

House Research Act Summary

CHAPTER: 358

SESSION: 2010 Regular Session

TOPIC: Energy

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Section

1 [216B.1612] Community-based energy development; tariff.

Subd. 2. Definitions.

(c) Strikes the term "qualifying owner" and replaces it with "qualifying beneficiary." Strikes language allowing a limited liability company made up of Minnesota residents to be a qualifying beneficiary, but allows that status to individual state residents that are LLC members. Includes as qualifying beneficiary a legal entity located in Minnesota that was not formed to develop C-BED projects but that provides labor, service, or debt financing to such projects. Prohibits a public utility from being a qualifying beneficiary.

(d) Strikes the definition of "net present value" and adds a definition of "qualifying revenue" that means:

- any payment flowing from the project, directly or indirectly, to qualifying beneficiaries;
- fees for consulting, development, O&M, and other services that are paid to qualifying beneficiaries;
- interest and fees paid to financial institutions that are qualifying beneficiaries;
- production taxes; and
- the portion of payments for goods manufactured in Minnesota, excluding

the value of any goods or services used to produce them that are purchased or provided outside Minnesota.

(h) Amends the definition of “C-BED project” to exclude a project in which a parent company or a subsidiary of a qualifying beneficiary owns more than 15 percent of a C-BED wind project, unless the project consists of one or two turbines or the qualifying beneficiary is a public entity listed under the definition of a qualified beneficiary. Strikes language prohibiting a municipal utility from being such a public entity.

Specifies that, to be considered a C-BED project, 51 percent of the net present value of the project’s gross revenues must be qualifying revenues.

2 [216B.1612] Community-based energy development; tariff.

Subd. 3. Tariff rate. Strikes language requiring a C-BED tariff to allow for a net present value rate over the 20-year term of the power purchase agreement, and requiring the discount rate to be the purchasing utility’s normal discount rate. Strikes a prohibition against transferring a C-BED project to a non-qualifying owner (beneficiary), but prohibits a transfer that would result in the project’s disqualification as a C-BED project.

3 [216B.1612] Community-based energy development; tariff.

Subd. 5. Priority for C-BED projects. Technical change.

4 [216B.1612] Community-based energy development; tariff.

Subd. 7. Other C-BED tariff issues. Strikes language specifying that, for a C-BED project developed jointly with a non-C-BED project, the C-BED tariff may apply to the portion of energy produced by the total project represented by the equity share of the project owned by C-BED qualifying owners. Specifies that the C-BED tariff applies in proportion to the energy produced by the C-BED project vis-à-vis the total project.

5 [216B.1612] Community-based energy development; tariff.

Subd. 10. C-BED eligibility determination. (a) Requires a C-BED project developer to obtain, before construction begins, a determination of C-BED eligibility from the commissioner of commerce that is based on the project’s final financing terms, even if a predetermination of eligibility was made earlier, unless the project received an opinion letter from the commissioner prior to May 18, 2010, stating that the project qualified as C-BED. A project that received such an earlier opinion letter, or received written notice from the Midwest System Operator before May 18, 2010, that the project retains a position in the interconnection queue, may elect to have the determination governed by the law in effect at the time of the determination.