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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **2110**

03/10/2021 Authored by Long, Lee, Acomb, Lippert, Christensen and others
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy
04/12/2021 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to energy; establishing, modifying, and appropriating money for energy

1.3 conservation and programs, energy transition programs, climate change, electric

1.4 vehicle programs, solar energy programs, and other programs and provisions

1.5 governing energy, renewable energy, and utility regulation; making technical

1.6 changes; requiring reports; amending Minnesota Statutes 2020, sections 16B.86;

1.7 16B.87; 16C.135, subdivision 3; 16C.137, subdivision 1; 115B.40, subdivision 1;

1.8 116C.779, subdivision 1; 168.27, by adding a subdivision; 216B.096, subdivisions

1.9 2, 3; 216B.097, subdivisions 1, 2, 3; 216B.16, subdivisions 6, 13; 216B.164,

1.10 subdivision 4, by adding a subdivision; 216B.1641; 216B.1645, subdivisions 1,

1.11 2; 216B.1691, subdivisions 1, 2a, 2b, 2d, 2e, 2f, 3, 4, 5, 7, 9, 10, by adding

1.12 subdivisions; 216B.2401; 216B.241, subdivisions 1a, 1c, 1d, 1f, 1g, 2, 2b, 3, 5, 7,

1.13 8, by adding subdivisions; 216B.2412, subdivision 3; 216B.2422, subdivisions 1,

1.14 2, 3, 4, 5, by adding subdivisions; 216B.2424, by adding subdivisions; 216B.243,

1.15 subdivision 8; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216E.01,

1.16 subdivision 9a; 216E.03, subdivisions 7, 10; 216E.04, subdivision 2; 216F.012;

1.17 216F.04; 216H.02, subdivision 1; 326B.106, subdivision 1; 515.07; 515B.2-103;

1.18 515B.3-102; proposing coding for new law in Minnesota Statutes, chapters 16B;

1.19 116J; 216B; 216C; 216F; 239; 500; repealing Minnesota Statutes 2020, sections

1.20 115C.13; 216B.16, subdivision 10; 216B.1691, subdivision 2; 216B.241,

1.21 subdivisions 1, 1b, 2c, 4, 10; Laws 2017, chapter 5, section 1.

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

1.23 **ARTICLE 1**

1.24 **ENERGY CONSERVATION AND STORAGE**

1.25 Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

1.26 **16B.86 PRODUCTIVITY STATE BUILDING ENERGY CONSERVATION**

1.27 **IMPROVEMENT REVOLVING LOAN ACCOUNT.**

1.28 Subdivision 1. **Definitions.** (a) For purposes of this section and section 16B.87, the

1.29 following terms have the meanings given.

2.1 (b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,
 2.2 paragraph (d).

2.3 (c) "Energy conservation improvement" has the meaning given in section 216B.241,
 2.4 subdivision 1, paragraph (e).

2.5 (d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
 2.6 paragraph (f).

2.7 (e) "Project" means the energy conservation improvements financed by a loan made
 2.8 under this section.

2.9 (f) "State building" means an existing building owned by the state of Minnesota.

2.10 Subd. 2. **Account established.** The ~~productivity~~ state building energy conservation
 2.11 improvement revolving loan account is established as a ~~special~~ separate account in the state
 2.12 treasury. The commissioner shall manage the account and shall credit to the account
 2.13 investment income, repayments of principal and interest, and any other earnings arising
 2.14 from assets of the account. Money in the account is appropriated to the commissioner of
 2.15 administration to make loans to ~~finance agency projects that will result in either reduced~~
 2.16 ~~operating costs or increased revenues, or both, for a state agency~~ state agencies to implement
 2.17 energy conservation and energy efficiency improvements in state buildings under section
 2.18 16B.87.

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

2.20 Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

2.21 **16B.87 AWARD AND REPAYMENT OF ~~PRODUCTIVITY~~ STATE BUILDING**
 2.22 **ENERGY IMPROVEMENT CONSERVATION LOANS.**

2.23 Subdivision 1. **Committee.** The ~~Productivity~~ State Building Energy Conservation
 2.24 Improvement Loan Committee consists of the commissioners of administration, management
 2.25 and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of
 2.26 the committee. The members serve without compensation or reimbursement for expenses.

