

**Subject** Energy

**Authors** Wagenius

**Analyst** Bob Eleff

**Date** July 6, 2020

## Summary

St. Paul District Energy, which has provided heating and cooling services to buildings in downtown St. Paul since 1983, also generates 25 MW of electricity from waste wood that it sells to Xcel Energy that contributes to Xcel's fulfillment of the state's biomass mandate. This bill establishes conditions that govern a new power purchase agreement between those parties, which requires approval by the Minnesota Public Utilities Commission.

Under a new agreement, waste wood would continue to be the primary fuel source for the electricity, and any wood from ash trees removed from counties quarantined by the Minnesota Department of Agriculture for emerald ash borer infestation must meet the department's requirements designed to limit the spread of the infestation. The price of electricity under a new agreement must be comparable to that paid by Xcel for electricity generated from refuse-derived fuel. In addition, a new agreement cannot be approved without the commission also approving a proposal to electrify the St. Paul District heating and cooling system, a project which must be completed by the end of 2027.

A proposal for a new power purchase agreement must be filed with the commission before January 1, 2022, and is to be effective through December 31, 2023, unless extended to the completion date of an electrification project or another date jointly agreed to by the parties and approved by the commission.