State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

HOUSE FILE NO. 618

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The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance

A bill for an act

relating to energy; modifying and clarifying provisions related to innovative energy projects; amending Minnesota Statutes 2010, section 216B.1694.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 216B.1694, is amended to read:

216B.1694 INNOVATIVE ENERGY PROJECT.

Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy project" means a proposed energy-generation facility or group of facilities, which may be located on up to three sites:

(1) that makes use of ~~an innovative~~ combustion turbine generation technology utilizing natural gas or synthesis gas derived from coal or other hydrocarbon resources as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional coal combustion technologies; and

(2) ~~that the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and~~

~~(3)~~ that is designated by the commissioner of the Iron Range Resources and Rehabilitation Board as a project that is located in the taconite tax relief area on a site that has substantial real property with adequate infrastructure to support new or expanded development and that has received prior financial and other support from the board.

Subd. 2. **Regulatory incentives.** ~~(a)~~ An innovative energy project:

(1) is exempted from the requirements for a certificate of need under section 216B.243, for the generation facilities, and transmission infrastructure associated with the

generation facilities, but is subject to all applicable environmental review and permitting procedures of chapter 216E; provided that:

(i) site and route permits issued to an innovative energy project proposing to use coal as a primary fuel are deemed valid for an innovative energy project using natural gas as a primary fuel;

(ii) all site and route permits issued to an innovative energy project are valid for a period of four years from the date the last state or federal preconstruction permit is issued; and

(iii) following issuance of a final state or federal environmental impact statement that was a subject of contested case proceedings before an administrative law judge, all air, water, and other state permits necessary for the construction of an innovative energy project must be issued within 180 days of filing the permit applications with state agencies, and agency permit decisions are not subject to additional contested case hearings;

(2) once permitted and constructed, is eligible to increase the capacity of the associated transmission facilities without additional state review upon filing notice with the commission;

(3)(i) has the power of eminent domain, which ~~shall be~~ is limited to the sites and routes approved by the ~~Environmental Quality Board~~ commission for the project facilities~~.~~ ~~The project shall be~~, (ii) is considered a utility as defined in section 216E.01, subdivision 10, for the limited purpose of section 216E.12~~. The project shall~~, and (iii) must report any intent to exercise eminent domain authority to the ~~board~~ commission;

(4) ~~shall qualify~~ that uses coal as a primary fuel qualifies as a "clean energy technology" as defined in section 216B.1693;

(5) ~~shall~~ that uses coal as a primary fuel, prior to the approval by the commission of any arrangement to build or expand a fossil-fuel-fired generation facility~~,~~ or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, must be considered as a supply option for the generation facility, and the commission shall ensure such consideration and take any action with respect to ~~such~~ the supply proposal that it deems to be in the best interest of ratepayers;

(6) that uses coal as a primary fuel shall make a good faith effort to secure funding from the United States Department of Energy and the United States Department of Agriculture to conduct a demonstration project at the facility for either geologic or terrestrial carbon sequestration projects to achieve reductions in facility emissions or carbon dioxide;

(7) ~~shall be~~ that uses coal as a primary fuel is entitled to enter into a contract with a public utility that owns a nuclear generation facility in the state to provide 450 megawatts

of base-load capacity and energy under a long-term contract, subject to the approval of the terms and conditions of the contract by the commission. The commission may approve, disapprove, amend, or modify the contract in making its public interest determination, taking into consideration the project's economic development benefits to the state; the use of abundant domestic fuel sources; the stability of the price of the output from the project; the project's potential to contribute to a transition to hydrogen as a fuel resource; and the emissions reductions achieved compared to other solid fuel base-load technologies; and

(8) ~~shall be~~ that uses coal as a primary fuel is eligible for a grant from the renewable development account, subject to the approval of the entity administering that account, of $2,000,000 a year for five years for development and engineering costs, including those costs related to mercury-removal technology; thermal efficiency optimization and emission minimization; environmental impact statement preparation and licensing; development of hydrogen production capabilities; and fuel cell development and utilization.

~~(b) This subdivision does not apply to nor affect a proposal to add utility-owned resources that is pending on May 29, 2003, before the Public Utilities Commission or to competitive bid solicitations to provide capacity or energy that is scheduled to be on line by December 31, 2006.~~

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