

1.1 moves to amend H.F. No. 1798 as follows:

1.2 Page 1, after line 4, insert:

1.3 "Section 1. Minnesota Statutes 2018, section 116C.779, subdivision 1, is amended to read:

1.4 Subdivision 1. **Renewable development account.** (a) The renewable development
 1.5 account is established as a separate account in the special revenue fund in the state treasury.
 1.6 Appropriations and transfers to the account shall be credited to the account. Earnings, such
 1.7 as interest, dividends, and any other earnings arising from assets of the account, shall be
 1.8 credited to the account. Funds remaining in the account at the end of a fiscal year are not
 1.9 canceled to the general fund but remain in the account until expended. The account shall
 1.10 be administered by the commissioner of management and budget as provided under this
 1.11 section.

1.12 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
 1.13 plant must transfer all funds in the renewable development account previously established
 1.14 under this subdivision and managed by the public utility to the renewable development
 1.15 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
 1.16 that have not yet been expended and unencumbered funds required to be paid in calendar
 1.17 year 2017 under paragraphs (e) and (f) and (g), and sections 116C.7792 and 216C.41, are
 1.18 not subject to transfer under this paragraph.

1.19 (c) ~~Except as provided in subdivision 1a,~~ Beginning January 15, 2018 2020, and
 1.20 continuing each January 15 thereafter, the public utility that owns the Prairie Island and
 1.21 Monticello nuclear generating ~~plant~~ plants must transfer to the renewable development
 1.22 account ~~\$500,000 each year for each dry cask containing spent fuel that is located at the~~
 1.23 Prairie Island power plant for the following amounts each year ~~the~~ either plant is in operation;
 1.24 ~~and \$7,500,000 each year the plant is not in operation: (1) \$33,000,000 in 2020; (2)~~
 1.25 \$31,000,000 in 2021; and (3) \$20,000,000 in 2022 and each year thereafter. If ordered by

2.1 the commission pursuant to paragraph ~~(i)~~ (h), the public utility must transfer \$7,500,000
2.2 each year the Prairie Island plant is not in operation and \$5,250,000 each year the Monticello
2.3 plant is not in operation. The fund transfer must be made if nuclear waste is stored in a dry
2.4 cask at the independent spent-fuel storage facility at Prairie Island or Monticello for any
2.5 part of a year.

2.6 ~~(d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing~~
2.7 ~~each January 15 thereafter, the public utility that owns the Monticello nuclear generating~~
2.8 ~~plant must transfer to the renewable development account \$350,000 each year for each dry~~
2.9 ~~cask containing spent fuel that is located at the Monticello nuclear power plant for each~~
2.10 ~~year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered~~
2.11 ~~by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear~~
2.12 ~~waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for~~
2.13 ~~any part of a year.~~

2.14 ~~(e)~~ (d) Each year, the public utility shall withhold from the funds transferred to the
2.15 renewable development account under ~~paragraphs~~ paragraph (c) and (d) the amount necessary
2.16 to pay its obligations for that calendar year under paragraphs (e), (f) and (g), (j), and (n),
2.17 and sections 116C.7792 and 216C.41, ~~for that calendar year.~~

2.18 ~~(f)~~ (e) If the commission approves a new or amended power purchase agreement, the
2.19 termination of a power purchase agreement, or the purchase and closure of a facility under
2.20 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
2.21 the public utility subject to this section shall enter into a contract with the city in which the
2.22 poultry litter plant is located to provide grants to the city for the purposes of economic
2.23 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
2.24 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
2.25 by the public utility from funds withheld from the transfer to the renewable development
2.26 account, as provided in paragraphs (b) and ~~(e)~~ (d).

2.27 ~~(g)~~ (f) If the commission approves a new or amended power purchase agreement, or the
2.28 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
2.29 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
2.30 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
2.31 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
2.32 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
2.33 30 days after the commission approves the new or amended power purchase agreement, or
2.34 the termination of the power purchase agreement, and on each June 1 thereafter through
2.35 2021, to assist the transition required by the new, amended, or terminated power purchase

3.1 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
3.2 to the renewable development account as provided in paragraphs (b) and ~~(e)~~ (d).

3.3 ~~(h)~~ (g) The collective amount paid under the grant contracts awarded under paragraphs
3.4 (e) and (f) and ~~(g)~~ is limited to the amount deposited into the renewable development account,
3.5 and its predecessor, the renewable development account, established under this section, that
3.6 was not required to be deposited into the account under Laws 1994, chapter 641, article 1,
3.7 section 10.

