

Senator Day introduced--

S.F. No. 315: Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act

2 relating to taxation; property; providing that certain

3 personal property of an electric generation facility

4 is exempt from property taxation; amending Minnesota

5 Statutes 2004, section 272.02, by adding a subdivision.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 272.02, is

8 amended by adding a subdivision to read:

9 Subd. 68. [ELECTRIC GENERATION FACILITY PERSONAL

10 PROPERTY.] (a) Notwithstanding subdivision 9, clause (a), and

11 section 453.54, subdivision 20, attached machinery and other

12 personal property which is part of an electric generation

13 facility that exceeds 150 megawatts of installed capacity and

14 meets the requirements of this subdivision is exempt. At the

15 time of construction, the facility must:

16 (1) be designed to utilize natural gas as a primary fuel;

17 (2) be owned and operated by a municipal power agency as

18 defined in section 453.52, subdivision 8;

19 (3) have received the certificate of need under section

20 216B.243;

21 (4) be located outside the metropolitan area as defined

22 under section 473.121, subdivision 2; and

23 (5) be designed to be a combined-cycle facility, although

24 initially the facility will be operated as a simple-cycle

25 combustion turbine.

1 (b) To qualify under this subdivision, an agreement must be
2 negotiated between the municipal power agency and the host city,
3 for a payment in lieu of property taxes to the host city.

4 (c) Construction of the facility must be commenced after
5 January 1, 2004, and before January 1, 2006. Property eligible
6 for this exemption does not include electric transmission lines
7 and interconnections or gas pipelines and interconnections
8 appurtenant to the property or the facility.

9 [EFFECTIVE DATE.] This section is effective for assessment
10 year 2005, taxes payable in 2006, and thereafter.

Senators Nienow, Wergin and Jungbauer introduced--
S.F. No. 952: Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act

2 relating to taxation; providing that certain personal
3 property of an electric generation facility is exempt
4 from property taxation; amending Minnesota Statutes
5 2004, section 272.02, by adding a subdivision.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 272.02, is
8 amended by adding a subdivision to read:

9 Subd. 68. [ELECTRIC GENERATION FACILITY; PERSONAL
10 PROPERTY.] (a) Notwithstanding subdivision 9, clause (a),
11 attached machinery and other personal property which is part of
12 a simple-cycle combustion-turbine electric generation facility
13 that exceeds 150 megawatts of installed capacity and that meets
14 the requirements of this subdivision is exempt. At the time of
15 construction, the facility must:

- 16 (1) utilize natural gas as a primary fuel;
- 17 (2) be owned by an electric generation and transmission
18 cooperative;
- 19 (3) be located within five miles of parallel existing
20 12-inch and 16-inch natural gas pipelines and a 69-kilovolt
21 high-voltage electric transmission line;
- 22 (4) be designed to provide peaking, emergency backup, or
23 contingency services;
- 24 (5) have received a certificate of need under section
25 216B.243 demonstrating demand for its capacity; and

1 (6) have received by resolution the approval from the
2 governing body of the county and township in which the proposed
3 facility is to be located for the exemption of personal property
4 under this subdivision.

5 (b) Construction of the facility must be commenced after
6 July 1, 2005, and before January 1, 2009. Property eligible for
7 this exemption does not include electric transmission lines and
8 interconnections or gas pipelines and interconnections
9 appurtenant to the property or the facility.

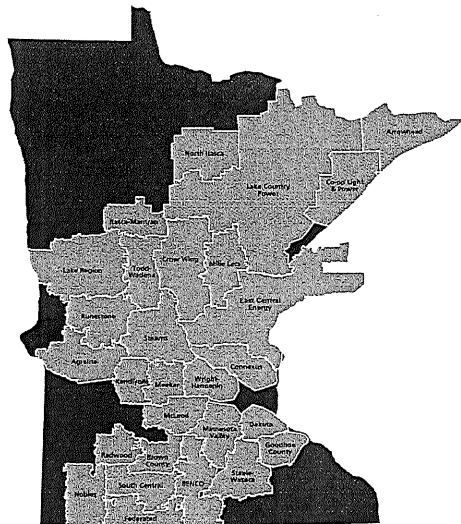
10 [EFFECTIVE DATE.] This section is effective for assessment
11 year 2006 and thereafter, for taxes payable in 2007 and
12 thereafter.

Proposed Peaking Plant at Great River Energy's Cambridge Station

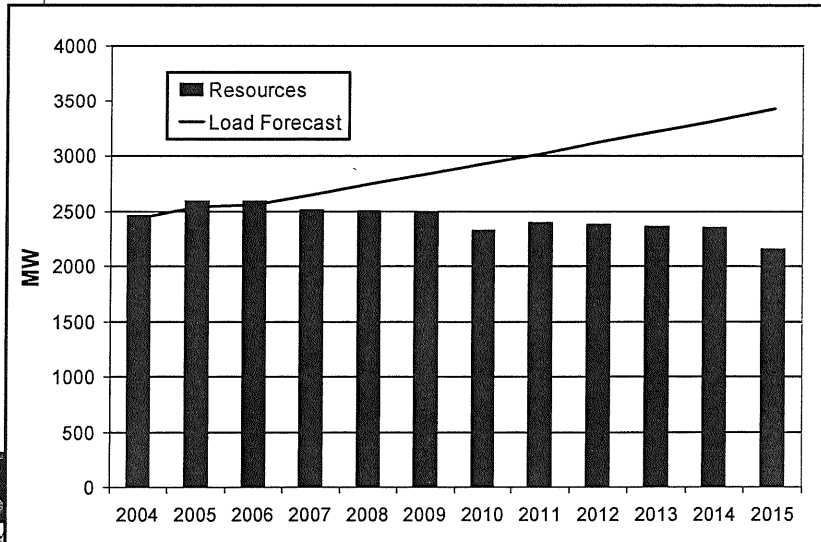
Rick Lancaster
VP, Corporate Services



Great River Energy's Service Area



We're Growing



GRE's Current Needs

- ▶ GRE has the need for about 170 megawatts (MW) of peaking capacity in 2007
 - One MW of electricity will operate approximately 500 central air conditioners
- ▶ GRE will need another 170 MW of peaking capacity in 2009
- ▶ GRE will need about 500 MW of baseload capacity by 2012

