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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-FIFTH  
SESSION

**HOUSE FILE No. 3729**

March 3, 2008

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The bill was read for the first time and referred to the Energy Finance and Policy Division

March 11, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Governmental Operations, Reform, Technology and Elections

March 17, 2008

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to energy; establishing Legislative Energy Commission; abolishing  
1.3 Legislative Electric Energy Task Force; making conforming correction;  
1.4 appropriating money; amending Minnesota Statutes 2006, section 216B.2424,  
1.5 subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 3;  
1.6 repealing Minnesota Statutes 2006, section 216C.051, subdivisions 3, 4a, 6, 7, 8;  
1.7 Minnesota Statutes 2007 Supplement, section 216C.051, subdivisions 2, 8a, 9.

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

1.9 Section 1. **[3.8851] LEGISLATIVE ENERGY COMMISSION.**

1.10 Subdivision 1. **Establishment.** The Legislative Energy Commission is established.

1.11 Subd. 2. **Membership.** The Legislative Energy Commission is composed of six  
1.12 senators of the majority party appointed by the president of the senate and four senators  
1.13 of the second largest political party in the senate appointed by the leader of that party in  
1.14 the senate, and six representatives of the majority party appointed by the speaker of the  
1.15 house and four representatives of the second largest political party in the house appointed  
1.16 by the minority leader of that party in the house of representatives. Appointees from  
1.17 both the house of representatives and senate must include the chair of the committee  
1.18 with primary jurisdiction over energy policy; the chair or another member of each of the  
1.19 committees with primary jurisdiction over environmental policy, agricultural policy, and  
1.20 transportation policy; and a legislator who is a member of the NextGen Energy Board.  
1.21 Vacancies must be filled in the same manner. The commission shall elect cochair, one  
1.22 member of the house of representatives and one member of the senate from among the  
1.23 committee chairs named to the commission. The commission members from the house  
1.24 of representatives shall elect the house cochair, and the task force members from the  
1.25 senate shall elect the senate cochair.

2.1 Subd. 3. **Subcommittees.** The commission may establish subcommittees as  
2.2 necessary to perform its duties.

2.3 Subd. 4. **Staff.** The commission may employ full-time and part-time staff and  
2.4 contract with consultants as necessary to enable it to perform its duties. Any state  
2.5 employee subject to the civil service laws who is assigned to the commission retains civil  
2.6 service status without interruption or loss of status or privilege.

2.7 Subd. 5. **General duties.** The commission shall continuously evaluate the energy  
2.8 policies of this state and the degree to which they promote an environmentally and  
2.9 economically sustainable energy future. The commission shall monitor the state's  
2.10 progress in achieving its goals to develop renewable sources of electric energy under  
2.11 section 216B.1691, subdivision 2a, and the progress of energy-related sectors in reducing  
2.12 greenhouse gas emissions under the state's greenhouse gas emissions-reductions goals  
2.13 established in section 216H.02, subdivision 1. The commission may review proposed  
2.14 energy legislation and may recommend legislation.

2.15 Subd. 6. **Hearings.** The commission shall hold hearings on the following plans  
2.16 and reports when they become available:

2.17 (1) the resource plan filed under section 216B.2422 by the utility owning a nuclear  
2.18 power plant at Prairie Island, and the resource plan of any other utility the commission  
2.19 deems necessary to review;

2.20 (2) the transmission projects report filed under section 216B.2425;

2.21 (3) the state energy policy and conservation policy report prepared by the  
2.22 commissioner of commerce under section 216C.18; and

2.23 (4) any other report or study that the commission deems necessary to review.

2.24 Subd. 7. **Data from state agencies.** A state agency shall reply promptly to a request  
2.25 for data from the commission, subject to the requirements of chapter 13 and section 15.17.

2.26 Subd. 8. **Subpoena power.** The commission may issue a subpoena under section  
2.27 3.153 to any person for production of information held by that person that is relevant  
2.28 to the work of the commission.

2.29 Subd. 9. **Assessment; appropriation.** Upon request by the cochairs of the  
2.30 commission, the commissioner of commerce shall assess the amount requested for the  
2.31 operation of the commission, not to exceed \$250,000 in a fiscal year, from the following  
2.32 sources:

2.33 (1) all public utilities, municipal utilities, electric cooperative associations,  
2.34 generation and transmission cooperative electric associations, and municipal power  
2.35 agencies providing electric or natural gas services in Minnesota; and

3.1 (2) all bulk terminals located in this state from which petroleum products and liquid  
3.2 petroleum gas are dispensed for sale in this state.