3.8 ~~(i)~~ (h) After discontinuation of operation of the Prairie Island nuclear plant or the
3.9 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
3.10 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
3.11 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
3.12 facility for any year in which the commission finds, by the preponderance of the evidence,
3.13 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored
3.14 at the facility to a permanent or interim storage site out of the state. This determination shall
3.15 be made at least every two years.

3.16 (i) The public utility must annually file with the commission a petition to recover through
3.17 a rider mechanism all funds it is required to transfer or withhold under paragraphs (c) to (f)
3.18 for the next year. The commission must approve a reasonable cost recovery schedule for
3.19 all funds under this paragraph.

3.20 (j) On or before January 15 of each year, the public utility must file a petition with the
3.21 commission identifying the amounts withheld by the public utility the prior year under
3.22 paragraph (d) and the amount actually paid the prior year for obligations identified in
3.23 paragraph (d). If the amount actually paid is less than the amount withheld, the public utility
3.24 must deduct the surplus from the amount withheld for the current year under paragraph (d).
3.25 If the amount actually paid is more than the amount withheld, the public utility must add
3.26 the deficiency amount to the amount withheld for the current year under paragraph (d). Any
3.27 surplus remaining in the account after all programs identified in paragraph (d) are terminated
3.28 must be returned to the public utility's customers.

3.29 ~~(j)~~ (k) Funds in the account may be expended only for any of the following purposes:

3.30 (1) to stimulate research and development of renewable electric energy technologies;

3.31 (2) to encourage grid modernization, including, but not limited to, projects that implement
3.32 electricity storage, load control, and smart meter technology; and

4.1 (3) to stimulate other innovative energy projects that reduce demand and increase system
4.2 efficiency and flexibility.

4.3 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
4.4 from the utility that owns a nuclear-powered electric generating plant in this state or the
4.5 Prairie Island Indian community or its members.

4.6 The utility that owns a nuclear generating plant is eligible to apply for grants under this
4.7 subdivision.

4.8 ~~(k)~~ (l) For the purposes of paragraph ~~(j)~~ (k), the following terms have the meanings
4.9 given:

4.10 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
4.11 (c), clauses (1), (2), (4), and (5); and

4.12 (2) "grid modernization" means:

4.13 (i) enhancing the reliability of the electrical grid;

4.14 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
4.15 and

4.16 (iii) increasing energy conservation opportunities by facilitating communication between
4.17 the utility and its customers through the use of two-way meters, control technologies, energy
4.18 storage and microgrids, technologies to enable demand response, and other innovative
4.19 technologies.

4.20 ~~(k)~~ (m) A renewable development account advisory group that includes, among others,
4.21 representatives of the public utility and its ratepayers, and includes at least one representative
4.22 of the Prairie Island Indian community appointed by that community's tribal council, shall
4.23 develop recommendations on account expenditures. Members of the advisory group must
4.24 be chosen by the public utility. The advisory group must design a request for proposal and
4.25 evaluate projects submitted in response to a request for proposals. The advisory group must
4.26 utilize an independent third-party expert to evaluate proposals submitted in response to a
4.27 request for proposal, including all proposals made by the public utility. A request for proposal
4.28 for research and development under paragraph ~~(j)~~ (k), clause (1), may be limited to or include
4.29 a request to higher education institutions located in Minnesota for multiple projects authorized
4.30 under paragraph ~~(j)~~ (k), clause (1). The request for multiple projects may include a provision
4.31 that exempts the projects from the third-party expert review and instead provides for project
4.32 evaluation and selection by a merit peer review grant system. In the process of determining
4.33 request for proposal scope and subject and in evaluating responses to request for proposals,

5.1 the advisory group must strongly consider, where reasonable, potential benefit to Minnesota
5.2 citizens and businesses and the utility's ratepayers.

5.3 (n) The cost to acquire the services of the independent third-party expert described in
5.4 paragraph (m), and any other reasonable costs incurred to administer the advisory group
5.5 and its actions required by this section, must be paid from funds withheld by the public
5.6 utility under paragraph (d). The total amount withheld under this paragraph must not exceed
5.7 \$125,000 each year.

5.8 ~~(m)~~ (o) The advisory group shall submit funding recommendations to the public utility,
5.9 which has full and sole authority to determine which expenditures shall be submitted by
5.10 the advisory group to the ~~legislature~~ commission. The commission may approve proposed
5.11 expenditures, may disapprove proposed expenditures that it finds not to be in compliance
5.12 with this subdivision or otherwise not in the public interest, and may, if agreed to by the
5.13 public utility, modify proposed expenditures. The commission shall, by order, submit its
5.14 funding recommendations to the legislature as provided under paragraph ~~(n)~~ (p).

