

HOUSE RESEARCH

Bill Summary

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Overview

House File 357 contains changes to several provisions in the state's Community-Based Energy Development (C-BED) statutes regarding rates; requirements for C-BED purchases by utilities; maintenance reserve accounts; C-BED aggregation; and requiring a commission proceeding to develop standardized contracts for C-BED projects.

Section

1 [216B.1612] Community-based energy development; tariff.

Subd. 1. Tariff establishment. Modifies one of the goals of the tariff by specifying that the statute is designed to facilitate the development of community-based renewable energy projects in rural communities. Adds the goal of enabling Minnesotans to own and invest in such projects despite their inability to benefit from existing federal incentives.

2 [216B.1612] Community-based energy development; tariff.

Subd. 3. Tariff rate. Strikes language requiring the Public Utilities Commission to consider mechanisms to aggregate C-BED projects. Establishes a tariff rate for projects of five megawatts or less at the net present value equal to the most recent calendar year average MISO Average Day Ahead Market Price calculated over at least a 20-year contract period.

3 [216B.1612] Community-based energy development; tariff.

Subd. 5. Priority for C-BED projects. Strikes language:

- requiring utilities to take reasonable steps to consider purchasing power from C-BED projects in order to fulfill their Renewable Energy Standard (requiring a certain proportion of electricity sales to be generated from renewable sources);

and

- stating that utilities are not obligated to purchase power under this section's C-BED tariff.

Requires a utility subject to the RES requirement to:

- contract with C-BED projects whose capacity is five megawatts or less by the end of 2011, until the commission determines that 200 megawatts of such projects are installed or contracts signed for that amount of capacity in Minnesota; and
- contract with C-BED projects until the commission determines that 800 megawatts of C-BED capacity are installed or contracts signed for that amount of capacity in Minnesota.

4 [216B.1612] Community-based energy development; tariff.

Subd. 7. Other C-BED tariff issues. Strikes language allowing qualifying owners to develop projects jointly with non-qualified owners, provided that the C-BED tariff rate applies only to the proportion of the project owned by qualifying owners.

Requires contracts for C-BED projects of five megawatts or greater capacity to contain a provision requiring owners to make an annual deposit into a maintenance reserve account. The annual payment must be large enough to reasonably insure that the account is sufficient to pay maintenance costs over the term of the contract.

Prohibits an owner of a C-BED project of five megawatts or less capacity that is aggregated into a larger project from receiving the tariff rate established in section 2.

Prohibits an owner of a C-BED project receiving the tariff rate established in section 2 from participating in the ownership of another C-BED project receiving that rate, if the second project is within a radius of five miles from the first project.

5 [216B.1613] Standardized C-BED contract.

Subd. 1. Commission proceeding. Provides that the commission begin a proceeding within 60 days of the effective date of this section to standardize all contract provisions, except for those establishing the power purchase price, separately for C-BED projects above and below five megawatts in capacity. Requires the proceeding to be open to public participation and requires the commission to issue an order within 90 days of the initiation of the proceeding.

Subd. 2. Expiration. Provides that section 1 expires the day after the order required under subdivision 1 is issued.