

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 3716

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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; establishing the Clean Energy First Act; requiring electric
1.3 utilities to meet resource needs using renewable energy and other clean energy
1.4 resources; amending Minnesota Statutes 2016, sections 216B.2422, subdivision
1.5 1, by adding a subdivision; 216B.2425, by adding a subdivision; Minnesota Statutes
1.6 2017 Supplement, section 216B.2422, subdivision 4.

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

1.8 Section 1. TITLE.

1.9 Sections 2 to 5 may be referred to as the Clean Energy First Act.

1.10 Sec. 2. Minnesota Statutes 2016, section 216B.2422, subdivision 1, is amended to read:

1.11 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this
1.12 subdivision have the meanings given them.

1.13 (b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more
1.14 of electric power and serving, either directly or indirectly, the needs of 10,000 retail
1.15 customers in Minnesota. Utility does not include federal power agencies.

1.16 (c) "Renewable energy" means electricity generated through use of any of the following
1.17 resources:

1.18 (1) wind;

1.19 (2) solar;

1.20 (3) geothermal;

1.21 (4) hydro;

2.1 (5) trees or other vegetation;

2.2 (6) landfill gas; or

2.3 (7) predominantly organic components of wastewater effluent, sludge, or related
2.4 by-products from publicly owned treatment works, but not including incineration of
2.5 wastewater sludge.

2.6 (d) "Resource plan" means a set of resource options that a utility could use to meet the
2.7 service needs of its customers over a forecast period, including an explanation of the supply
2.8 and demand circumstances under which, and the extent to which, each resource option
2.9 would be used to meet those service needs. These resource options include using,
2.10 refurbishing, and constructing utility plant and equipment, buying power generated by other
2.11 entities, controlling customer loads, and implementing customer energy conservation.

2.12 (e) "Refurbish" means to rebuild or substantially modify an existing electricity generating
2.13 resource of 30 megawatts or greater.

2.14 (f) "Clean energy resources" means renewable energy, energy efficiency, demand
2.15 response and energy storage.

2.16 Sec. 3. Minnesota Statutes 2016, section 216B.2422, is amended by adding a subdivision
2.17 to read:

2.18 Subd. 2d. **Retiring generation; resource planning; worker and community transition.**

2.19 (a) Each utility required to file a resource plan under subdivision 2 must include in its filing
2.20 a plan to eventually retire nonrenewable generation resources whose depreciation term or
2.21 operating license is within ten years of the resource plan filing date.

2.22 (b) For each nonrenewable generation resource identified under paragraph (a), the utility
2.23 must develop and submit to the Department of Employment and Economic Development
2.24 an economic remediation plan to assist communities and workers impacted by the retirement
2.25 of the nonrenewable generation resource. The utility must consult affected communities
2.26 and plant workers when developing the plan under this paragraph.

2.27 Sec. 4. Minnesota Statutes 2017 Supplement, section 216B.2422, subdivision 4, is amended
2.28 to read:

2.29 Subd. 4. **Preference for renewable energy facility.** (a) The commission shall not
2.30 approve is prohibited from approving a resource plan that relies on the addition of
2.31 nonrenewable resources, approving a new or refurbished nonrenewable energy facility in
2.32 an integrated resource plan or a certificate of need, pursuant to under section 216B.243, nor

3.1 ~~shall the commission allow~~ approving a power purchase agreement, or allowing rate recovery
3.2 ~~pursuant to~~ under section 216B.16 for ~~such~~ a nonrenewable energy facility; unless the utility
3.3 ~~has demonstrated that a renewable energy facility is not in the public interest.~~ first
3.4 demonstrates:

3.5 (1) cost-effective energy savings are treated as the preferred energy resources to satisfy
3.6 customer demand, as required under section 216B.2401;

3.7 (2) opportunities to meet the utility's resource need entirely through a combination of
3.8 clean energy resources were thoroughly evaluated; and

3.9 (3) a combination of clean energy resources that meets the identified resource need
3.10 cost-effectively and reliably when integrated with the utility's existing system is not feasible
3.11 and in the public interest.

3.12 (b) If a utility demonstrates the conditions listed under paragraph (a), clauses (1) to (3),
3.13 the commission may approve the inclusion of nonrenewable resources, in combination with
3.14 clean energy resources, if nonrenewable resources are necessary to cost-effectively and
3.15 reliably satisfy the resource need identified by the utility.

3.16 (c) When making the ~~public interest~~ determination under paragraph (a), the commission
3.17 must consider:

3.18 (1) whether the resource plan helps the utility achieve the greenhouse gas reduction
3.19 goals under section 216H.02, the renewable energy standard under section 216B.1691, or
3.20 the solar energy standard under section 216B.1691, subdivision 2f;

3.21 (2) impacts on local and regional grid reliability;

3.22 (3) utility and ratepayer impacts resulting from the intermittent nature of renewable
3.23 energy facilities, including but not limited to the costs of purchasing wholesale electricity
3.24 in the market and the costs of providing ancillary services; and

3.25 (4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,
3.26 changes in transmission costs, portfolio diversification, and environmental compliance
3.27 costs.

3.28 Sec. 5. Minnesota Statutes 2016, section 216B.2425, is amended by adding a subdivision
3.29 to read:

3.30 Subd. 7a. **Retiring generation; transmission and distribution planning.** Each entity
3.31 subject to this section must identify and include in the report under subdivision 2 any
3.32 transmission upgrades needed to support the eventual retirement of nonrenewable generation

- 4.1 facilities that are within ten years of being fully depreciated or whose operating licenses
- 4.2 will expire within ten years of the date the report is filed.