5.15 ~~(n)~~ (p) The commission shall present its recommended appropriations from the account
5.16 to the senate and house of representatives committees with jurisdiction over energy policy
5.17 and finance annually by February 15. Expenditures from the account must be appropriated
5.18 by law. In enacting appropriations from the account, the legislature:

5.19 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
5.20 a project recommended by the commission; and

5.21 (2) may not appropriate money for a project the commission has not recommended
5.22 funding.

5.23 ~~(o)~~ (q) A request for proposal for renewable energy generation projects must, when
5.24 feasible and reasonable, give preference to projects that are most cost-effective for a particular
5.25 energy source.

5.26 ~~(p)~~ (r) The advisory group must annually, by February 15, report to the chairs and ranking
5.27 minority members of the legislative committees with jurisdiction over energy policy on
5.28 projects funded by the account under paragraph (k) for the prior year and all previous years.
5.29 The report must, to the extent possible and reasonable, itemize the actual and projected
5.30 financial benefit to the public utility's ratepayers of each project.

5.31 (s) By June 1, 2019, and each June 1 thereafter, the public utility that owns the Prairie
5.32 Island Nuclear Electric Generating Plant must submit to the commissioner of management
5.33 and budget an estimate of the amount the public utility will deposit into the account January

6.1 15 the next year, based on the provisions of paragraphs (c) to (h) and any appropriations
 6.2 made from the fund during the most recent legislative session.

6.3 ~~(q)~~ (t) By ~~February 1, 2018~~ June 30, 2019, and each ~~February 1~~ June 30 thereafter, the
 6.4 commissioner of management and budget ~~shall~~ must estimate the balance in the account as
 6.5 of the following January 31, taking into account the balance in the account as of June 30
 6.6 and the information provided under paragraph (r). By July 15, 2019, and each July 15
 6.7 thereafter, the commissioner of management and budget must submit a written report
 6.8 regarding the availability of funds in and obligations of the account to the chairs and ranking
 6.9 minority members of the senate and house committees with jurisdiction over energy policy
 6.10 and finance, the public utility, and the advisory group. If more than \$15,000,000 is estimated
 6.11 to be available in the account as of January 31, the advisory group must, by January 31 the
 6.12 next year, issue a request for proposals to initiate a grant cycle for the purposes of paragraph
 6.13 (k).

6.14 ~~(r)~~ (u) A project receiving funds from the account must produce a written final report
 6.15 that includes sufficient detail for technical readers and a clearly written summary for
 6.16 nontechnical readers. The report must include an evaluation of the project's financial,
 6.17 environmental, and other benefits to the state and the public utility's ratepayers.

6.18 ~~(s)~~ (v) Final reports, any mid-project status reports, and renewable development account
 6.19 financial reports must be posted online on a public website designated by the commissioner
 6.20 of commerce.

6.21 ~~(t)~~ (w) All final reports must acknowledge that the project was made possible in whole
 6.22 or part by the Minnesota renewable development account, noting that the account is financed
 6.23 by the public utility's ratepayers.

6.24 ~~(u)~~ (x) Of the amount in the renewable development account, priority must be given to
 6.25 making the payments required under section 216C.417.

6.26 **EFFECTIVE DATE.** This section is effective the day following final enactment."

6.27 Page 2, after line 30, insert:

6.28 "Sec. 4. **PRAIRIE ISLAND NET ZERO PROJECT.**

6.29 Subdivision 1. **Program established.** The Prairie Island Net Zero Project is established
 6.30 with the goal of the Prairie Island Indian Community developing an energy system that
 6.31 results in net zero emissions.

7.1 Subd. 2. **Grant.** The commissioner of employment and economic development must
7.2 enter into a grant contract with the Prairie Island Indian Community to provide the amount
7.3 appropriated under section 5 to stimulate research, development, and implementation of
7.4 renewable energy projects benefiting the Prairie Island Indian Community or its members.
7.5 Any examination conducted by the commissioner of employment and economic development
7.6 to determine the sufficiency of the financial stability and capacity of the Prairie Island Indian
7.7 Community to carry out the purposes of this grant is limited to the Community Services
7.8 Department of the Prairie Island Indian Community.

