

The Commission met on **Tuesday, May 4, 2004**, with Chair Koppendrayer and Commissioners Johnson, Nickolai, and Reha present. Commissioner Johnson left the meeting before votes were taken.

Comment [COMMENT1]: Minutes by Carol Casebolt. 11 motions were made.

The following matters were taken up by the Commission.

E-999/CI-03-869

In the Matter of Detailing Criteria and Standards for Measuring an Electric Utility's Good Faith Efforts in Meeting the Renewable Energy Objectives Under Minn. Stat. § 216B.1691

Commissioner Reha moved to find that the following entities are currently subject to Minn. Stat. § 216B.1691:

Public utilities providing electric service

- Northern States Power Company d/b/a Xcel Energy
- Minnesota Power
- Otter Tail Power
- Interstate Power & Light Company
- Northwestern Wisconsin Electric Company

Generation & transmission cooperative electric associations

- Great River Energy
- Minkota Power Cooperative
- Dairyland Power Cooperative
- Basin Electric Power Cooperative
- East River Electric Power Cooperative
- L & O Power Cooperative

Municipal power agencies

- Southern Minnesota Municipal Power Agency
- Western Minnesota Municipal Power Agency/Missouri River Energy Services
- Northern Municipal Power Agency
- Minnesota Municipal Power Agency
- Central Minnesota Municipal Power Agency

The motion passed 3-0.

Commissioner Reha moved that the Commission find that the statutory phrase "hydroelectric with a capacity of less than 60 megawatts" applies to all generation at a single site. She accepted a friendly amendment proposed by Commissioner Nickolai to send a letter to the chairs of the appropriate legislative policy committees noting the possible need for future legislative reconsideration of the 60-megawatt cap in light of evolving, environmentally-friendly hydroelectric technologies.

The motion passed 3-0.

Chair Koppendraye moved to find that generation resources used to meet the renewable energy objectives after 2005 do not need to come from new resources.

The motion passed 3-0.

Commissioner Reha moved to find that generating resources located outside of Minnesota may count toward meeting the renewable energy objectives if those resources are used to serve Minnesota customers.

The motion passed 3-0.

Commissioner Reha moved to find that all biomass sources listed in Minn. Stats. §§ 216B.2422, subd. 1 (c); 216C.051, subd. 7 (g) (1); 216B.2411, subd. 2(c); and §216B.2424, subs 1 and 6 (f), with the exception of peat, are eligible biomass technologies and fuels for meeting the renewable energy objectives.

The motion passed 3-0.

Commissioner Reha moved

- to find that energy generated under "green pricing" programs is not excluded from being counted as part of a utility's good faith effort to meet the renewable energy objectives;
- to require utilities choosing to include energy generated under green pricing programs to notify current and potential green pricing customers that energy purchased under the program counts toward meeting renewable energy objectives and to give current customers an opportunity to opt out of the program.

The motion passed 3-0.

Commissioner Reha moved to interpret the statute as directing that at least 1% of the renewable energy generated to meet the renewable energy objectives is to come from eligible biomass technologies by 2010, emphasizing that the 1% amount is only a floor. She accepted a friendly amendment proposed by Commissioner Nickolai to send a letter to the chairs of the appropriate legislative policy committees noting that the Commission has applied the statute as written and drawing the policy chairs' attention to the fact that some stakeholders believe that the statute as written does not reflect their understanding of the Legislature's intent.

The motion passed 3-0.

Commissioner Reha moved to find that conservation, load management, and other demand-side management programs do not count toward meeting the renewable energy objectives.

The motion passed 3-0.

Commissioner Reha moved to adopt the following criteria and standards by which to measure a utility's efforts to meet the renewable energy objectives:

1. Positive actions:

- **Demonstrated commitment to a specific plan.** Each utility must file a plan that reasonably details the steps to be taken to reach the renewable energy objectives, with an accompanying timetable.
- **Demonstrated financial commitments** to build facilities or to purchase energy to meet the renewable energy objective, including but not limited to project financing; purchase and ordering of equipment; and expenditures to hire construction firms if needed.
- **Demonstrated commitments to construction of physical infrastructure** to meet the renewable energy objectives, including but not limited to ordering equipment; hiring construction firms; and/or contracting for an REO site.
- **Demonstrated legal and contractual commitments** to purchase or build the facilities to meet the renewable energy objectives, including but not limited to contracts for sites on which to build; contracts for labor and equipment; arrangements for insurance and liability, etc.
- **Demonstrated commitment to meet regulatory requirements** in timely fashion, including but not limited to federal, state, county, township and municipal permitting and any other regulatory obligations, such as filed plans for facility construction in the Commission's biennial transmission planning process under Minn. Stat. 216B.2425.
- **Demonstrated commitment to transmission access** for the REO facilities,

including but not limited to initiation or participation in transmission studies or provision of interconnection and transmission service for these facilities.

- **Demonstrated commitment to openness and transparency.** This requires full public access to all non-proprietary information relating to meeting the renewable energy objectives, including but not limited to actions taken for financial commitments; construction of physical infrastructure; legal and contractual commitments; compliance with regulatory requirements; and transmission access.
- 2. **Reasonable efforts must protect against undesirable impacts on the reliability of the utility's system, economic impacts on the utility's ratepayers, and issues surrounding the technical feasibility of projects. Consideration of these concerns may include, but is not limited to the following factors:**
 - maintaining or improving the adequacy and reliability of utility service
 - keeping the customers' bills and the utility's rates as low as practicable, given regulatory and other constraints
 - minimizing adverse socioeconomic effects and adverse effects upon the natural environment
 - enhancing the utility's ability to respond to changes in the financial, social, and technological factors affecting its operations
 - limiting the risk of adverse effects on the utility and its customers from financial, social, and technological factors that the utility cannot control

The motion passed 3-0.

Commissioner Reha moved

- to request Department and Commission staff and interested parties to begin to establish an independent tracking system to be used for certification, verification and implementation of the renewable energy objectives; and
- to indicate that in designing such a system, parties should address concerns that the system is simple, accurate, transparent and provided at a reasonable cost.

The motion passed 3-0.

Chair Koppendrayer moved to direct staff, through delegation of authority to the Executive Secretary, to issue notices, develop questions, and establish further procedures with respect to some or all of the following issues:

1. Reporting requirements, including content, timing, and related issues;

2. Developing a weighted scale and system;
3. Criteria and standards applicable to Xcel;
4. Certification, verification, and tracking systems;
5. Voluntary compliance and/or reporting by municipal utilities;
6. Follow-up on issues related to tradable credits;
7. Any other issues that require development to complete this proceeding expeditiously.

The motion passed 3-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: MAY 12, 2004

Burl W. Haar, Executive Secretary