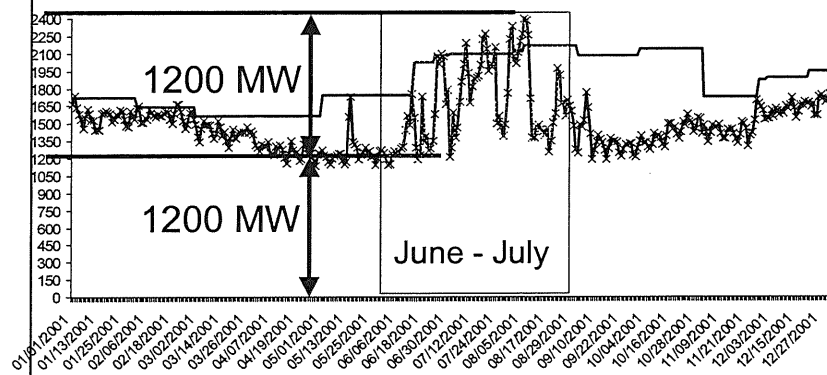


Why a Peaking Plant?

- ▶ GRE's demand for electricity is growing
- ▶ GRE's daily electric demand profile fluctuates widely
- ▶ Peaking plants are built for the fluctuations
 - Hottest summer days
 - Coldest winter nights
 - System emergencies



Fluctuations in Daily Electric Demand



Why Cambridge?

- ▶ Existing GRE plant site
- ▶ Natural gas lines nearby
- ▶ Access to good transmission – no voltage increase but some lines may be rebuilt
- ▶ Local government support for personal property tax exemption



Benefits to Isanti County

- ▶ Improved power reliability
- ▶ Jobs
 - Construction (approximately 100 skilled craft workers for 1 year)
 - Operations (2 – 3 full-time operators)
- ▶ Taxes
 - Seeking personal property tax exemption on peaking plant's "attached machinery"
 - Even with exemption, GRE will pay an estimated additional \$350,000/year in taxes to Isanti County, schools and local communities.

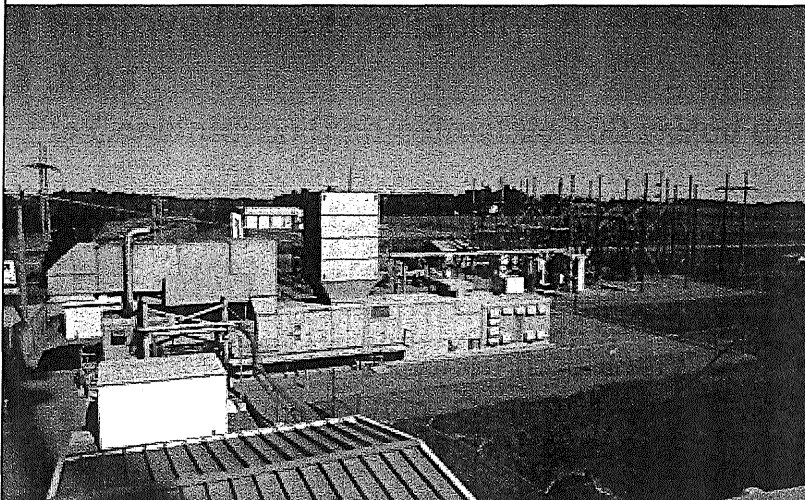


2007 Peaking Plant Addition

- ▶ Location – site of existing GRE peaking station on 349th Avenue NE near Hwy 65, Cambridge Township, Isanti County
- ▶ Size of plant – Approximately 170 MW accredited summer capacity
- ▶ Fuel – natural gas
- ▶ Total cost - \$79.6 million
- ▶ Construction start – May 2006



Existing Combustion Turbine



Artist's Rendition of Proposed Plant



GRE's Request

- ▶ We would like to build this peaking plant within our members' service territory within Minnesota
- ▶ Like every other new plant proposed in Minnesota since 1994, we come up against the personal property tax (PPT) on utility "attached machinery"
- ▶ Neighboring states do not impose this tax
- ▶ In order to build the plant in Minnesota, we need to obtain a PPT exemption for the machinery
- ▶ We would still pay property tax on land and buildings and PPT on transmission line improvements
- ▶ Local communities would still receive an additional \$350,000 per year in new property tax revenue



Senators Robling, Neuville and Belanger introduced--
S.F. No. 634: Referred to the Committee on Taxes.

1 A bill for an act

2 relating to taxation; property; providing that certain
3 personal property of an electric generation facility
4 is exempt from property taxation; amending Minnesota
5 Statutes 2004, section 272.02, by adding a subdivision.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 272.02, is
8 amended by adding a subdivision to read:

9 Subd. 68. [ELECTRIC GENERATION FACILITY; PERSONAL
10 PROPERTY.] Notwithstanding subdivision 9, clause (a), attached
11 machinery and other personal property which is part of a
12 simple-cycle, combustion-turbine electric generation facility
13 that exceeds 300 megawatts of installed capacity and that meets
14 the requirements of this subdivision is exempt. At the time of
15 the construction, the facility must:

16 (1) be designed to utilize natural gas as a primary fuel;

17 (2) be owned by a public utility as defined in section

18 216B.02, subdivision 4, and be located at or interconnected with
19 an existing generating plant of the utility;

20 (3) be designed to provide peaking, emergency backup, or
21 contingency services;

22 (4) satisfy a resource need identified in an approved
23 integrated resource plan filed under section 216B.2422; and

24 (5) have received, by resolution, the approval from the
25 governing body of the county and the city for the exemption of

1 personal property under this subdivision.

