

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 2713**

(SENATE AUTHORS: DIBBLE, Marty, Hoffman, Simonson and Sparks)

DATE  
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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; authorizing an advance determination of prudence for energy  
1.3 storage systems; proposing coding for new law in Minnesota Statutes, chapter  
1.4 216B.

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

1.6 Section 1. **[216B.1697] ENERGY STORAGE SYSTEMS; ADVANCE**  
1.7 **DETERMINATION OF PRUDENCE.**

1.8 Subdivision 1. **Definition.** For purposes of this section, "energy storage system" means  
1.9 a commercially available technology capable of (1) absorbing and storing electrical energy,  
1.10 and (2) dispatching stored electrical energy for use at a later time.

1.11 Subd. 2. **Qualifying project; petition.** (a) A public utility may petition the commission  
1.12 for an advance determination of prudence for an energy storage system owned and operated  
1.13 by the public utility. A petition filed under this section must include a description of the  
1.14 project, evidence supporting the project's reasonableness, a discussion of project alternatives,  
1.15 a project implementation schedule, a cost estimate and support for the reasonableness of  
1.16 the estimated cost, a description of the public utility's efforts to ensure the lowest reasonable  
1.17 costs, information regarding how the project will interact with existing and future distributed  
1.18 generation resources on the utility's grid, and the goals that the project proposes to achieve,  
1.19 including controlling frequency or voltage, mitigating transmission congestion, providing  
1.20 emergency power supplies during outages, reducing curtailment of existing renewable  
1.21 energy generators, and reducing peak power costs.

1.22 (b) The commission must allow an opportunity for oral and written comment on the  
1.23 petition. The commission must make a final determination on the petition within six months

2.1 of the petition's filing date. The commission must make findings in support of its  
2.2 determination and is prohibited from approving a petition unless it provides net benefits to  
2.3 ratepayers.

2.4 Subd. 3. **Cost recovery.** The utility may begin recovering costs incurred by the utility  
2.5 in connection with implementation of an energy storage system project in either the next  
2.6 rate case following an advance determination of prudence or in a rider approved by the  
2.7 commission. The commission must review the costs incurred by the utility for the energy  
2.8 storage system project. The utility must (1) demonstrate that project costs are reasonable  
2.9 and necessary, and (2) document efforts made to ensure the lowest reasonable project costs.  
2.10 The commission may accept, modify, or reject any of the project costs regardless of a prior  
2.11 determination of prudence.

2.12 Subd. 4. **Rate of return.** The return on investment in a rider approved under this section  
2.13 must be at the level approved by the commission in the public utility's last general rate case  
2.14 unless the commission determines that a different rate of return is in the public interest.

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