 no-interest or below-market interest loan made by a public utility to a customer for the
 2.23 purchase or installation of an energy conservation improvement;

2.24 (2) the difference between the utility's cost of purchase or installation of energy
 2.25 conservation improvements and any price charged by a public utility to a customer for such
 2.26 improvements.

2.27 (i) "Large customer facility" means all buildings, structures, equipment, and installations
 2.28 at a single site that collectively (1) impose a peak electrical demand on an electric utility's
 2.29 system of not less than ~~20,000~~ 10,000 kilowatts, measured in the same way as the utility
 2.30 that serves the customer facility measures electrical demand for billing purposes or (2)
 2.31 consume not less than ~~500~~ 250 million cubic feet of natural gas annually. In calculating
 2.32 peak electrical demand, a large customer facility may include demand offset by on-site

3.1 cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy
3.2 demand from the large customer facility's mining and processing operations.

3.3 (j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision
3.4 2, clause (1).

3.5 (k) "Load management" means an activity, service, or technology to change the timing
3.6 or the efficiency of a customer's use of energy that allows a utility or a customer to respond
3.7 to wholesale market fluctuations or to reduce peak demand for energy or capacity.

3.8 (l) "Low-income programs" means energy conservation improvement programs that
3.9 directly serve the needs of low-income persons, including low-income renters.

3.10 (m) "Qualifying utility" means a utility that supplies the energy to a customer that enables
3.11 the customer to qualify as a large customer facility.

3.12 (n) "Waste heat recovered and used as thermal energy" means capturing heat energy
3.13 that would otherwise be exhausted or dissipated to the environment from machinery,
3.14 buildings, or industrial processes and productively using such recovered thermal energy
3.15 where it was captured or distributing it as thermal energy to other locations where it is used
3.16 to reduce demand-side consumption of natural gas, electric energy, or both.

3.17 (o) "Waste heat recovery converted into electricity" means an energy recovery process
3.18 that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines
3.19 or manufacturing or industrial processes, or the reduction of high pressure in water or gas
3.20 pipelines.

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