2 Construction of the facility must be commenced after

3 January 1, 2004, and before January 1, 2005. Property eligible

4 for this exemption does not include electric transmission lines

5 and interconnections or gas pipelines and interconnections

6 appurtenant to the property or the facility.

7 [EFFECTIVE DATE.] This section is effective beginning with

8 assessment year 2005, for taxes payable in 2006 and thereafter.

- 1 Senator moves to amend S.F. No. 634 as follows:
- 2 Page 1, line 11, delete "a" and insert "an existing"
- 3 Page 2, line 2, after "facility" insert "expansion"

Senators Kiscaden, Murphy, Kubly, Senjem and Frederickson introduced--
S.F. No. 719: Referred to the Committee on Jobs, Energy and Community Development

1 A bill for an act

2 relating to taxation; providing a sales tax exemption
3 for certain construction materials for certain
4 resource recovery facilities; amending Minnesota
5 Statutes 2004, section 297A.71, by adding a
6 subdivision.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

8 Section 1. Minnesota Statutes 2002, section 297A.71, is
9 amended by adding a subdivision to read:

10 Subd. 33. [WASTE RECOVERY FACILITY.] Materials and
11 supplies used or consumed in, and equipment incorporated into,
12 the construction, improvement, or expansion of a waste-to-energy
13 resource recovery facility are exempt if the facility uses
14 biomass or mixed municipal solid waste as a primary fuel to
15 generate steam or electricity.

16 [EFFECTIVE DATE.] This section is effective for sales and
17 purchases made after January 1, 2005.

March 9, 2005

Jobs, Energy and Community Development Subcommittee on
Energy- Chair: Gary Kubly

SALES TAX EXEMPTION FOR WASTE-TO-ENERGY FACILITIES

Olmsted County and the Minnesota Resource Recovery Association (MRRA) requests that Minnesota Statutes be amended to authorize business and construction tax exemptions for materials and supplies used or consumed in, and equipment incorporated into, the construction, improvement, or expansion of waste-to-energy resource recovery facilities using biomass/waste as a primary fuel to generate steam and/or electricity.

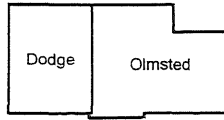
The waste-to-energy industry, using waste as a primary fuel, is like the following biomass and energy producing business applications that have been given tax exemptions to date:

- **Alfalfa**
- **Wood as a primary fuel source**
- **Biomass electrical generating facility using wood residue**
- **Hydroelectric generating facility (expired)**

The financial benefit for Olmsted County considering its 3rd Unit expansion of the Olmsted Waste-to-Energy facility would be an estimated \$1 million.

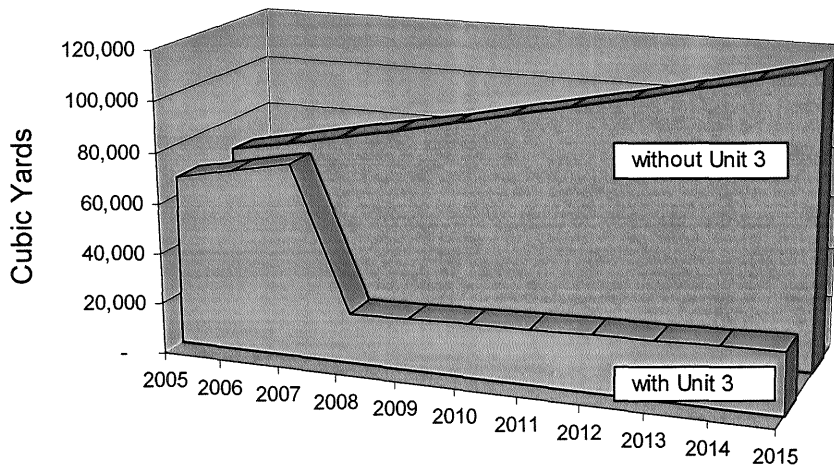
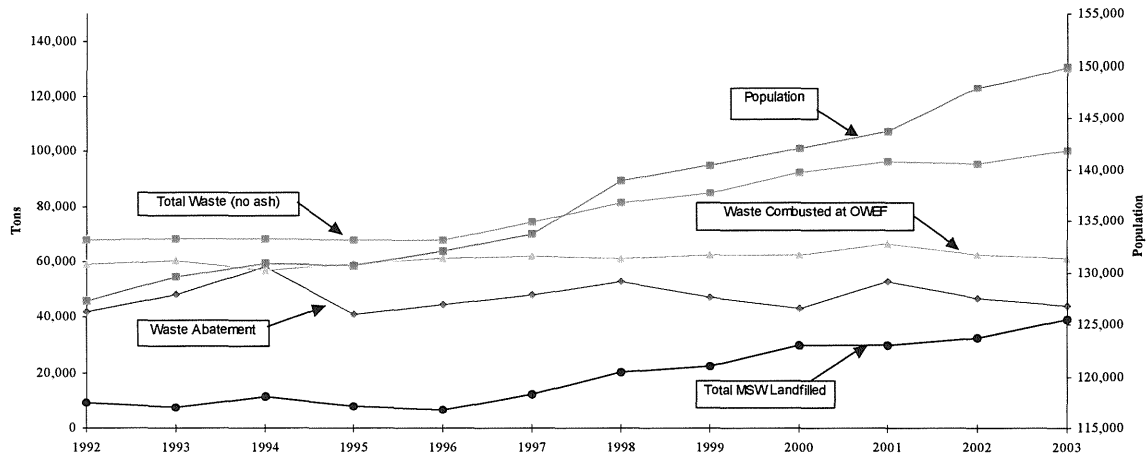
Unit 3 Expansion Project

