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S.F. No. 1047 – Power Purchase Agreement for Certain Electric Cogeneration Activities

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Section 1. Definitions. Provides definitions for terms used in **Section 2** related to the new power purchase agreement.

Section 2. New power purchase agreement. Allows Xcel Energy to propose a new power purchase agreement with St. Paul District Energy, which must be filed with the Minnesota Public Utilities Commission (PUC) before August 1, 2022, and not be extended beyond December 31, 2024, unless an electrification project is approved.

Establishes conditions that govern the new power purchase agreement between Xcel and District Energy, including that:

- any wood from ash trees removed from counties quarantined by the Minnesota Department of Agriculture for emerald ash borer infestation meet the department's requirements designed to limit the spread of the infestation;
- the price of electricity under a new agreement must demonstrate significant savings compared to the existing power purchase agreement, not exceeding \$98 per megawatt hour;
- a new agreement cannot be approved without the commission also approving a proposal to electrify the St. Paul District heating and cooling system, a project which must be completed by the end of 2027; and
- the power purchase agreement must provide a net benefit to the utility customers or to the state.

Provides additional considerations for the PUC when approving an electrification project. Requires periodic reporting regarding an electrification project. Allows Xcel to recover prudently incurred costs net of revenues resulting from an approved electrification project. Specifies that nothing in this section requires any utility to enter into a new power purchase agreement with District Energy after December 31, 2024.