

Minnesota's Renewable Electricity Standard And Related Legislation

On Thursday, February 22, 2007, Governor Pawlenty signed the Minnesota Renewable Electricity Standard (RES) into law. The bill passed the House floor on a vote of 123 to 10. Support in the Senate was even greater with a final vote of 63-3.

By 2020, a full quarter of all electricity sold in Minnesota will come from renewable energy sources. The RES will require between 5,500 – 6,300 new MW of renewable energy, or about \$10 billion capital investment (excluding transmission investment). Renewable energy is defined as wind, solar, biomass, hydropower of less than 100 MW, and hydrogen produced from the aforementioned renewables.

The bill sets an overall blended percentage between Xcel Energy and all other utilities of about 25% by 2020, with the following ramp rates:

<u>Year</u>	<u>Xcel Energy</u>	<u>All other utilities</u>	<u>State average</u>
2010	15%	7%	11%
2012	18%	12%	15%
2016	25%	17%	21%
2020	30%	20%	25%
2025		25%	

The bill also contains “off ramps” the Public Utilities Commission can allow the utilities to use, but only after the Commission determine it is in the public interest to do so. Utilities are not excused from meeting the RES; rather the implementation can only be modified or delayed. The bill contains an off ramp if “transmission constraints prevent delivery of service.” However, the bill also contains significant transmission study language that requires the utilities to move the transmission needed for the RES to and through the regulatory process and into construction.

The bill includes a penalty for non-compliance with the RES.

It also requires all utilities to participate in a credit tracking system that is currently under development in the Midwest, known as the Midwest Renewable Energy Tracking System or M-RETS. And it requires the Public Utilities Commission to establish by January 1, 2008, a program for tradable renewable energy credits.

The Minnesota Legislature will now turn to a second bill that includes issues of ownership for utilities, community-based energy development (C-BED), and IPPs, transmission study, and various other provisions.