

File Number: H.F. 759 **Date:** March 17, 2017
Version: The delete everything amendment (H0759DE3)

Authors: Metsa

Subject: Modifying a biomass contract

Analyst: Bob Eleff

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

House File 759 concerns the Laurentian Energy Authority, a project co-owned by the Public Utilities Commissions of Hibbing and Virginia that produces electricity from biomass that is sold to Xcel Energy. The project emerged from the legislature's mandate in 1994 (as part of the agreement to allow nuclear storage at Xcel's Prairie Island nuclear plant) that Xcel develop or contract for 125 MW of biomass. As a result, over the years the legislature has modified the power purchase agreement between the parties.

This bill allows Xcel to seek approval from the Minnesota Public Utilities Commission for a new or amended power purchase agreement or, if all parties agree, to terminate the existing agreement. The bill sets out the conditions under which the commission may approve any of these options, including that all parties are in agreement, and that the option is in the best interest of Xcel customers. Approval of any option by the PUC does not require Xcel to purchase additional biomass under the mandate. The bill also allows Xcel to petition the commission to allow automatic cost recovery through its rates of charges, investments, or costs associated with any action taken with respect to the power purchase agreement.