Olmsted Waste-to-Energy Facility
serving the citizens of



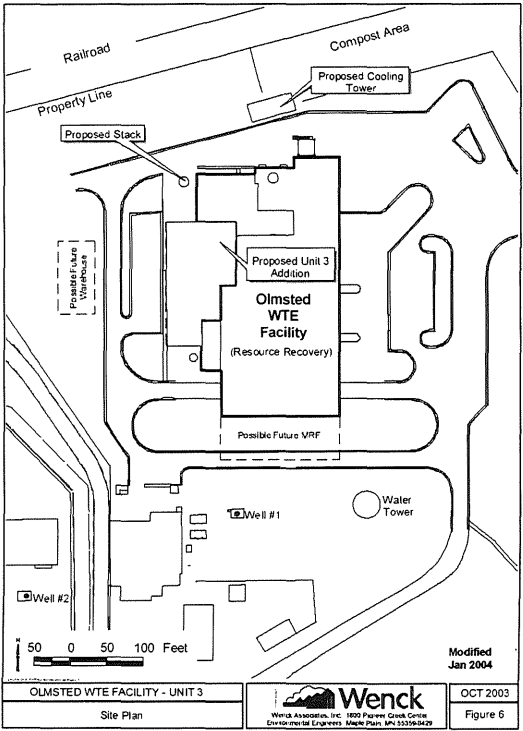
- The Olmsted Waste-to-Energy Facility (OWEF) has been providing service to the citizens of Dodge and Olmsted Counties for 17 years. Working in concert with recycling, hazardous waste management, waste abatement, composting and state-of-the-art landfilling, the goals of landfill abatement, pollution control and prevention and resource conservation are being successfully realized.
- The current system provides a place for most waste materials. These facilities, owned and operated by Dodge and Olmsted Counties, limit the potential environmental liability to waste generators. These waste management facilities are developed, constructed and operated for maximum environmental protection.
- The OWEF uses renewable biomass fuel (garbage) to produce energy for 26 buildings. The resulting ash is 90% less volume, and is more stable in chemical form than garbage in a landfill. Landfill ash conserves precious landfill space and helps protect the environment from waste components that can leach into the groundwater.
- Emissions at the OWEF have been well below permitted limits throughout its history. In 2003, a new air pollution control system was added to the OWEF to assure compliance with future emission limits. Industry studies indicate that waste-to-energy facilities provide cleaner energy compared to most other conventional energy sources.
- Because of the prevalence of Karst geology in southeastern Minnesota, it is difficult to site a replacement landfill. Therefore it is necessary to preserve the current landfill space as long as possible. Currently, over 30,000 tons of waste are buried in the Kalmar Landfill each year. If we do nothing, the Kalmar Landfill will be full in 2015.
- Adding a 3rd unit to the existing OWEF will greatly extend the life of the Kalmar Landfill. Olmsted County has begun the permitting process to add an additional 200-ton per day unit to the existing OWEF to double capacity.
- Olmsted County is voluntarily conducting an Environmental Impact Statement in the permitting process to provide assurance that the project is the best way to manage our solid waste.
- Preliminary estimates indicate the cost of the 3rd unit project to be approximately \$35-40 million (including permitting costs). The existing OWEF cost \$27 million when it was constructed 18 years ago. The bonds sold to finance the original construction will be paid off by 2007. It is possible that the new bond payments will be the same or lower than those for the original bonds. The payments will be made from the revenues from selling the energy (steam and electricity) produced and the disposal (tipping) fees for wastes delivered to the OWEF.
- Expected date of operation --late 2008.

Waste Trends - Dodge & Olmsted Counties 1992-2003



- 3RD UNIT PROJECT**

 - One 200 T PD Municipal Waste Combustor (MWC)
 - New boiler house adjacent to existing building
 - New stack
 - New cooling tower



**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 817/H.F. No. 218 - Renewable Energy Production
Incentives (delete-everything amendment SCH0218A-2)**

Author: Senator Julie A. Rosen

Prepared by: John C. Fuller, Senate Counsel (651/296-3914) *JCF*

Date: March 8, 2005

Overview

Prior to 2003, the state had a program to provide incentives for up to 100 megawatts of wind energy systems. The incentive was 1.5 cents per kilowatt hour. In 2003, an additional 100 megawatts of wind was made eligible for the incentive. The only difference with this 2003 incentive was that it was to be paid from the renewable development account. The renewable development account is an account to which Xcel Energy contributes \$16 million per year as part of the agreement to store nuclear waste in dry casks at Prairie Island. To qualify for an incentive, an applicant must file a form with the Commissioner of Commerce and, if they qualify, the applicant will receive an approval letter. The applicant has 18 months from the date of approval to make a wind energy system operational or the applicant loses its incentive entitlement. The application process for the 2003 incentive program was oversubscribed with more applicants than there were megawatts. Many of the applicants who were approved were dependent on the federal production tax credit to make their projects financially viable. The ten-month delay in extending the federal credit in 2004 meant that many of the projects will not be operational within the required 18-month period. Once a project is disqualified, then other projects waiting in line would be eligible for approval. S.F. No. 817 as introduced simply extended the deadline for those who fell victim to the delay in the federal tax credit extension. However, those in line who would replace projects that failed to meet the original operational deadline objected to the original proposal. The delete-everything amendment represents a compromise, which allows both those currently approved and who are delayed and those who were not approved originally to qualify for the incentive. The end result is more than 100 megawatts may receive the incentive but at a rate of one cent rather than 1.5 cents.

