

HOUSE RESEARCH

Bill Summary

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- 1** **Consideration of power supply option.** Requires the public utilities commission to ensure that a utility considers a power supply proposal from an eligible project, prior to receiving commission approval to build or expand a fossil-fuel-fired generation facility, or to purchase capacity or energy from such a facility.

Defines "eligible project" as an energy generation facility that:

- ▶ makes use of an innovative generation technology utilizing coal as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced emissions from those of traditional technologies;
- ▶ the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and
- ▶ is designated by the commissioner of the iron range resources and rehabilitation agency as a project that is located in the tax relief area on a site that has substantial real property with adequate infrastructure to support new or expanded development.

Specifies that the output of an eligible project could count toward a utility's renewable energy objectives.

- 2** **Regulatory incentives.** Specifies that an eligible project:

- ▶ is granted a certificate of need under section 216B.243 for the generation

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facility and transmission infrastructure associated with the facility;

- ▶ is eligible to increase the capacity of the associated transmission facilities without additional state review; and
- ▶ has the power of eminent domain, for the sole purpose of acquiring property permitted by the environmental quality board for the generation facility and associated transmission facilities.

- 3** **Biomass mandate.** Specifies that a wood waste biomass facility located in the northern quarter of the state can qualify to satisfy up to 20 megawatts of the required 125 megawatts of the biomass mandate from the 1994 Prairie Island legislation if the facility is under construction by June 30, 2004. Currently, Xcel has 125 megawatts of the mandate under contract, but only one of the three biomass projects is close to producing electricity.