3.3 The commissioner of commerce shall apportion the assessment amount requested  
3.4 among the entities in clauses (1) and (2) in proportion to the respective share of energy sold  
3.5 within the state by those entities, measured in BTU's, during the most recent calendar year.

3.6 The assessments under this subdivision are in addition to assessments made under  
3.7 section 216B.62. The amount assessed under this section is appropriated to the director of  
3.8 the Legislative Coordinating Commission for the purposes of this section, and is available  
3.9 until expended. Utilities selling gas and electric service at retail must be assessed and  
3.10 billed in accordance with the procedures provided in section 216B.62, to the extent that  
3.11 these procedures do not conflict with this subdivision.

3.12 Subd. 10. **Funds transfer.** Any funds appropriated to the Legislative Coordinating  
3.13 Commission for use by the Legislative Electric Energy Task Force under section  
3.14 216C.051, subdivision 6, that are unexpended as of June 30, 2008, are available to the  
3.15 commission for the purposes of this section.

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

3.17 Sec. 2. Minnesota Statutes 2006, section 216B.2424, subdivision 1, is amended to read:

3.18 Subdivision 1. **Farm-grown closed-loop biomass.** (a) For the purposes of this  
3.19 section, "farm-grown closed-loop biomass" means ~~biomass, as defined in section~~  
3.20 ~~216C.051, subdivision 7~~ herbaceous crops, trees, agricultural waste, and aquatic plant  
3.21 matter that is used to generate electricity, but does not include mixed municipal solid  
3.22 waste, as defined in section 115A.03, and that:

3.23 (1) is intentionally cultivated, harvested, and prepared for use, in whole or in part,  
3.24 as a fuel for the generation of electricity;

3.25 (2) when combusted, releases an amount of carbon dioxide that is less than or  
3.26 approximately equal to the carbon dioxide absorbed by the biomass fuel during its  
3.27 growing cycle; and

3.28 (3) is fired in a new or substantially retrofitted electric generating facility that is:

3.29 (i) located within 400 miles of the site of the biomass production; and

3.30 (ii) designed to use biomass to meet at least 75 percent of its fuel requirements.

3.31 (b) The legislature finds that the negative environmental impacts within 400 miles  
3.32 of the facility resulting from transporting and combusting the biomass are offset in that  
3.33 region by the environmental benefits to air, soil, and water of the biomass production.

4.1 (c) Among the biomass fuel sources that meet the requirements of paragraph (a),  
4.2 clauses (1) and (2), are poplar, aspen, willow, switch grass, sorghum, alfalfa, cultivated  
4.3 prairie grass, and sustainably managed woody biomass.

4.4 (d) For the purpose of this section, "sustainably managed woody biomass" means:

4.5 (1) brush, trees, and other biomass harvested from within designated utility, railroad,  
4.6 and road rights-of-way;

4.7 (2) upland and lowland brush harvested from lands incorporated into brushland  
4.8 habitat management activities of the Minnesota Department of Natural Resources;

4.9 (3) upland and lowland brush harvested from lands managed in accordance with  
4.10 Minnesota Department of Natural Resources "Best Management Practices for Managing  
4.11 Brushlands";

4.12 (4) logging slash or waste wood that is created by harvest, by precommercial  
4.13 timber stand improvement to meet silvicultural objectives, or by fire, disease, or insect  
4.14 control treatments, and that is managed in compliance with the Minnesota Forest  
4.15 Resources Council's "Sustaining Minnesota Forest Resources: Voluntary Site-Level Forest  
4.16 Management Guidelines for Landowners, Loggers and Resource Managers" as modified  
4.17 by the requirement of this subdivision; and

4.18 (5) trees or parts of trees that do not meet the utilization standards for pulpwood,  
4.19 posts, bolts, or sawtimber as described in the Minnesota Department of Natural Resources  
4.20 Division of Forestry Timber Sales Manual, 1998, as amended as of May 1, 2005, and the  
4.21 Minnesota Department of Natural Resources Timber Scaling Manual, 1981, as amended  
4.22 as of May 1, 2005, except as provided in paragraph (a), clause (1), and this paragraph,  
4.23 clauses (1) to (3).

4.24 **Sec. 3. REPEALER.**

4.25 Minnesota Statutes 2006, section 216C.051, subdivisions 3, 4a, 6, 7, and 8, and  
4.26 Minnesota Statutes 2007 Supplement, section 216C.051, subdivisions 2, 8a, and 9, are  
4.27 repealed.

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