This amendment is designed to address solely the 100 megawatt of wind authorized by the 2003 legislation.

Section 1 is a brief summary of the issues triggering this legislation and provides a basis for understanding section 2.

Section 2 does essentially four things:

(1) it provides for the extension of the deadline for up to ten months for those whose 18-month period to become operational included time when the federal tax credit was not authorized. To receive the extension, the applicant must show that a project is ready to go forward and submit evidence to that effect;

(2) for those who did not receive a letter of approval but had submitted an application prior to January 1, 2005, they may reapply for a letter of approval and, if they also can show evidence that they are ready to go forward, they will be eligible for the incentive;

(3) the incentive payment is reduced from the normal 1.5 cents per kilowatt hour to one cent per kilowatt hour; and

(4) Xcel Energy is given a hybrid right of first refusal to purchase energy produced by the projects that receive an extension or a letter of approval under this section. The reason for the hybrid right is that Xcel ratepayers are helping to pay for the projects through the subsidy since it is Xcel ratepayers who fund the renewable development account.

JCF:cs

Senators Rosen, Gaither, Anderson and Kubly introduced--

S.F. No. 817: Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act

2 relating to energy; extending eligibility to receive
3 the renewable energy production incentive under
4 certain circumstances; amending Minnesota Statutes
5 2004, section 216C.41, subdivision 7.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 216C.41,
8 subdivision 7, is amended to read:

9 Subd. 7. [ELIGIBILITY PROCESS.] (a) A qualifying project
10 is eligible for the incentive on the date the commissioner
11 receives:

12 (1) an application for payment of the incentive;

13 (2) one of the following:

14 (i) a copy of a signed power purchase agreement;

15 (ii) a copy of a binding agreement other than a power
16 purchase agreement to sell electricity generated by the project
17 to a third person; or

18 (iii) if the project developer or owner will sell
19 electricity to its own members or customers, a copy of the
20 purchase order for equipment to construct the project with a
21 delivery date and a copy of a signed receipt for a nonrefundable
22 deposit; and

23 (3) any other information the commissioner deems necessary
24 to determine whether the proposed project qualifies for the
25 incentive under this section.

1 (b) The commissioner shall determine whether a project
2 qualifies for the incentive and respond in writing to the
3 applicant approving or denying the application within 15 working
4 days of receipt of the information required in paragraph (a). A
5 project that is not operational within 18 months of receipt of a
6 letter of approval is no longer approved for the incentive,
7 except as provided in paragraphs (c) to (e). The commissioner
8 shall notify an applicant of potential loss of approval not less
9 than 60 days prior to the end of the 18-month period.
10 Eligibility for a project that loses approval may be
11 reestablished as of the date the commissioner receives a new
12 completed application.

13 (c) Applicants who received a letter of approval dated
14 December 31, 2003, or earlier may seek to extend the 18-month
15 eligibility period by submitting to the commissioner the
16 following:

17 (1) evidence that all necessary interconnection studies
18 have been completed and that the results indicate that
19 interconnection of the project is feasible; and

20 (2) a valid signed wind turbine supply agreement indicating
21 that delivery will take place no later than December 15, 2005.

22 (d) If the commissioner determines that the applicant has
23 complied with paragraph (c), the commissioner shall notify the
24 applicant that the 18-month eligibility period is extended until
25 December 31, 2005.

26 (e) If the commissioner determines that the applicant has
27 failed to comply with paragraph (c), the commissioner shall
28 notify the applicant that an extension of the 18-month
29 eligibility period is denied.

30 [EFFECTIVE DATE.] This section is effective the day
31 following final enactment.

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Printed Page No.

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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-FOURTH SESSION

HOUSE FILE NO. 218

January 13, 2005

Authored by Cornish, Smith, Gunther and Hamilton

The bill was read for the first time and referred to the Committee on Regulated Industries

February 21, 2005

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

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A bill for an act

relating to energy; extending eligibility to receive the renewable energy production incentive under certain circumstances; amending Minnesota Statutes 2004, section 216C.41, subdivisions 1, 5, 7.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2004, section 216C.41, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system in this state that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996; and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

1 (i) owned by a resident of Minnesota or an entity that is
2 organized under the laws of this state, is not prohibited from
3 owning agricultural land under section 500.24, and owns the land
4 where the facility is sited;

5 (ii) owned by a Minnesota small business as defined in
6 section 645.445;

7 (iii) owned by a Minnesota nonprofit organization;

8 (iv) owned by a tribal council if the facility is located
9 within the boundaries of the reservation;

10 (v) owned by a Minnesota municipal utility or a Minnesota
11 cooperative electric association and filed an application prior
12 to January 1, 2005; or

13 (vi) owned by a Minnesota political subdivision or local
14 government, including, but not limited to, a county, statutory
15 or home rule charter city, town, school district, or any other
16 local or regional governmental organization such as a board,
17 commission, or association; or

18 (3) begins generating electricity after June 30, 1999,
19 produces seven megawatts or less of electricity as measured by
20 nameplate rating, and:

21 (i) is owned by a cooperative organized under chapter 308A
22 other than a Minnesota cooperative electric association; and

23 (ii) all shares and membership in the cooperative are held
24 by an entity that is not prohibited from owning agricultural
25 land under section 500.24.

26 (d) "Qualified on-farm biogas recovery facility" means an
27 anaerobic digester system that:

28 (1) is located at the site of an agricultural operation;

29 (2) is owned by an entity that is not prohibited from
30 owning agricultural land under section 500.24 and that owns or
31 rents the land where the facility is located; and

32 (3) begins generating electricity after July 1, 2001.

33 (e) "Anaerobic digester system" means a system of
34 components that processes animal waste based on the absence of
35 oxygen and produces gas used to generate electricity.