2.27 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form
 2.28 ~~provided~~ developed by the commissioner of administration; that requires an applicant to
 2.29 submit the following information:

2.30 (1) a description of the proposed project, including existing equipment, structural
 2.31 elements, operating characteristics, and other conditions affecting energy use that the energy
 2.32 conservation improvements financed by the loan modify or replace;

- 3.1 (2) the total estimated project cost and the loan amount sought;
- 3.2 (3) a detailed project budget;
- 3.3 (4) projections of the proposed project's expected energy and monetary savings;
- 3.4 (5) information demonstrating the agency's ability to repay the loan;
- 3.5 (6) a description of the energy conservation programs offered by the utility providing
- 3.6 service to the state building from which the applicant seeks additional funding for the project;
- 3.7 and
- 3.8 (7) any additional information requested by the commissioner.

3.9 (b) The committee shall review applications for loans and shall award a loan based upon
 3.10 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~
 3.11 ~~other terms of the loan. The time for repayment of a loan may not exceed five years.~~ A loan
 3.12 made under this section must:

- 3.13 (1) be at or below the market rate of interest, including a zero interest loan; and
- 3.14 (2) have a term no longer than seven years.

3.15 (c) In making awards, the committee shall give preference to:

- 3.16 (1) applicants that have sought funding for the project through energy conservation
- 3.17 projects offered by the utility serving the state building that is the subject of the application;
- 3.18 and
- 3.19 (2) to the extent feasible, applications for state buildings located within the electric retail
- 3.20 service area of the utility that is subject to section 116C.779.

3.21 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan
 3.22 according to the terms of the loan agreement. The principal and interest must be paid to the
 3.23 commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy
 3.24 conservation improvement revolving loan fund account. Payments of loan principal and
 3.25 interest must begin no later than one year after the project is completed.

3.26 Sec. 3. [216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.

3.27 (a) For purposes of this section, "innovative clean technology" means advanced energy
 3.28 technology that is:

- 3.29 (1) environmentally superior to technologies currently in use;
- 3.30 (2) expected to offer energy-related, environmental, or economic benefits; and

4.1 (3) not widely deployed by the utility industry.

4.2 (b) A public utility may petition the commission for authorization to invest in a project
4.3 or projects to deploy one or more innovative clean technologies to further the development,
4.4 commercialization, and deployment of innovative clean technologies that benefit the public
4.5 utility's customers.

4.6 (c) The commission may approve a petition under paragraph (b) if it finds:

4.7 (1) the technologies proposed are innovative clean technologies;

4.8 (2) the investment in an innovative clean energy technology is likely to provide benefits
4.9 to customers that exceed the technology's cost;

4.10 (3) the public utility is meeting its energy conservation goals under section 216B.241;
4.11 and

4.12 (4) the project complies with the spending limits under paragraph (d).

4.13 (d) Over any three consecutive years, a public utility must not spend more on innovative
4.14 clean technologies under this section than:

4.15 (1) for a public utility providing service to 200,000 or more retail Minnesota customers,
4.16 \$6,000,000; or

4.17 (2) for a public utility providing service to fewer than 200,000 retail Minnesota customers,
4.18 \$3,000,000.

4.19 (e) The commission may authorize a public utility to file a rate schedule containing
4.20 provisions that automatically adjust charges for public utility service in direct relation to
4.21 changes in prudent costs incurred by a public utility under this section, up to the amounts
4.22 allowed under paragraph (d). To the extent the public utility investment under this section
4.23 is for a capital asset, the utility may request that the asset be included in the utility's rate
4.24 base.

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

4.26 Sec. 4. Minnesota Statutes 2020, section 216B.2401, is amended to read:

4.27 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

4.28 (a) The legislature finds that energy savings are an energy resource, and that cost-effective
4.29 energy savings are preferred over all other energy resources. In addition, the legislature
4.30 finds that optimizing the timing and method used by energy consumers to manage energy
4.31 use provides significant benefits to the consumers and to the utility system as a whole. The

5.1 legislature further finds that cost-effective energy savings and load management programs
5.2 should be procured systematically and aggressively in order to reduce utility costs for
5.3 businesses and residents, improve the competitiveness and profitability of businesses, create
5.4 more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution
5.5 and emissions that cause climate change. Therefore, it is the energy policy of the state of
5.6 Minnesota to achieve annual energy savings ~~equal~~ equivalent to at least ~~1.5~~ 2.5 percent of
5.7 annual retail energy sales of electricity and natural gas through ~~cost-effective energy~~
5.8 ~~conservation improvement programs and rate design, energy efficiency achieved by energy~~
5.9 ~~consumers without direct utility involvement, energy codes and appliance standards, programs~~
5.10 ~~designed to transform the market or change consumer behavior, energy savings resulting~~
5.11 ~~from efficiency improvements to the utility infrastructure and system, and other efforts to~~
5.12 ~~promote energy efficiency and energy conservation.~~ multiple measures, including but not
5.13 limited to:

