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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2269

03/07/2019 Authored by Mahoney
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to energy; amending a contract requiring approval by the Public Utilities
1.3 Commission under the state's biomass mandate; amending Minnesota Statutes
1.4 2018, section 216B.2424, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2018, section 216B.2424, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 5b. Contract amendment. (a) The legislature recognizes:

1.9 (1) the need to preserve critical infrastructure to manage and dispose of waste wood
1.10 resulting from storms, tree trimmings, community tree management plans, land clearing,
1.11 and the removal of dead and diseased trees;

1.12 (2) the Department of Natural Resources, other agencies, and stakeholders have begun
1.13 to study and evaluate alternative methods to assist state and local governments dispose of
1.14 waste wood; and

1.15 (3) the large volumes of waste wood the St. Paul district heating and cooling system
1.16 cogeneration facility uses as a primary fuel source to supply electricity to the public utility
1.17 subject to this section fulfills a portion of the biomass electric energy mandate.

1.18 Therefore, the legislature finds it is in the public interest to facilitate continued operation
1.19 of the St. Paul district heating and cooling system cogeneration facility until alternative
1.20 solutions to manage waste wood can be fully evaluated and implemented.

2.1 (b) The public utility that is a party to a power purchase agreement with the St. Paul
2.2 district heating and cooling system cogeneration facility must agree to amend the existing
2.3 power purchase agreement as follows:

2.4 (1) the term must be extended through the end of 2030;

2.5 (2) the cogeneration facility must utilize waste wood as its primary fuel source during
2.6 the extended term of the power purchase agreement; and

2.7 (3) the price per megawatt hour in nominal dollars measured over the extended term
2.8 must be at least 20 percent below the average rate for the time period of January 1, 2019,
2.9 to April 16, 2023, established under the existing power purchase agreement. Nothing in this
2.10 subdivision precludes the parties to the extended power purchase agreement from agreeing
2.11 to other subsequent changes to the agreement, including the amount of megawatt hours
2.12 generated annually, provided the changes are consistent with this subdivision and are
2.13 approved by the commission.

2.14 The amendment must be negotiated and executed no later than 60 days after the effective
2.15 date of this act.

2.16 (c) The commission must approve an amended power purchase agreement that complies
2.17 with paragraph (b) as reasonable and in the public interest within 30 days of its filing with
2.18 the commission. The amended power purchase agreement is not effective until it is approved
2.19 by the commission.

2.20 (d) A utility may petition the commission to approve a rate schedule that automatically
2.21 adjusts charges to recover expenses and costs associated with the amended power purchase
2.22 agreement. Cost recovery approved by the commission under this paragraph may include
2.23 all cost recovery allowed for renewable facilities under section 216B.1645, subdivisions 2
2.24 and 2a.

2.25 (e) For the purposes of this subdivision, "waste wood" means waste materials, including
2.26 bark, brush, limbs, and tree residues, resulting from storms, tree trimmings, the
2.27 implementation of community tree management plans, land clearing, and the removal of
2.28 dead and diseased trees.

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