36 Sec. 2. Minnesota Statutes 2004, section 216C.41,

1 subdivision 5, is amended to read:

2 Subd. 5. [AMOUNT OF PAYMENT; WIND FACILITIES LIMIT.] (a)

3 An incentive payment is based on the number of kilowatt hours of
4 electricity generated. The amount of the payment is:

5 (1) for a facility described under subdivision 2, paragraph
6 (a), clause (4), 1.0 cent per kilowatt hour; and

7 (2) for all other facilities, except as provided in clause
8 (3), 1.5 cents per kilowatt hour; and

9 (3) for a facility that receives, after January 1, 2005, an
10 extension or a letter of approval under subdivision 7, 1.0 cent
11 per kilowatt hour.

12 For electricity generated by qualified wind energy conversion
13 facilities, the incentive payment under this section is limited
14 to no more than 100 megawatts of nameplate capacity.

15 (b) For wind energy conversion systems installed and
16 contracted for after January 1, 2002, the total size of a wind
17 energy conversion system under this section must be determined
18 according to this paragraph. Unless the systems are
19 interconnected with different distribution systems, the
20 nameplate capacity of one wind energy conversion system must be
21 combined with the nameplate capacity of any other wind energy
22 conversion system that is:

23 (1) located within five miles of the wind energy conversion
24 system;

25 (2) constructed within the same calendar year as the wind
26 energy conversion system; and

27 (3) under common ownership.

28 In the case of a dispute, the commissioner of commerce shall
29 determine the total size of the system, and shall draw all
30 reasonable inferences in favor of combining the systems.

31 (c) In making a determination under paragraph (b), the
32 commissioner of commerce may determine that two wind energy
33 conversion systems are under common ownership when the
34 underlying ownership structure contains similar persons or
35 entities, even if the ownership shares differ between the two
36 systems. Wind energy conversion systems are not under common

1 ownership solely because the same person or entity provided
2 equity financing for the systems.

3 Sec. 3. Minnesota Statutes 2004, section 216C.41,
4 subdivision 7, is amended to read:

5 Subd. 7. [ELIGIBILITY PROCESS.] (a) A qualifying project
6 is eligible for the incentive on the date the commissioner
7 receives:

8 (1) an application for payment of the incentive;

9 (2) one of the following:

10 (i) a copy of a signed power purchase agreement;

11 (ii) a copy of a binding agreement other than a power
12 purchase agreement to sell electricity generated by the project
13 to a third person; or

14 (iii) if the project developer or owner will sell
15 electricity to its own members or customers, a copy of the
16 purchase order for equipment to construct the project with a
17 delivery date and a copy of a signed receipt for a nonrefundable
18 deposit; and

19 (3) any other information the commissioner deems necessary
20 to determine whether the proposed project qualifies for the
21 incentive under this section.

22 (b) The commissioner shall determine whether a project
23 qualifies for the incentive and respond in writing to the
24 applicant approving or denying the application within 15 working
25 days of receipt of the information required in paragraph (a). A
26 project that is not operational within 18 months of receipt of a
27 letter of approval is no longer approved for the incentive,
28 except as provided in paragraphs (c) to (i). The commissioner
29 shall notify an applicant of potential loss of approval not less
30 than 60 days prior to the end of the 18-month period, and shall
31 advise the applicant of the mechanism available to extend the
32 eligibility period under paragraph (c), if applicable.

33 Eligibility for a project that loses approval may be
34 reestablished as of the date the commissioner receives a new
35 completed application.

36 (c) If the federal production tax credit, as provided by

1 United States Code, title 26, section 45, as amended through
2 December 31, 2004, is unavailable during a portion of the
3 18-month eligibility period, an applicant may seek to extend the
4 18-month eligibility period by submitting to the commissioner
5 the following:

6 (1) evidence that all required interconnection and delivery
7 studies for the qualifying project have been completed and an
8 interconnection agreement signed by all the parties has been
9 executed. If the interconnection agreement requires
10 improvements to be made to the transmission system, the
11 applicant must provide evidence that equity and debt financing
12 sufficient to pay the cost of those improvements is secured and
13 that construction of the improvements will be completed by the
14 date the proposed extension will expire, as determined under
15 paragraph (d); and

16 (2) documents demonstrating that the qualifying project has
17 secured equity and debt financing sufficient to complete the
18 project by the date the proposed extension will expire, as
19 determined under paragraph (d).

20 (d) If the commissioner determines that the applicant has
21 submitted the documents listed in paragraph (c), clauses (1) and
22 (2), the commissioner shall, within 30 days of receiving the
23 documents, notify the applicant that the 18-month period is
24 extended by the length of time the credit was unavailable during
25 the 18-month period, notwithstanding any provision making the
26 credit retroactive. If the credit is not available when the
27 commissioner determines whether the applicant has submitted the
28 documents listed in paragraph (c), clauses (1) and (2), the
29 commissioner shall extend the 18-month eligibility period for 12
30 months.

31 (e) If the commissioner determines that an applicant has
32 failed to comply with paragraph (c), the commissioner shall
33 notify the applicant that an extension of the 18-month
34 eligibility period is denied.

35 (f) An applicant who filed an application prior to January
36 1, 2005, but who has not received a letter of approval may

1 qualify to receive the incentive by submitting the documents
2 described in paragraph (c), clauses (1) and (2), to the
3 commissioner. If the commissioner determines that an applicant
4 has submitted the documents listed in paragraph (c), clauses (1)
5 and (2), the commissioner shall, within 30 days of receiving the
6 documents, notify the applicant that the project qualifies to
7 receive the incentive and shall provide the applicant with a
8 letter of approval.

