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Senate

State of Minnesota**S.F. No. 3504 - Carbon Reduction Facility Designation Process and
Carbon Reduction Rider Authorization (Delete-All Amendment)**

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Section 1. Carbon reduction facilities; nuclear energy.

Subdivision 1. Qualifying facilities. Provides that an existing large electric generating power plant employing nuclear technology qualifies for designation as a carbon reduction facility.

Subdivision 2. Proposal submission. Allows a public utility to submit a proposal to the Public Utilities Commissioner (PUC) for a designation for a qualifying facility as a carbon reduction facility. Requires any proposal filed be done within a public utility's new resource plan filing, no earlier than February 1, 2019. Requires any proposal to include:

- a showing that the facility is a qualifying facility under subdivision 1;
- a proposed statement of the total expected costs associated with operation of the facility;
- details about all costs currently included in rates, current operating costs if different than those currently included in rates, and an evaluation of the utility's forecasted costs prepared by an independent evaluator; and

- an analysis of how the proposed capital investments and operation and maintenance costs would impact rates if different than the most recently filed resource plan.

Paragraph (b) allows a utility to file additional proposals at any time for the same facility due to changes from the original proposal that were unknown and not capable of being known at the time of the original proposal.

Paragraph (c) allows the submitted proposal to include a request to the commission to establish a sliding scale rate-of-return mechanism for capital investments.

Subdivision 3. Proposal approval. Paragraph (a) requires the PUC to approve, reject, or modify the proposed designation and the total expected costs submitted. Requires the commission to make a final determination on the proposed designation concurrent with its order in the resource plan, or sooner, if in the public interest.

Paragraph (b) allows intervention by the Department of Commerce, the Office of the Attorney General, ratepayer advocates, and other interested parties. Requires the public utility to pay the costs of any nuclear expert retained by the Department of Commerce.

Paragraph (c) allows the utility to accept or reject modifications to the proposal made by the commissioner. Specifies that if the modifications are rejected by the utility, the commissioner shall deem the proposal withdrawn.

Paragraph (d) provides that approval of a proposed designation as a carbon reduction facility constitutes a finding of prudence for the total costs contained in the proposal, meaning the utility is entitled to recover the costs through a rider as provided in subdivision 4 or in a subsequent rate case.

Paragraph (e) requires a utility to provide biennial updates regarding progress on adherence to the approved costs.

Subdivision 4. Carbon reduction rider. Allows a public utility to petition the commission annually, outside of a general rate case, for approval of a carbon reduction rider to recover the total costs of a carbon reduction facility.

Subdivision 5. Rider approval. Allows the PUC to approve, modify and approve, or reject a proposed carbon reduction rider. Allows the commission to approve a carbon reduction rider that: (1) allows the utility to recover the total costs of the facility; (2) allows an appropriate return on investment associated with the facility; and (3) allocates appropriately between wholesale and retail customers.

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