7.9 Subd. 3. **Plan; report.** The Prairie Island Indian Community must file a plan with the
7.10 commissioner of employment and economic development no later than July 1, 2019,
7.11 describing the Prairie Island Net Zero Project elements and implementation strategy. The
7.12 Prairie Island Indian Community must file a report on July 1, 2020, and each July 1 thereafter
7.13 until the project is complete, describing the progress made in implementing the project and
7.14 the uses of expended funds. A final report must be completed within 90 days of the date
7.15 the project is complete.

7.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.17 **Sec. 5. BIOMASS BUSINESS COMPENSATION.**

7.18 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
7.19 the meanings given.

7.20 (b) "Biomass plant" means the biomass plant identified under Minnesota Statutes, section
7.21 116C.779, subdivision 1, paragraph (f).

7.22 (c) "Early termination" means the early termination of the power purchase agreement
7.23 authorized under Minnesota Statutes, section 216B.2424, subdivision 9, with the biomass
7.24 plant.

7.25 (d) "Operating income" means a business's revenue minus its operating expenses.

7.26 Subd. 2. **Office of Administrative Hearings; claims process.** (a) The chief
7.27 administrative law judge of the Office of Administrative Hearings must assign an
7.28 administrative law judge to administer a claims award process to compensate businesses
7.29 negatively affected by the early termination. The chief administrative law judge may develop
7.30 a process, prescribe forms, identify documentation affected businesses must submit with
7.31 claims, and issue awards to eligible businesses consistent with this section. The process
7.32 must allow, but not require, an authorized representative from each business that applies

8.1 for compensation to appear in person before the assigned administrative law judge to provide
8.2 evidence in support of the business's claim.

8.3 (b) The chief administrative law judge may contract with and use the services of financial
8.4 or other consultants to examine financial documentation presented by claimants or otherwise
8.5 assist in the evaluation and award of claims.

8.6 (c) Records submitted to the Office of Administrative Hearings as part of the claims
8.7 process constitute business data under Minnesota Statutes, section 13.591.

8.8 (d) An award made under this section is final is and not subject to judicial review.

8.9 (e) An award made under this section does not constitute an admission of liability by
8.10 the state for any damages or other losses suffered by a business affected by the early
8.11 termination.

8.12 Subd. 3. **Eligibility.** To be eligible for an award of compensation, an affected business
8.13 must meet the following criteria:

8.14 (1) as of May 1, 2017, the affected business was operating under the terms of a valid
8.15 written contract, or an oral contract that is sufficiently supported by business records, with
8.16 the company operating the biomass plant or the fertilizer plant integrated with the biomass
8.17 plant to supply or manage material for, or receive material from, the biomass plant or the
8.18 fertilizer plant integrated with the biomass plant;

8.19 (2) the affected business is located in the state; and

8.20 (3) as the result of the early termination, the affected business suffered:

8.21 (i) decreased operating income; or

8.22 (ii) the loss of value of investments in real or personal property essential to its business
8.23 operations with the biomass plant.

8.24 Subd. 4. **Types of claims.** (a) An eligible business may make claims for a compensation
8.25 award based on either or both:

8.26 (1) decreased operating income; or

8.27 (2) the loss of value of investments in real or personal property essential to its business
8.28 operations with the biomass plant.

8.29 (b) To establish and quantify a claim for decreased operating income, an eligible business
8.30 must:

9.1 (1) demonstrate its operating income over the past five years derived from supplying or
9.2 managing material for, or receiving material from, the biomass plant;

9.3 (2) present evidence of any alternative business opportunities it has pursued or could
9.4 pursue to mitigate the loss of revenue from the termination of its contract with the biomass
9.5 plant; and

9.6 (3) demonstrate the amount that the business's annual operating income, including
9.7 operating income from any alternative business opportunities, after the termination of the
9.8 business's contract with the biomass plant is less than the five-year average of the business's
9.9 annual operating income before the early termination;

9.10 (c) To establish and quantify a loss of value of investments in real or personal property
9.11 claim, an eligible business must provide sufficient evidence of:

9.12 (1) the essential nature of the investment made in the property to fulfill the contract with
9.13 the biomass plant;

9.14 (2) the extent to which the eligible business is able to repurpose the property for another
9.15 productive use after the early termination, including but not limited to the use, sales, salvage,
9.16 or scrap value of the property for which the loss is claimed; and

9.17 (3) the value of the eligible business's nondepreciated investment in the property.

