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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. 357

January 29, 2009

Authored by Falk, Hilty, Wagenius, Anzels, Westrom and others

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

1.1 A bill for an act
1.2 relating to energy; providing for C-BED project contracts; proposing coding for
1.3 new law in Minnesota Statutes, chapter 216B.

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

1.5 Section 1. **[216B.1613] STANDARD C-BED CONTRACT PROVISIONS.**

1.6 Subdivision 1. **Contracts for smaller C-BED projects.** (a) The power purchase
1.7 price for C-BED projects of five megawatts (MW) or less must be set at the net present
1.8 value of last year's Midwest Independent System Operator (MISO) Average Day Ahead
1.9 Market Price calculated over a contract period of at least 20 years, utilizing the discount
1.10 rate of the purchasing utility.

1.11 (b) C-BED projects of 5 MW or less must not be aggregated into larger increments
1.12 of capacity and still qualify for a power purchase price that is determined by last year's
1.13 MISO Average Day Ahead Market Price. To prevent such aggregations, a qualifying
1.14 owner of a C-BED project that receives a power purchase price may not participate in the
1.15 ownership of more than one qualifying project located within a five-mile radius and that
1.16 comes online in the same year.

1.17 (c) Every C-BED project with a contract for five MW or less shall include a
1.18 provision in the contract for payment into a maintenance reserve during the contract period
1.19 to ensure the long-term performance of the project. The commission shall standardize by
1.20 order the amount required to be put into the maintenance reserve, and all other contract
1.21 provisions, within 90 days after the effective date of this section.

1.22 (d) If a utility doing business in Minnesota and subject to Minnesota law pertaining
1.23 to integrated resource planning or renewable energy standards identifies a need for
1.24 additional electrical generation capacity in its system, it shall contract with C-BED

2.1 projects of five MW or less, until a total of 800 MW of installed capacity under this
2.2 provision has been installed statewide.

2.3 Subd. 2. **Contracts for larger C-BED projects.** (a) The power purchase price for
2.4 C-BED projects larger than five MW must be negotiated by the project and the purchasing
2.5 utility. The commission shall standardize by order all other contract provisions, including
2.6 provisions for maintenance reserves, within 90 days after the effective date of this section.

2.7 (b) If a utility doing business in Minnesota and subject to Minnesota law pertaining to
2.8 integrated resource planning or renewable energy standards identifies a need for additional
2.9 electrical generation beyond that which can be provided by C-BED projects of five MW or
2.10 less, it shall contract with available and competitive C-BED projects that are greater than
2.11 five MW before contracting for electrical generation capacity from any other source.

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