

# House Research Act Summary

**CHAPTER:** 443

**SESSION:** 2000 Regular Session

**TOPIC:** Biomass Mandate

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## Overview

As part of the Prairie Island law passed in 1994, the legislature required a public utility that operates a nuclear-powered electric generating plant within the state to develop 125 megawatts of electric energy installed capacity generated using farm-grown closed-loop biomass. This act modifies the biomass mandate to allow a facility that uses poultry litter to generate electricity to be eligible to provide up to 50 megawatts of the required capacity if it can meet or beat the price of other facilities already approved by the Public Utilities Commission (PUC) to satisfy the biomass mandate. The act also includes a process for fulfilling the mandate if, after final PUC action on projects submitted to the PUC by September 1, 2000, some of the 125 megawatts remain unfulfilled. Finally, the act requires that at least 75 of the 125 mandated megawatts must be generated using agricultural biomass.

- 1 **Fuel exemption.** Under current law, non-biomass may be used to satisfy up to 25 percent of the fuel requirements of a biomass facility. The act amends that provision to allow co-firing of agricultural crop wastes, such as oat hulls, at biomass facilities in an amount in excess of 25 percent of the fuel requirements of the biomass facility.
- 2 **Mandate.** Provides that 50 of the 125 megawatts of mandated capacity may be provided by a facility that uses poultry litter as its primary fuel source:
  - a) if a contract for such capacity is entered into and filed with the PUC prior to September 1, 2000;
  - b) if the average purchase price per megawatt hour over the life of the contract is equal to or less than the average purchase price per megawatt hour of existing biomass contracts approved by the PUC; and
  - c) the capacity is scheduled to be operational by December 31, 2002.

Such a facility need not use biomass that complies with the definition of farm-grown closed-loop biomass in Minnesota Statutes, section 216B.2424, subdivision 1.

Requires the PUC to do a preliminary review within 30 days of filing of a contract for poultry litter generating capacity to determine whether the contract meets the price requirement set forth above.

Provides that the PUC must make a final decision by July 1, 2001 on all contracts submitted by a public utility as of September 1, 2000 to satisfy the biomass mandate.

Provides a public utility subject to the biomass mandate must notify the PUC if it has exercised an option to increase the generating capacity of a project already approved by the PUC.

Any review of the project by the PUC after exercise of such an option shall be based on the same criteria used to review the existing contract.

- 3 **Remaining megawatt compliance process.** Establishes an expedited process for final compliance with the mandate if some of the 125 megawatts remain after final PUC action on all biomass contracts submitted to the PUC by September 1, 2000. Subject to the requirements of sections 4 and 5, this section allows any remaining megawatts to be satisfied by facilities that burn biomass only or that co-fire biomass with non-biomass. For purposes of this section, biomass means farm-grown closed-loop biomass, agricultural waste, and waste wood.

Provides that nothing in this section affects in any way contracts entered into to satisfy the mandate as of the effective date of the bill.

Provides that nothing in this section requires a public utility to retrofit its existing power plants to co-fire biomass, and conversely nothing in this section precludes a public utility from doing so.

- 4 **Effect on existing projects.** Precludes the PUC from approving a contract for a project proposed after the effective date of this act that would adversely affect the fuel supply of projects already approved by the PUC to meet the biomass mandate.

- 5 **Agricultural biomass.** Provides that at least 75 of the 125 megawatts required by the mandate must be generated by facilities which use at least 75% agricultural biomass as the principal fuel source. For purposes of this section, agricultural biomass includes farm-grown closed-loop biomass and agricultural waste. This provision applies to the final mix of megawatts, even if the remaining megawatt process in section 3 is needed.

- 6 **Effective date.** Provides that sections 1 to 5 are effective the day following final enactment.