

House Research Act Summary

CHAPTER: 373

SESSION: 2010 Regular Session

TOPIC: Energy

Date: May 19, 2010

Analyst: Bob Eleff

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Chapter 373 is designed to ease the ability of public utilities to secure financing of the significant investments they must make over the next decade to enable their coal-fired plants to meet federal Clean Air Act and state pollution standards by allowing the Public Utilities Commission to determine in advance of construction that such projects are prudent investments, and by allowing for cost recovery prior to the project's completion.

Section

1 [216B.1695] Environmental projects; advance determination of prudence.

Subd. 1. Qualifying project. Specifies that a project qualifies under this section if it is undertaken to comply with state or federal air quality standards and will cost Minnesota ratepayers \$10 million or more.

Subd. 2. Regulatory cost assessments and reports. Specifies information that must be included in an application under this section, including:

- an assessment of all anticipated state and federal environmental regulations relevant to the project, and their financial and operational impacts; and
- an assessment of project alternatives, including plant retirement or repowering with cleaner fuels.

Subd. 3. Petition. Specifies additional information that must be included in an application under this section, including a schedule, cost estimates, and evidence supporting the project's reasonableness. The Public Utilities

Commission must rule on a petition within ten months of the filing date.

Subd. 4. Verification. Requires the applicant to file notice with the Pollution Control Agency at least 60 days before filing a petition with the commission.

Subd. 5. Cost recovery. Provides that costs incurred in the implementation of the project may begin to be recovered in the utility's next rate case following an advance determination of prudence.

Subd. 6. Expiration. Requires petitions to be filed before December 31, 2015.