

S.F. No. 4 – Electric Utility Renewable Energy Standard Obligations Modifications (A-7 Delete Everything Amendment)

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Sections 1 & 2 [Cost Recovery for Employing Local Workers] authorize a utility to recover reasonable expenses incurred for employing local workers to construct and maintain electric generation facilities.

Section 3 [Definitions] adds a definition of “carbon-free” and “environmental justice area” to the renewable energy objectives statute.

This section also modifies which hydroelectric sources qualify as renewable technology. Under the current statute, only those generating less than 100 megawatts qualify. This section would allow hydroelectric sources of any size to qualify so long as they were in operation as of the effective date of this section.

Finally, this section ensures that cooperative electric associations and municipal utility electric services are subject to the renewable energy objectives statute.

Section 4 [Energy Recovery Facility as a Renewable Technology] provides that an energy recovery facility is not renewable technology if it is located in a county whose population density is between 1,500 and 2,500 persons per square mile.

Section 5 [Additional Renewable Technology Standard for 2035] adds an additional tier to the dates by which electric utilities must have achieved enumerated percentages of electricity from renewable technologies. Specifically, this section adds a requirement that electric utilities acquire 55 percent of their electricity from such technologies by 2035. This section also repeals existing language that established different tiers for utilities owning nuclear generating facilities.

Section 6 [Evaluation of Requests for Modification or Delay of Standard] Adds several factors that the Public Utilities Commission (PUC) must consider when evaluating a request to delay or modify implementation of a standard obligation under § 216B.1691, subdivisions 2a, 2f, or 2g:

- The environmental costs that would be incurred because of the delay or modification
- Impacts on environmental justice areas
- The effects of additional electric load as a result of the substitution of electricity for fossil fuels

This section also imposes additional considerations that the PUC must take into account when it is evaluating a request to delay or modify a standard obligation as a result of transmission capacity constraints.

Section 7 [Partial Compliance with Carbon-Free Standard] requires the commission to allow for partial compliance with the carbon free standard where facilities engage in both carbon-free and non-carbon-free electricity generation. Only the percentage of electricity that is attributable to carbon-free generation may count towards meeting the carbon-free standard obligation.

Section 8 [Reporting on Effect on Ratepayers] extends to 2040 the obligation of an electric utility to report to the PUC and to the relevant legislative committees on the effect that compliance with the solar, renewable, and carbon-free standards is anticipated to have on rates paid by customers.

Section 9 [Technical Change] makes a technical change to conform with changes made elsewhere in the bill.

Section 10 [Carbon-Free Standard] establishes a carbon-free standard consisting of percentages of carbon-free electric generation that electric utilities must achieve by certain dates, beginning with 80% by 2030 and increasing to 100% by 2040.

Section 11 [Reporting Requirements] requires electric utilities to report additional information at least every two years:

- The number of Minnesotans employed to construct facilities designed to meet the utility's standard obligations
- Efforts taken to retain and retrain workers from shuttered electric facilities
- Impacts of facilities designed to meet the utility's standard obligations on environmental justice areas
- Efforts made to increase the diversity of the utility's workforce and of vendors
- Information on the use of renewable energy credits

Section 12 [Use of Credits to Satisfy Multiple Standard Obligations] allows a renewable energy credit to satisfy more than one standard obligation, where applicable.

Section 13 [Technical Change] makes a technical change to reflect the fact that this statute now contains multiple standard obligations.

Section 14 [Investigation of Compliance] requires the PUC to investigate whether an electric utility is in compliance with the standard obligations as opposed to merely making a good faith effort to comply.

Section 15 [PUC Must Maximize Certain Benefits] requires the PUC to implement the renewable energy objectives statute in a manner that maximizes certain enumerated benefits, including:

- The creation of high quality jobs, recognition of the rights of workers to organize, ensuring workers have what they need during the transition to carbon-free energy, especially in environmental justice areas
- Ensuring that all Minnesotans share the benefits of clean and renewable energy
- Ensuring that statewide air emissions are reduced, especially in environmental justice areas
- Ensuring the provision of affordable electric service, particularly to low-income customers

Section 16 [Technical Change] makes a technical change.

Section 17 [Definitions] defines “Local job impacts” and “local workers.”

Section 18 [Determining Costs Associated with Different Generation Methods] requires the PUC to adopt a particular EPA standard for purposes of calculating the societal harm caused by the emission of greenhouse gases and, in turn, requires that utilities use this standard when evaluating resource options.

Section 19 [PUC Must Consider Local Job Impacts] requires the PUC to take local job impacts into consideration when evaluating a utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility’s customers.

Section 20 [Preference for Domestic Content] allows PUC to give preference in resource selection to projects utilizing domestically produced energy technologies produced by entities who received an advanced manufacturing tax credit under the Inflation Reduction Act. This credit is available for producers of solar, wind, and related components made in the United States.

Section 21 [Utilities Must Consider Local Job Impacts] requires a utility to consider local job impacts when evaluating resource options.

Section 22 [Reduction of Carbon Dioxide Emissions from Coal-Fired Plants] authorizes the PUC to order a reduction of carbon dioxide emissions from certain coal-fired electric generating plants.

Section 23 [Exemption from Certificate of Need Requirements] exempts from certificate of need requirements large wind energy conversation systems that are owned by an independent power producer if the output of the system is sold to an entity that was ordered by the PUC to develop more solar or wind capacity.

Section 24 [Expansion of Definition of Solar Energy Generating System] expands the definition of “solar energy generating system” to include <100 kilovolt transmission lines connecting a solar energy generating system with a high-voltage transmission line.

Section 25 [Consideration of Alternative Solar Sites] limits which alternative sites for a solar energy generating system the PUC may consider as part of the environmental review process to those proposed by the applicant.

Section 26 [Additional Factors for Site and Route Permit Decisions] requires the PUC to consider certain additional factors in its review of site and route permits for large electric power plants, including environmental, socioeconomic, and labor impacts.

Section 27 [Prevailing Wage Rate Requirement] requires payment of prevailing wage rate by contractors and subcontractors and compliance with related statutes as a condition of PUC issuance of a permit to construct a large electric power generating plant or of a modified permit for a repowering project.

Section 28 [Commerce Commissioner Actions] allows the commissioner of the Department of Commerce to take any action requested by the PUC as part of its environmental review requirements immediately following a hearing and vote by the commission, prior to the issuance of a written order, finding, authorization, or certificate.

Section 29 [Eligibility for Streamlined Site Permit Process] Expands the availability of a streamlined route permit application process. Under current law a high-transmission line in excess of 200 kilovolts can only use this process if it is less than 5 miles long. This section expands the availability of this streamlined process to lines that are up to 30 miles long.

Section 30 [Prevailing Wage Rate Requirement] requires payment of prevailing wage rate by contractors and subcontractors and compliance with related statutes as a condition of PUC issuance of a permit to construct a large wind energy conversion system with a capacity above 25,000 kilowatt capacity.

Section 31 [Revised Affiliated Interest Agreements] provides that nothing in the act affects previously approved revised affiliated interest agreements regarding the Nemadji Trail Center natural gas facility.

Section 32 [Revisor Instruction] instructs the Revisor of Statutes to make necessary conforming changes to the statutes.

Section 33 [Repealer] repeals a statutory subdivision that is no longer needed.