

HOUSE RESEARCH

Bill Summary

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Authors: Westrom and others

Subject: Renewable energy investments required of certain electric utilities

Analyst: Bob Eleff, 651-296-8961

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Overview

The Minnesota Legislature has supported improvements in energy efficiency through cost-effective conservation investments since the 1980s. Current law establishes minimum percentages of gross revenues that utilities must spend and invest for energy conservation improvements: 0.5 percent for gas utilities, 1.5 percent for electric utilities, and 2.0 percent for nuclear generating plants. (Minn. Stat. 2002, § 216B.241, subd. 1a)

Similarly, the Legislature has supported a transition from non-renewable to renewable forms of energy by creating programs to hasten the development of renewable technologies. In 2001, the Legislature set renewable energy objectives for electric utilities requiring that each utility make a good faith effort to generate or procure sufficient electricity generated from solar, wind, hydroelectric, hydrogen, or biomass sources so that in 2005 at least 1 percent of its electricity provided to retail customers be generated from such sources. This percentage is to increase by one percent annually until 2015. (Minn. Stat. 2002, § 216B.1691)

In 2003, the Legislature permitted any municipal or rural cooperative electric utility meeting these renewable energy objectives, and any public utility, to utilize 5 percent of the amount required to be spent on conservation improvements to instead construct an electric generating plant using renewable fuels, or to install a distributed generation facility of 10 megawatts or less fueled by natural gas, renewable fuels, or a similar clean fuel. (Minn. Stat. 2003 Supplement, § 216B.2411, subd. 1)

Section

House File 2202 makes the discretionary expenditures allowed under the 2003 legislation mandatory for electric utilities falling short of the renewable energy objectives. Such utilities must allocate 5 percent of funds that would otherwise be spent on conservation improvements to construct or install these qualifying renewable projects and may allocate an additional 5 percent for such purposes if they choose.

Section

- 1** **Generation projects.** Requires each electric utility found by the Public Utilities Commission not to be meeting its renewable energy objectives to use 5 percent of its funds currently required by statute to be spent on conservation improvements to instead meet those renewable energy objectives in one of two ways: (1) by constructing an electric generating plant using renewable fuels, or (2) installing a distributed generation facility of 10 megawatts or less fueled by natural gas, renewable fuels, or a similar clean fuel. A utility may utilize an additional 5 percent of conservation improvement funds for these purposes.