

Sixtieth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1506

Introduced by

Representatives Monson, Dahl, S. Kelsh

Senator Erbele

1 A BILL for an Act to establish a state renewable and recycled energy objective; to create and
2 enact six new sections to chapter 49-02 of the North Dakota Century Code, relating to
3 renewable and recycled energy; and to amend and reenact sections 49-02-25 and 49-02-26 of
4 the North Dakota Century Code, relating to electricity produced from hydroelectric sources as
5 renewable electricity and recycled energy.

6 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

7 **SECTION 1. State renewable and recycled energy objective.** The legislative
8 assembly establishes a state renewable and recycled energy objective that ten percent of all
9 electricity sold at retail within the state by the year 2015 be obtained from renewable energy
10 and recycled energy sources. The objective must be measured by qualifying megawatt hours
11 delivered at retail or by certificates representing credits purchased and retired to offset
12 nonqualifying retail sales. This objective is voluntary and there is no penalty or sanction for a
13 retail provider of electricity that fails to meet this objective. The objective applies to all retail
14 providers of electricity in the state, regardless of the ownership status of the electricity retailer.

15 **SECTION 2. AMENDMENT.** Section 49-02-25 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **49-02-25. Renewable electricity and recycled energy defined.** As used in section
18 49-02-24, renewable electricity and recycled energy include electricity generated from facilities
19 using the following sources:

- 20 1. Solar, using the sun as the source of energy for producing electricity.
- 21 2. Wind, using the wind as the source of energy for producing electricity.
- 22 3. Biomass, using agricultural crops and agricultural wastes and residues, wood and
23 wood wastes and residues, animal wastes, and landfill gas as the fuel to produce
24 electricity.

4. Hydroelectric, that uses water as the source of energy to produce electricity.

5. Geothermal, using energy contained in heat that continuously flows outward from the earth as the source of energy to produce electricity.

~~5-~~ 6. Hydrogen, provided that the hydrogen is generated from a source listed in this section.

~~6-~~ 7. Recycled energy systems producing electricity from currently unused waste heat resulting from combustion or other processes into electricity and which do not use an additional combustion process. The term does not include any system whose primary purpose is the generation of electricity.

SECTION 3. AMENDMENT. Section 49-02-26 of the North Dakota Century Code is amended and reenacted as follows:

49-02-26. Qualifying for renewable electricity and recycled energy credits -
Exception for certain hydroelectric facilities. ~~For~~ Except as otherwise provided in this section, for purposes of qualifying for renewable electricity and recycled energy credits, electricity must be generated from a source identified in section 49-02-25. For electricity generated from hydroelectric facilities, the hydroelectric facility must have an inservice date of January 1, 2007, or later, or be new hydroelectric generation obtained from repowering or efficiency improvements to hydroelectric facilities existing on the effective date of this Act.

SECTION 4. A new section to chapter 49-02 of the North Dakota Century Code is created and enacted as follows:

Qualifying for renewable electricity and recycled energy objective. For purposes of qualifying for the renewable electricity and recycled energy objective contained in section 1 of this Act, electricity, except for electricity generated from a hydroelectric facility with an inservice date before January 1, 2007, and electricity that is not obtained from repowering or efficiency improvements to a hydropower facility existing on the effective date of this Act, regardless of the source's inservice date, qualifies for meeting the statewide objective provided that the source meets the requirements of North Dakota public service commission case PU-05-364 which stipulates rules for tracking, recording, and verifying renewable energy certificates.

SECTION 5. A new section to chapter 49-02 of the North Dakota Century Code is created and enacted as follows:

1 **Application of electricity generated from existing hydroelectric facilities in**
2 **calculating the renewable objective.** For purposes of calculating the amount of electricity
3 from renewable energy and recycled energy sources needed to meet the renewable and
4 recycled energy objective, a retail provider may deduct from its baseline of total retail sales the
5 proportion of electricity obtained from hydroelectric facilities with an inservice date before
6 January 1, 2007.

7 **SECTION 6.** A new section to chapter 49-02 of the North Dakota Century Code is
8 created and enacted as follows:

9 **Purchase and retirement of renewable energy and recycled energy certificates to**
10 **meet the objective.** A portion or all of the renewable energy and recycled energy objective
11 may be met by the purchase and retirement of renewable energy and recycled energy
12 certificates representing credits from qualified sources and facilities as defined in section
13 49-02-26 and section 5 of this Act. Renewable energy and recycled energy certificates do not
14 need to be acquired from an in-state facility.

15 **SECTION 7.** A new section to chapter 49-02 of the North Dakota Century Code is
16 created and enacted as follows:

17 **Use of renewable and recycled energy - Economic determination - Reporting**
18 **requirement.** Before using new renewable and recycled energy after August 1, 2007, the retail
19 provider shall make an economic determination that the use of new renewable and recycled
20 energy is more cost-effective than existing electricity alternatives. This economic determination
21 by the retail provider shall be filed with the commission as part of the reporting required under
22 section 9 of this Act. If the retail provider finds that use of new renewable and recycled energy
23 is not as cost-effective as existing electricity alternatives, the retail provider may use the most
24 cost-effective electricity alternative.

25 **SECTION 8.** A new section to chapter 49-02 of the North Dakota Century Code is
26 created and enacted as follows:

27 **Verification of generation and of purchase of renewable energy and recycled**
28 **energy certificates.** Electricity generation applied to the renewable energy and recycled
29 energy objective, as well as certificate purchases and certificate retirements, must be
30 independently verified through a third-party credit tracking system selected by the public service
31 commission.

1 **SECTION 9.** A new section to chapter 49-02 of the North Dakota Century Code is
2 created and enacted as follows:

3 **Public reporting on progress toward meeting the renewable energy and recycled**
4 **energy objective.** Commencing on June 30, 2009, retail providers shall report annually on the
5 provider's previous year's energy sales. This report must include information regarding
6 qualifying electricity delivered and renewable energy and recycled energy certificates
7 purchased and retired as a percentage of annual retail sales and a brief narrative report that
8 describes steps taken to meet the objective over time and identifies any challenges or barriers
9 encountered in meeting the objective. The last annual report must be made on June 30, 2016.
10 Retail providers shall report to the public service commission, which shall make data and
11 narrative reports publicly available and accessible electronically on the internet. Distribution
12 cooperatives may aggregate their reporting through generation and transmission cooperatives
13 and municipal utilities may aggregate their reporting through a municipal power agency.