5.14 (1) cost-effective energy conservation improvement programs and efficient fuel-switching
5.15 utility programs under sections 216B.2402 to 216B.241;

5.16 (2) rate design;

5.17 (3) energy efficiency achieved by energy consumers without direct utility involvement;

5.18 (4) advancements in statewide energy codes and cost-effective appliance and equipment
5.19 standards;

5.20 (5) programs designed to transform the market or change consumer behavior;

5.21 (6) energy savings resulting from efficiency improvements to the utility infrastructure
5.22 and system; and

5.23 (7) other efforts to promote energy efficiency and energy conservation.

5.24 (b) A utility is encouraged to design and offer to customers load management programs
5.25 that enable: (1) customers to maximize the economic value gained from the energy purchased
5.26 from the customer's utility service provider; and (2) utilities to optimize the infrastructure
5.27 and generation capacity needed to effectively serve customers and facilitate the integration
5.28 of renewable energy into the energy system.

5.29 (c) The commissioner must provide a reasonable estimate of progress made toward the
5.30 statewide energy-savings goal under paragraph (a) in the annual report required under section
5.31 216B.241, subdivision 1c, and make recommendations for administrative or legislative
5.32 initiatives to increase energy savings toward that goal. The commissioner must annually
5.33 report on the energy productivity of the state's economy by estimating the ratio of economic

6.1 output produced in the most recently completed calendar year to the primary energy inputs
6.2 used in that year.

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

6.4 Sec. 5. **[216B.2402] DEFINITIONS.**

6.5 Subdivision 1. **Definitions.** For the purposes of section 216B.16, subdivision 6b, and
6.6 sections 216B.2401 to 216B.241, the following terms have the meanings given them.

6.7 Subd. 2. **Consumer-owned utility.** "Consumer-owned utility" means a municipal gas
6.8 utility, a municipal electric utility, or a cooperative electric association.

6.9 Subd. 3. **Cumulative lifetime savings.** "Cumulative lifetime savings" means the total
6.10 electric energy or natural gas savings in a given year from energy conservation improvements
6.11 installed in that given year and energy conservation improvements installed in previous
6.12 years that are still in operation.

6.13 Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement"
6.14 means a project that:

6.15 (1) replaces a fuel used by a customer with electricity or natural gas delivered at retail
6.16 by a utility subject to section 216B.2403 or 216B.241;

6.17 (2) results in a net increase in the use of electricity or natural gas and a net decrease in
6.18 source energy consumption on a fuel-neutral basis;

6.19 (3) otherwise meets the criteria established for consumer-owned utilities in section
6.20 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11
6.21 and 12; and

6.22 (4) requires the installation of equipment that utilizes electricity or natural gas, resulting
6.23 in a reduction or elimination of the previous fuel used.

6.24 An efficient fuel-switching improvement is not an energy conservation improvement or
6.25 energy efficiency even if it results in a net reduction in electricity or natural gas consumption.

6.26 Subd. 5. **Energy conservation.** "Energy conservation" means an action that results in
6.27 a net reduction in electricity or natural gas consumption. Energy conservation does not
6.28 include an efficient fuel-switching improvement.

6.29 Subd. 6. **Energy conservation improvement.** "Energy conservation improvement"
6.30 means a project that results in energy efficiency or energy conservation. Energy conservation
6.31 improvement may include waste heat that is recovered and converted into electricity or used

7.1 as thermal energy, but does not include electric utility infrastructure projects approved by
7.2 the commission under section 216B.1636.

7.3 Subd. 7. **Energy efficiency.** "Energy efficiency" means measures or programs, including
7.4 energy conservation measures or programs, that: (1) target consumer behavior, equipment,
7.5 processes, or devices; (2) are designed to reduce the consumption of electricity or natural
7.6 gas on either an absolute or per unit of production basis; and (3) do not reduce the quality
7.7 or level of service provided to an energy consumer.

7.8 Subd. 8. **Fuel.** "Fuel" means energy, including electricity, propane, natural gas, heating
7.9 oil, gasoline, diesel fuel, or steam, consumed by a retail utility customer.

