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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1556

02/25/2021 Authored by Mekeland and Lucero The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; allowing municipal utilities and cooperative electric associations
1.3 to reduce their annual energy-savings goal; disallowing waste heat recovery
1.4 converted to electricity as counting toward a municipal utility's or cooperative
1.5 electric association's annual energy-savings goal; amending Minnesota Statutes
1.6 2020, section 216B.241, subdivision 1c.

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

1.8 Section 1. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

1.9 Subd. 1c. Energy-saving goals. (a) The commissioner shall establish energy-saving
1.10 goals for energy conservation improvement expenditures and shall evaluate an energy
1.11 conservation improvement program on how well it meets the goals set.

1.12 (b) Each individual utility and association shall have an annual energy-savings goal
1.13 equivalent to 1.5 percent of gross annual retail energy sales unless modified by the
1.14 commissioner under paragraph (d). The savings goals must be calculated based on the most
1.15 recent three-year weather-normalized average. A utility or association may elect to carry
1.16 forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar
1.17 years, except that savings from electric utility infrastructure projects allowed under paragraph
1.18 (d) may be carried forward for five years. A particular energy savings can be used only for
1.19 one year's goal.

1.20 (c) The commissioner must adopt a filing schedule that is designed to have all utilities
1.21 and associations operating under an energy-savings plan by calendar year 2010.

1.22 (d) In its energy conservation improvement plan filing, a utility or association may
1.23 request the commissioner to adjust its annual energy-savings percentage goal based on its

2.1 historical conservation investment experience, customer class makeup, load growth, a
2.2 conservation potential study, or other factors the ~~commissioner determines warrants~~ utility
2.3 or association asserts warrant an adjustment. The commissioner ~~may not approve~~:

2.4 (1) must approve a request by a municipal utility or cooperative electric association to
2.5 adjust the utility's or association's annual energy-savings goal, unless it can be demonstrated
2.6 that the request is made in bad faith and that the requester has made no credible attempt to
2.7 meet the existing goal;

2.8 (2) may approve a request from a public utility to adjust its annual energy-savings goal;
2.9 and

2.10 (3) is prohibited from approving a plan of a public utility that provides for an annual
2.11 energy-savings goal of less than one percent of gross annual retail energy sales from energy
2.12 conservation improvements.

2.13 A public utility or association may include in its energy conservation plan energy savings
2.14 from electric utility infrastructure projects approved by the commission under section
2.15 216B.1636 or waste heat recovery converted into electricity projects ~~that~~, each of which
2.16 may count as energy savings only in addition to a minimum energy-savings goal of at least
2.17 one percent for energy conservation improvements. Energy savings from electric utility
2.18 infrastructure projects, as defined in section 216B.1636, may be included in the energy
2.19 conservation plan of a municipal utility or cooperative electric association. Electric utility
2.20 infrastructure projects must result in increased energy efficiency greater than that which
2.21 would have occurred through normal maintenance activity.

2.22 (e) An energy-savings goal is not satisfied by attaining the revenue expenditure
2.23 requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the
2.24 energy-savings goal established in this subdivision.

2.25 (f) An association or utility is not required to make energy conservation investments to
2.26 attain the energy-savings goals of this subdivision that are not cost-effective even if the
2.27 investment is necessary to attain the energy-savings goals. For the purpose of this paragraph,
2.28 in determining cost-effectiveness, the commissioner shall consider the costs and benefits
2.29 to ratepayers, the utility, participants, and society. In addition, the commissioner shall
2.30 consider the rate at which an association or municipal utility is increasing its energy savings
2.31 and its expenditures on energy conservation.

2.32 (g) On an annual basis, the commissioner shall produce and make publicly available a
2.33 report on the annual energy savings and estimated carbon dioxide reductions achieved by
2.34 the energy conservation improvement programs for the two most recent years for which

3.1 data is available. The commissioner shall report on program performance both in the
3.2 aggregate and for each entity filing an energy conservation improvement plan for approval
3.3 or review by the commissioner.

3.4 (h) By January 15, 2010, the commissioner shall report to the legislature whether the
3.5 spending requirements under subdivisions 1a and 1b are necessary to achieve the
3.6 energy-savings goals established in this subdivision.

3.7 (i) This subdivision does not apply to:

3.8 (1) a cooperative electric association with fewer than 5,000 members;

3.9 (2) a municipal utility with fewer than 1,000 retail electric customers; or

3.10 (3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales
3.11 to retail natural gas customers.

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