9 (g) An applicant receiving a letter of approval dated
10 January 1, 2005, or later shall be required to demonstrate that
11 the electricity generated by the project and associated
12 renewable energy credits have first been offered for sale to the
13 public utility transferring funds to the renewable development
14 account under section 116C.779, subdivision 1. The parties
15 shall negotiate a price within 120 days. The public utility
16 transferring funds to the renewable development account shall
17 provide its last best price offer to the applicant in writing,
18 which is binding for no less than 120 days. The applicant may
19 negotiate with any other utility and may accept a price higher
20 than the binding price offered by the public utility
21 transferring funds to the renewable development account. If
22 another utility offers a price equal to or lower than the
23 binding price offered by the public utility transferring funds
24 to the renewable development account, the applicant must
25 contract with the public utility transferring funds to the
26 renewable development account at the binding price.

27 (h) If funds in the renewable development account, as
28 provided in section 116C.779, subdivision 2, are insufficient to
29 fully fund renewable energy production incentives under this
30 subdivision, the amounts required to eliminate the deficiency
31 must be paid for that purpose from the balance of the renewable
32 development account, as provided in section 116C.779,
33 subdivision 1.

34 (i) The commissioner shall not accept applications to
35 receive a renewable energy production incentive after January 1,
36 2005.

1 Sec. 4. [EFFECTIVE DATE.]

2 Sections 1 to 3 are effective the day following final

3 enactment.

1 Senator moves to amend H.F. No. 218 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. [LEGISLATIVE INTENT.]

4 Laws 2003, chapter 11, article 2, section 1, amended

5 Minnesota Statutes, section 116C.779, and authorized the

6 renewable development account created under Minnesota Statutes,

7 section 116C.779, to fund a subsidy for 100 megawatts of wind

8 power projects that satisfied eligibility criteria under

9 Minnesota Statutes, section 216C.41. Minnesota Statutes,

10 section 216C.41, provides that projects that are approved by the

11 commissioner of commerce for the subsidy must be operational

12 within 18 months of approval or lose priority for funding. The

13 delay in extending a federal production tax credit for wind

14 energy resulted in some approved projects being unable to meet

15 the operational deadline. This act is a compromise that extends

16 the deadline but also provides eligibility for projects that,

17 but for the extension, would have become eligible for the

18 subsidy.

19 Sec. 2. [RENEWABLE DEVELOPMENT FUND; RENEWABLE ENERGY

20 PRODUCTION INCENTIVE EXTENSION.]

21 Subdivision 1. [SCOPE.] This section applies to renewable

22 energy production incentives funded by the renewable development

23 account under Minnesota Statutes, section 116C.779. Minnesota

24 Statutes, section 216C.41, governs the approval for and terms of

25 the incentives except as modified by this section.

26 Subd. 2. [DEFINITION.] For the purpose of this section,

27 "lapse period" means the period from January 1, 2004, to October

28 22, 2004.

29 Subd. 3. [PREVIOUSLY APPROVED APPLICANT.] An applicant who

30 received a letter of approval from the commissioner of commerce

31 under Minnesota Statutes, section 216C.41, subdivision 7, may,

32 if any part of the lapse period occurred within 18 months after

33 receipt of the approval, seek to extend the 18-month eligibility

34 period by submitting to the commissioner the following:

35 (1) evidence that all required interconnection and delivery

36 studies for the qualifying project have been completed and an

1 interconnection agreement signed by all the parties has been
2 executed. If the interconnection agreement requires
3 improvements to be made to the transmission system, the
4 applicant must provide evidence that equity and debt financing
5 sufficient to pay the cost of those improvements is secured and
6 that construction of the improvements can be expected to be
7 completed by the date the proposed extension will expire; and
8 (2) documents demonstrating that the project has secured
9 equity and debt financing sufficient to complete the project by
10 the date the proposed extension will expire.

11 If the commissioner determines that the applicant has
12 complied with clauses (1) and (2), the commissioner shall,
13 within 30 days of receiving the submission, notify the applicant
14 that the 18-month period is extended by the length of time of
15 the lapse period occurring within the 18-month period,
16 notwithstanding any provision making the credit retroactive. If
17 the federal production credit has lapsed when the commissioner
18 determines whether the applicant has made the submission
19 required by clauses (1) and (2), the commissioner shall extend
20 the 18-month eligibility period for 12 months.

21 If the commissioner determines that an applicant has failed
22 to comply with the requirement for obtaining an extension, the
23 commissioner shall notify the applicant that an extension of the
24 18-month eligibility period is denied.

25 Subd. 4. [PREVIOUSLY UNAPPROVED PROJECTS.] An applicant
26 who filed an application prior to January 1, 2005, but who has
27 not received a letter of approval may qualify to receive the
28 incentive by making the submissions described in subdivision 3,
29 clauses (1) and (2), to the commissioner by July 1, 2005. If
30 the commissioner determines that an applicant has complied with
31 subdivision 3, clauses (1) and (2), the commissioner shall,
32 within 30 days of receiving the submission, notify the applicant
33 that the project qualifies to receive the incentive and shall
34 provide the applicant with a letter of approval.

35 An applicant receiving a letter of approval dated January
36 1, 2005, or later, must first offer for sale to the public

1 utility the electricity generated by the project and associated
2 renewable energy credits. The parties shall negotiate a price
3 within 120 days. The public utility shall provide its last best
4 price offer to the applicant in writing, which is binding for no
5 less than 120 days. The applicant may negotiate with any other
6 utility and may accept a price higher than the binding price
7 offered by the public utility. If another utility offers a
8 price equal to or lower than the binding price offered by the
9 public utility, the applicant must contract with the public
10 utility at the binding price. For the purpose of this
11 subdivision, "public utility" means any utility operating a
12 nuclear power plant in this state.

13 Subd. 5. [INCENTIVE AMOUNT.] The incentive for a facility
14 receiving an extension or a letter of approval under this
15 section is one cent per kilowatt hour.

