

HOUSE RESEARCH

Bill Summary

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Overview

This bill:

- authorizes additional dry cask storage at Prairie Island to allow that nuclear generation facility to continue to operate until the end of current license in 2013/2014
- specifies that approval of a future storage facility or dry casks at either the Prairie Island or Monticello nuclear generation facilities is subject to the approval of the Minnesota Public Utilities Commission
- provides for recovery of expenses for a settlement with the Mdewakanton Dakota Tribal Council at Prairie Island regarding additional storage at Prairie Island
- directs energy utilities to make expenditures for research into sustainable energy sources, and deployment of sustainable energy technologies.

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- 1 Definition of radioactive waste management facility.** Amends the definition of a radioactive waste management facility to specifically exclude a storage facility "located on the site of a Minnesota nuclear generation facility for dry cask storage of spent nuclear fuel generated solely by that nuclear facility." Under current law (section 116C.72), legislative authorization is required to construct and operate a radioactive waste management facility in the state. The effect of this section (and section 3, paragraph (b) is to transfer authority over on-site dry cask storage from the legislature to the Minnesota Public Utilities Commission.
- 2 Renewable development fund.** Specifies that the current requirement that Xcel is to spend \$500,000 per year per cask on renewable energy development applies only to 17 dry casks

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filled and placed at Prairie Island. There are currently 17 casks at that facility, and Xcel is required to spend \$8.5 million annually under this section.

Makes a technical change in the wording of paragraph (a). Since enactment of the statute, Xcel has transferred the operation of the facility to the Nuclear Management Company. This section addresses this change by specifying that the section applies to the "public utility that owns the Prairie Island nuclear generating plant."

Directs that:

- ▶ \$2.5 million annually, up to a total of \$25 million, of the \$8.5 million is for payments to the Mdewakanton Dakota Tribal Council at Prairie Island
- ▶ up to 25% must be spent for production incentives for small wind energy facilities (2 megawatts and under) and
- ▶ up to 25 percent may be spent for capital assistance grants for small wind energy facilities.

3 Authorization for additional dry cask storage.

Subd. 1. Authorization.

Paragraph (a): Grants authorization for sufficient dry cask storage to allow the nuclear reactors at Prairie Island to continue to operate under the end of their current licenses (2013 for reactor unit 1 and 2014 for reactor unit 2).

Paragraph (b): Specifies that any future nuclear storage facility or dry casks at either the Prairie Island or Monticello nuclear generation facilities is subject to the approval of the Minnesota Public Utilities Commission, and must receive a certificate of need from the commission.

Overrides a commission rule (Minnesota Rules, part 7855.0100) to explicitly give the commission the authority to make a decision that could result in a shut down of a nuclear generation facility. That rule states:

In the case of an application for a certificate of need for an expansion of a nuclear waste storage or disposal facility serving an existing large electric generating facility, the commission shall not make a decision that could reasonably be expected to result in a forced shutdown of the generating facility.

Specifies that the storage of spent nuclear fuel in the pool and in dry casks at Prairie Island is to be managed to facilitate the shipment of waste out of state as soon as feasible in a manner that allows the continued operation of the plant.

Paragraph (c): Clarifies that the authorization for storage capacity under paragraphs (a) and (b) is limited to storage of spent fuel generated by a Minnesota nuclear generation facility, and stored on the site of that facility.

Paragraph (d): Specifies that the authority granted to the public utility regarding additional storage is contingent on the utility maintaining its headquarters in

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Minnesota.

Subd. 2. Environmental review and protection.

Paragraph (a): States that the siting, construction and operation of a dry cask storage facility is subject to all of the environmental review and protection provisions of chapters 115, 115B, 116, 116B, 116C, 116D, and 216B, except those that apply specifically to a radioactive waste management facility.

Paragraph (b): Requires an environmental impact statement for a proposal to construct and operate a new or expanded dry cask storage facility. Requires the EIS to demonstrate the facility is designed to meet the groundwater standards in section 116C.76, subdivision 1, clauses (1) to (3).

- 4 Recovery of costs relating to settlement with Prairie Island tribal council.** Authorizes the utility to recover without a general rate case the costs of a settlement with the Mdewakanton Dakota Tribal Council at Prairie Island regarding the contractual agreement entered into in 1994, to the extent that funds collected pursuant to Minnesota Statutes 2002, section 116C.779 (see section 2) are insufficient to cover the settlement costs.

The 1994 statute authorizing dry cask storage at Prairie Island was contingent upon the state and the utility entering an agreement binding the parties to specific terms of the statute, including the section authorizing 17 casks. The statute, and the resulting contract, specified that the tribal council was a third party beneficiary to the contract, with standing to enforce the agreement.

- 5 Sustainable energy projects.** Requires utilities subject to conservation improvement plan (CIP) spending requirements to spend:
- ▶ 10 percent, and may spend up to 25 percent, of their required CIP spending on sustainable energy generation projects; and
 - ▶ 5 percent on sustainable energy research at the University of Minnesota, and may spend an additional 5 percent at the U or elsewhere.

Sustainable energy sources includes: wind, hydrogen, solar, geothermal, small hydro, biomass, landfill gas, refuse derived fuel and solid waste. Authorizes utilities to pool resources under this section, and provides for a credit for projects outside of a utilities service territory of 3 percent, up to 10 percent, of the amount contributed. Requires all expenditures to be consistent with eligibility determinations made by the commissioner of commerce.

- 6 St. Paul District Energy.** Increases the statutory cap on the amount of the biomass mandate that the St. Paul District Energy wood waste biomass facility can satisfy, from 25 megawatts to 35 megawatts.
- 7 Biomass compliance process.** Specifies the terms and criteria for competitive bidding for biomass capacity to satisfy the biomass mandate from the 1994 Prairie Island legislation, in the event that biomass project contracts are cancelled under section 8. Specifies which biomass sources are eligible.
- 8 Technical.** Makes changes to comply with changes in section 6.
- 9 Biomass projects; status review.** Requires the public utilities commission to conduct, beginning in January 2004, a review of all projects to satisfy the biomass mandates, and to make determinations regarding the viability of those projects by December 2004. Requires

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the commission to cancel any project not found viable, and to rebid those projects under section 6.

- 10 Reliability administrator.** Directs the Reliability Administrator to:
- ▶ research and identify present and emerging energy issues, including adequacy of energy supply issues, energy infrastructure issues, regulatory structures and procedures, emerging energy-related technologies fuels and applications
 - ▶ work with experts in the industry, state government and the University of Minnesota and
 - ▶ act as an information resource to the legislature and state agencies.
- 11 Repealer.** Repeals Minnesota Statutes 2002, section 216B.2411, which is replaced by the new language in section 5.
- 12 Effective date.** Makes sections 1 to 11 effective the day following final enactment.