

1.1 moves to amend H.F. No. 1513 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2010, section 216B.164, subdivision 3, is amended to
1.4 read:

1.5 Subd. 3. **Purchases; small facilities.** (a) For a qualifying facility having less than
1.6 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility
1.7 according to the applicable rate schedule for sales to that class of customer. In the case
1.8 of net input into the utility system by a qualifying facility having less than 40-kilowatt
1.9 capacity, compensation to the customer shall be at a per kilowatt-hour rate determined
1.10 under paragraph (b) ~~or~~ (c), or subdivision 4.

1.11 (b) In setting rates, the commission shall consider the fixed distribution costs to the
1.12 utility not otherwise accounted for in the basic monthly charge and shall ensure that the
1.13 costs charged to the qualifying facility are not discriminatory in relation to the costs
1.14 charged to other customers of the utility. The commission shall set the rates for net
1.15 input into the utility system based on avoided costs as defined in the Code of Federal
1.16 Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of
1.17 Federal Regulations, title 18, section 292.304, and all other relevant factors.

1.18 (c) Notwithstanding any provision in this chapter to the contrary, a qualifying facility
1.19 having less than 40-kilowatt capacity that is interconnected with a nongenerating utility
1.20 may elect that the compensation to be compensated for net input by the qualifying facility
1.21 into the utility system shall be at the average retail utility energy rate. "Average retail
1.22 utility energy rate" is defined as the average of the retail energy rates, exclusive of special
1.23 rates based on income, age, or energy conservation, according to the applicable rate
1.24 schedule of the utility for sales to that class of customer rate the nongenerating utility pays
1.25 a generating utility or utilities to supply electricity to the nongenerating utility, including,
1.26 but not limited to, energy, capacity, and transmission costs.

2.1 (d) If the qualifying facility is interconnected with a nongenerating utility which has
2.2 a sole source contract with a municipal power agency or a generation and transmission
2.3 utility, the nongenerating utility may elect to treat its purchase of any net input under this
2.4 subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier
2.5 for any additional costs incurred in making the purchase. A qualifying facilities facility
2.6 having less than 40-kilowatt capacity may, at the customer's option, elect to be governed
2.7 by the provisions of subdivision 4.

2.8 For the purposes of this section, "nongenerating utility" has the meaning given
2.9 in Minnesota Rules, chapter 7835.0100.

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

2.11 Amend the title accordingly