7.10 Subd. 9. **Fuel neutral.** "Fuel neutral" means an approach that compares the use of various
7.11 fuels for a given end use, using a common metric.

7.12 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means
7.13 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput
7.14 to all retail customers, including natural gas transportation customers, on a utility's
7.15 distribution system in Minnesota. Gross annual retail energy sales does not include:

7.16 (1) gas sales to:

7.17 (i) a large energy facility;

7.18 (ii) a large customer facility whose natural gas utility has been exempted by the
7.19 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural
7.20 gas sales made to the large customer facility; or

7.21 (iii) a commercial gas customer facility whose natural gas utility has been exempted by
7.22 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to
7.23 natural gas sales made to the commercial gas customer facility;

7.24 (2) electric sales to a large customer facility whose electric utility has been exempted
7.25 by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect
7.26 to electric sales made to the large customer facility; or

7.27 (3) the amount of electric sales prior to December 31, 2032, that are associated with a
7.28 utility's program, rate, or tariff for electric vehicle charging based on a methodology and
7.29 assumptions developed by the department in consultation with interested stakeholders no
7.30 later than December 31, 2021. After December 31, 2032, incremental sales to electric
7.31 vehicles must be included in calculating a utility's gross annual retail sales.

8.1 Subd. 11. **Investments and expenses of a public utility.** "Investments and expenses of
8.2 a public utility" means the investments and expenses incurred by a public utility in connection
8.3 with an energy conservation improvement.

8.4 Subd. 12. **Large customer facility.** "Large customer facility" means all buildings,
8.5 structures, equipment, and installations at a single site that in aggregate: (1) impose a peak
8.6 electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in
8.7 the same manner as the utility that serves the customer facility measures electric demand
8.8 for billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually.
8.9 When calculating peak electrical demand, a large customer facility may include demand
8.10 offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include
8.11 peak energy demand from the large customer facility's mining processing operations.

8.12 Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section
8.13 216B.2421, subdivision 2, clause (1).

8.14 Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of
8.15 savings a particular energy conservation improvement is projected to produce over the
8.16 improvement's effective useful lifetime.

8.17 Subd. 15. **Load management.** "Load management" means an activity, service, or
8.18 technology that changes the timing or the efficiency of a customer's use of energy that allows
8.19 a utility or a customer to: (1) respond to local and regional energy system conditions; or (2)
8.20 reduce peak demand for electricity or natural gas. Load management that reduces a customer's
8.21 net annual energy consumption is also energy conservation.

8.22 Subd. 16. **Low-income household.** "Low-income household" means a household whose
8.23 household income is 60 percent or less of the state median household income.

8.24 Subd. 17. **Low-income programs.** "Low-income programs" means energy conservation
8.25 improvement programs that directly serve the needs of low-income households, including
8.26 low-income renters.

8.27 Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision
8.28 15.

8.29 Subd. 19. **Multifamily building.** "Multifamily building" means a residential building
8.30 containing five or more dwelling units.

8.31 Subd. 20. **Prewetherization measure.** "Prewetherization measure" means an
8.32 improvement that is necessary to allow energy conservation improvements to be installed
8.33 in a home.

9.1 Subd. 21. **Qualifying utility.** "Qualifying utility" means a utility that supplies a customer
9.2 with energy that enables the customer to qualify as a large customer facility.

9.3 Subd. 22. **Waste heat recovered and used as thermal energy.** "Waste heat recovered
9.4 and used as thermal energy" means the capture of heat energy that would otherwise be
9.5 exhausted or dissipated to the environment from machinery, buildings, or industrial processes,
9.6 and productively using the recovered thermal energy where it was captured or distributing
9.7 it as thermal energy to other locations where it is used to reduce demand-side consumption
9.8 of natural gas, electric energy, or both.

9.9 Subd. 23. **Waste heat recovery converted into electricity.** "Waste heat recovery
9.10 converted into electricity" means an energy recovery process that converts to electricity
9.11 energy from the heat of exhaust stacks or pipes used for engines or manufacturing or
9.12 industrial processes, or from the reduction of high pressure in water or gas pipelines, that
9.13 would otherwise be lost.

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

9.15 Sec. 6. **[216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION**
9.16 **AND OPTIMIZATION.**

9.17 Subdivision 1. **Applicability.** This section applies to:

9.18 (1) a cooperative electric association that provides retail service to more than 5,000
9.19 members;

9.20 (2) a municipality that provides electric service to more than 1,000 retail customers; and

9.21 (3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales
9.22 to natural gas retail customers.

