

Chapter 23

2021 regular session

Subject Xcel Energy/St. Paul District Heating Contract Extension

Bill H.F. 1255 / S.F. 1047

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Summary

Chapter 23 establishes conditions under which the contract between Xcel Energy and the St. Paul District Heating and Cooling system cogeneration facility may be extended beyond its current termination date at the end of 2022. This contract has enabled Xcel to fulfill part of the state's Biomass Mandate (Minn. Stat. § 216B.2424) for almost two decades.

The legislation allows Xcel to file a proposal with the Minnesota Public Utilities Commission by August 1 of this year to enter into a power purchase agreement governing the utility's purchase of electricity generated by the St. Paul District Heating and Cooling system cogeneration facility that meets the following conditions:

- contains evidence demonstrating that waste wood from ash trees removed from counties quarantined by the Minnesota Department of Agriculture for emerald ash borer infestation complies with all state regulations designed to prohibit the infestation's spread;
- the price paid by Xcel for electricity generated by the cogeneration facility does not exceed \$98 per MWh; and
- the proposal includes an analysis of projects to power, in whole or in part, the St. Paul District Heating and Cooling system with electricity generated from renewable energy technologies, which projects must be implemented no later than the end of 2027.

If an electrification project is not approved by the commission, the contract may not be extended beyond the end of 2024.

During the initial contract extension period, the cogeneration facility must report periodically to the commission on its efforts to seek funding to reduce its electric generation costs and to terminate any use of revenues from the agreement to subsidize ash tree waste removal.