9.18 Subd. 5. **Limitations on awards.** (a) A compensation award for a decreased operating
9.19 income claim must not exceed the amount calculated under subdivision 4, paragraph (b),
9.20 clause (3), multiplied by two.

9.21 (b) The use, sales, salvage, or scrap value of the property for which a loss is claimed
9.22 must be deducted from a compensation award for a loss of value of investments in real or
9.23 personal property claim.

9.24 (c) A payment received from business interruption insurance policies, settlements, or
9.25 other forms of compensation related to the termination of the business's contract with the
9.26 biomass plant must be deducted from any compensation award provided under this section.

9.27 Subd. 6. **Priority.** The chief administrative law judge may give priority to claims by
9.28 eligible businesses that demonstrate a significant effort to pursue alternative business
9.29 opportunities or to conduct other loss mitigation efforts to reduce its claimed losses related
9.30 to the termination of its contract with the company operating the biomass plant.

9.31 Subd. 7. **Awarding claims.** If the amount provided for compensation in the biomass
9.32 business compensation account established under section 4 is insufficient to fully award all

10.1 claims eligible for an award, all awards must be adjusted proportionally based on the value
10.2 of the claim.

10.3 Subd. 8. **Deadlines.** The chief administrative law judge must make the application
10.4 process for eligible claims available by August 1, 2019. A business seeking an award under
10.5 this section must file all claims with the chief administrative law judge within 60 days of
10.6 the date the chief administrative law judge makes the application process for eligible claims
10.7 available. All preliminary awards on eligible claims must be made within 120 days of the
10.8 deadline date to file claims. Any requests to reconsider an award denial must be filed with
10.9 the chief administrative law judge within 60 days of the notice date for preliminary awards.
10.10 All final awards for eligible claims must be made within 60 days of the deadline date to file
10.11 reconsideration requests. The commissioner of management and budget must pay all awarded
10.12 claims within 45 days of the date the commissioner of management and budget receives
10.13 notice of the final awards from the chief administrative law judge.

10.14 Subd. 9. **Expiration.** This section expires June 30, 2022.

10.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.16 Sec. 6. **BIOMASS BUSINESS COMPENSATION ACCOUNT.**

10.17 Subdivision 1. **Account established.** A biomass business compensation account is
10.18 established as a separate account in the special revenue fund in the state treasury.
10.19 Appropriations and transfers to the account must be credited to the account. Earnings, such
10.20 as interest, and any other earnings arising from the assets of the account are credited to the
10.21 account. Funds remaining in the account as of December 31, 2021, must be transferred to
10.22 the renewable development account established under Minnesota Statutes, section 116C.779.

10.23 Subd. 2. **Funding for the special account.** Notwithstanding Minnesota Statutes, section
10.24 116C.779, subdivision 1, paragraph (j), on July 1, 2019, \$40,000,000 must be transferred
10.25 from the renewable development account under Minnesota Statutes, section 116C.779, to
10.26 the biomass business compensation account established under subdivision 3. The transferred
10.27 funds are appropriated to pay eligible obligations under the biomass business compensation
10.28 program established under section 3.

10.29 Subd. 3. **Payment of expenses.** The chief administrative law judge must certify to the
10.30 commissioner of management and budget the total costs incurred to administer the biomass
10.31 business compensation claims process. The commissioner of management and budget must
10.32 transfer an amount equal to the certified costs incurred for biomass business compensation
10.33 claim activities from the renewable development account under Minnesota Statutes, section

11.1 116C.779, and deposit it in the administrative hearings account under Minnesota Statutes,
11.2 section 14.54. Transfers may occur quarterly throughout the fiscal year and must be based
11.3 on quarterly cost and revenue reports, with final certification and reconciliation after each
11.4 fiscal year. The total amount transferred under this subdivision must not exceed \$200,000.

11.5 Subd. 4. **Expiration.** This section expires June 30, 2022.

11.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

11.7 **Sec. 7. APPROPRIATION; PRAIRIE ISLAND NET ZERO PROJECT.**

11.8 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
11.9 \$20,000,000 in fiscal year 2020; \$7,500,000 in fiscal years 2021, 2022, and 2023; and
11.10 \$3,700,000 in fiscal year 2024 are appropriated from the renewable development account
11.11 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
11.12 employment and economic development for a grant to the Prairie Island Indian Community
11.13 to establish the Net Zero Project under section 2.

11.14 **EFFECTIVE DATE.** This section is effective the day following final enactment."

11.15 Renumber the sections in sequence and correct the internal references

11.16 Amend the title accordingly