9.23 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual
9.24 consumer-owned utility subject to this section has an annual energy-savings goal equivalent
9.25 to 1.5 percent of gross annual retail energy sales, which must be met with a minimum of
9.26 energy savings from energy conservation improvements equivalent to at least one percent
9.27 of the consumer-owned utility's gross annual retail energy sales. The balance of energy
9.28 savings toward the annual energy-savings goal may be achieved only by the following
9.29 consumer-owned utility activities:

9.30 (1) energy savings from additional energy conservation improvements;

10.1 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
10.2 1, that result in increased efficiency greater than would have occurred through normal
10.3 maintenance activity;

10.4 (3) net energy savings from efficient fuel-switching improvements that meet the criteria
10.5 under subdivision 8; or

10.6 (4) subject to department approval, demand-side natural gas or electric energy displaced
10.7 by use of waste heat recovered and used as thermal energy, including the recovered thermal
10.8 energy from a cogeneration or combined heat and power facility.

10.9 (b) The energy-savings goals specified in this section must be calculated based on
10.10 weather-normalized sales averaged over the most recent three years. A consumer-owned
10.11 utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the
10.12 next three years, except that energy savings from electric utility infrastructure projects may
10.13 be carried forward for five years. A particular energy savings can only be used to meet one
10.14 year's goal.

10.15 (c) A consumer-owned utility subject to this section is not required to make energy
10.16 conservation improvements that are not cost-effective, even if the improvement is necessary
10.17 to attain the energy-savings goal. A consumer-owned utility subject to this section must
10.18 make reasonable efforts to implement energy conservation improvements that exceed the
10.19 minimum level established under this subdivision if cost-effective opportunities and funding
10.20 are available, considering other potential investments the consumer-owned utility intends
10.21 to make to benefit customers during the term of the plan filed under subdivision 3.

10.22 **Subd. 3. Consumer-owned utility; energy conservation and optimization plans. (a)**
10.23 **By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must**
10.24 **file with the commissioner an energy conservation and optimization plan that describes the**
10.25 **programs for energy conservation, efficient fuel-switching, load management, and other**
10.26 **measures the consumer-owned utility intends to offer to achieve the utility's energy savings**
10.27 **goal.**

10.28 (b) A plan's term may extend up to three years. A multiyear plan must identify the total
10.29 energy savings and energy savings resulting from energy conservation improvements that
10.30 are projected to be achieved in each year of the plan. A multiyear plan that does not, in each
10.31 year of the plan, meet both the minimum energy savings goal from energy conservation
10.32 improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by
10.33 the commissioner under paragraph (k), must:

10.34 (1) state why each goal is projected to be unmet; and

11.1 (2) demonstrate how the consumer-owned utility proposes to meet both goals on an
11.2 average basis over the duration of the plan.

11.3 (c) A plan filed under this subdivision must provide:

11.4 (1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned
11.5 utility's programs offered under the plan, using a list of baseline energy- and capacity-savings
11.6 assumptions developed in consultation with the department; and

11.7 (2) for new programs, a preliminary analysis upon which the program will proceed, in
11.8 parallel with further development of assumptions and standards.

11.9 (d) The commissioner must evaluate a plan filed under this subdivision based on the
11.10 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The
11.11 commissioner may make recommendations to a consumer-owned utility regarding ways to
11.12 increase the effectiveness of the consumer-owned utility's energy conservation activities
11.13 and programs under this subdivision. The commissioner may recommend that a
11.14 consumer-owned utility implement a cost-effective energy conservation program, including
11.15 an energy conservation program suggested by an outside source, including but not limited
11.16 to a political subdivision, nonprofit corporation, or community organization.

11.17 (e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility
11.18 must file: (1) an annual update identifying the status of the plan filed under this subdivision,
11.19 including: (i) total expenditures and investments made to date under the plan; and (ii) any
11.20 intended changes to the plan; and (2) a summary of the annual energy-savings achievements
11.21 under a plan. An annual filing made in the last year of a plan must contain a new plan that
11.22 complies with this section.

11.23 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy
11.24 conservation programs, the consumer-owned utility and the commissioner must consider
11.25 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner
11.26 must also consider the rate at which the consumer-owned utility is increasing energy savings
11.27 and expenditures on energy conservation, and lifetime energy savings and cumulative energy
11.28 savings.