16 Subd. 6. [ADDITIONAL FUNDING.] If funds in the renewable
17 development account, allocated under Minnesota Statutes, section
18 116C.779, subdivision 2, for wind energy incentives are
19 insufficient to fully fund incentives under this section, other
20 funds in the renewable development account must be allocated to
21 make up the insufficiency.

22 Subd. 7. [NOTICE.] The commissioner must, within 30 days
23 of the effective date of this act, notify persons eligible to
24 apply for an extension or a letter of approval under this
25 section of the provisions of this act.

26 Sec. 3. [EFFECTIVE DATE.]

27 Sections 1 and 2 are effective the day following final
28 enactment."

1 A bill for an act
2 relating to energy; extending the window of
3 eligibility for renewable energy production incentives
4 for certain hydroelectric facilities; amending
5 Minnesota Statutes 2004, section 216C.41, subdivision
6 3.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

8 Section 1. Minnesota Statutes 2004, section 216C.41,
9 subdivision 3, is amended to read:

10 Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under
11 this section only for electricity generated:

12 (1) from a qualified hydroelectric facility that is
13 operational and generating electricity before December 31,
14 ~~2005~~ 2007;

15 (2) from a qualified wind energy conversion facility that
16 is operational and generating electricity before January 1,
17 2007; or

18 (3) from a qualified on-farm biogas recovery facility from
19 July 1, 2001, through December 31, 2017.

Senator Reiter introduced--

S.F. No. 527: Referred to the Committee on Jobs, Energy and Community Development.

1 A bill for an act

2 relating to local government; authorizing electric or
3 utility special assessments exceeding standards on
4 petition of all affected owners; amending Minnesota
5 Statutes 2004, section 429.021, subdivision 1.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 429.021,
8 subdivision 1, is amended to read:

9 Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a
10 municipality shall have power to make the following improvements:

11 (1) To acquire, open, and widen any street, and to improve
12 the same by constructing, reconstructing, and maintaining
13 sidewalks, pavement, gutters, curbs, and vehicle parking strips
14 of any material, or by grading, graveling, oiling, or otherwise
15 improving the same, including the beautification thereof and
16 including storm sewers or other street drainage and connections
17 from sewer, water, or similar mains to curb lines.

18 (2) To acquire, develop, construct, reconstruct, extend,
19 and maintain storm and sanitary sewers and systems, including
20 outlets, holding areas and ponds, treatment plants, pumps, lift
21 stations, service connections, and other appurtenances of a
22 sewer system, within and without the corporate limits.

23 (3) To construct, reconstruct, extend, and maintain steam
24 heating mains.

25 (4) To install, replace, extend, and maintain street lights

1 and street lighting systems and special lighting systems.

2 (5) To acquire, improve, construct, reconstruct, extend,
3 and maintain water works systems, including mains, valves,
4 hydrants, service connections, wells, pumps, reservoirs, tanks,
5 treatment plants, and other appurtenances of a water works
6 system, within and without the corporate limits.

7 (6) To acquire, improve and equip parks, open space areas,
8 playgrounds, and recreational facilities within or without the
9 corporate limits.

10 (7) To plant trees on streets and provide for their
11 trimming, care, and removal.

12 (8) To abate nuisances and to drain swamps, marshes, and
13 ponds on public or private property and to fill the same.

14 (9) To construct, reconstruct, extend, and maintain dikes
15 and other flood control works.

16 (10) To construct, reconstruct, extend, and maintain
17 retaining walls and area walls.

18 (11) To acquire, construct, reconstruct, improve, alter,
19 extend, operate, maintain, and promote a pedestrian skyway
20 system. Such improvement may be made upon a petition pursuant
21 to section 429.031, subdivision 3.

22 (12) To acquire, construct, reconstruct, extend, operate,
23 maintain, and promote underground pedestrian concourses.

24 (13) To acquire, construct, improve, alter, extend,
25 operate, maintain, and promote public malls, plazas or
26 courtyards.

27 (14) To construct, reconstruct, extend, and maintain
28 district heating systems.

29 (15) To construct, reconstruct, alter, extend, operate,
30 maintain, and promote fire protection systems in existing
31 buildings, but only upon a petition pursuant to section 429.031,
32 subdivision 3.

33 (16) To acquire, construct, reconstruct, improve, alter,
34 extend, and maintain highway sound barriers.

35 (17) To improve, construct, reconstruct, extend, and
36 maintain gas and electric distribution facilities owned by a

1 municipal gas or electric utility.

2 (18) To purchase, install, and maintain signs, posts, and
3 other markers for addressing related to the operation of
4 enhanced 911 telephone service.

5 (19) To improve, construct, extend, and maintain facilities
6 for Internet access and other communications purposes, if the
7 council finds that:

8 (i) the facilities are necessary to make available Internet
9 access or other communications services that are not and will
10 not be available through other providers or the private market
11 in the reasonably foreseeable future; and

12 (ii) the service to be provided by the facilities will not
13 compete with service provided by private entities.

14 (20) Enter an agreement with a private or cooperative
15 electric or communication utility for improvement of an existing
16 service distribution system, within public right-of-way, which
17 exceeds the design and construction standards set by law, tariff
18 or franchise, but only upon petition pursuant to section
19 429.031, subdivision 3.

1 Senator moves to amend S.F. No. 527 as follows:

2 Page 3, delete lines 14 to 19, and insert:

3 "(20) To enter an agreement with a private or cooperative
4 electric or communications utility to pay all or a portion of
5 the incremental costs to bury or alter an existing service
6 distribution system within the public right-of-way, which
7 exceeds the design and construction standards set by law,
8 tariff, or franchise, but only upon petition under section
9 429.031, subdivision 3."