11.29 (g) A consumer-owned utility may annually spend and invest up to ten percent of the
11.30 total amount spent and invested on energy conservation improvements on research and
11.31 development projects that meet the definition of energy conservation improvement.

11.32 (h) A generation and transmission cooperative electric association or municipal power
11.33 agency that provides energy services to consumer-owned utilities may file a plan under this

12.1 subdivision on behalf of the consumer-owned utilities to which the association or agency
12.2 provides energy services and may make investments, offer conservation programs, and
12.3 otherwise fulfill the energy-savings goals and reporting requirements under this subdivision
12.4 for the consumer-owned utilities on an aggregate basis.

12.5 (i) A consumer-owned utility is prohibited from spending for or investing in energy
12.6 conservation improvements that directly benefit a large energy facility or a large electric
12.7 customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

12.8 (j) The energy conservation and optimization plan of a consumer-owned utility may
12.9 include activities to improve energy efficiency in the public schools served by the utility.
12.10 These activities may include programs to:

12.11 (1) increase the efficiency of the school's lighting and heating and cooling systems;

12.12 (2) recommission buildings;

12.13 (3) train building operators; and

12.14 (4) provide opportunities to educate students, teachers, and staff regarding energy
12.15 efficiency measures implemented at the school.

12.16 (k) A consumer-owned utility may request that the commissioner adjust the
12.17 consumer-owned utility's minimum goal for energy savings from energy conservation
12.18 improvements under subdivision 2, paragraph (a), for the duration of the plan filed under
12.19 this subdivision. The request must be made by January 1 of the year the consumer-owned
12.20 utility is required to file a plan under this subdivision. The request must be based on:

12.21 (1) historical energy conservation improvement program achievements;

12.22 (2) customer class makeup;

12.23 (3) projected load growth;

12.24 (4) an energy conservation potential study that estimates the amount of cost-effective
12.25 energy conservation potential that exists in the consumer-owned utility's service territory;

12.26 (5) the cost-effectiveness and quality of the energy conservation programs offered by
12.27 the consumer-owned utility; and

12.28 (6) other factors the commissioner and consumer-owned utility determine warrant an
12.29 adjustment.

12.30 The commissioner must adjust the energy savings goal to a level the commissioner determines
12.31 is supported by the record, but must not approve a minimum energy savings goal from

13.1 energy conservation improvements that is less than an average of one percent per year over
13.2 the consecutive years of the plan's duration, including the year the minimum energy savings
13.3 goal is adjusted.

13.4 Subd. 4. **Consumer-owned utility; energy savings investment.** (a) Except as otherwise
13.5 provided, a consumer-owned utility that the commissioner determines falls short of the
13.6 minimum energy savings goal from energy conservation improvements established in
13.7 subdivision 2, paragraph (a), for three consecutive years during which the utility has annually
13.8 spent on energy conservation improvements less than 1.5 percent of gross operating revenues
13.9 for an electric utility, or less than 0.5 percent of gross operating revenues for a natural gas
13.10 utility, must spend no less than the following amounts for energy conservation improvements:

13.11 (1) for a municipality, 0.5 percent of gross operating revenues from the sale of gas and
13.12 1.5 percent of gross operating revenues from the sale of electricity, excluding gross operating
13.13 revenues from electric and gas service provided in Minnesota to large electric customer
13.14 facilities; and

13.15 (2) for a cooperative electric association, 1.5 percent of gross operating revenues from
13.16 service provided in Minnesota, excluding gross operating revenues from service provided
13.17 in Minnesota to large electric customers facilities indirectly through a distribution cooperative
13.18 electric association.

13.19 (b) The commissioner must not impose the spending requirement under this subdivision
13.20 if the commissioner has determined that the utility has followed the commissioner's
13.21 recommendations, if any, provided under subdivision 3, paragraph (d).

13.22 (c) Upon request of a consumer-owned utility, the commissioner may reduce the amount
13.23 or duration of the spending requirement imposed under this subdivision, or both, if the
13.24 commissioner determines that the consumer-owned utility's failure to maintain the minimum
13.25 energy savings goal is the result of:

13.26 (1) a natural disaster or other emergency that is declared by the executive branch through
13.27 an emergency executive order that affects the consumer-owned utility's service area;

13.28 (2) a unique load distribution experienced by the consumer-owned utility; or

13.29 (3) other factors that the commissioner determines justifies a reduction.

13.30 (d) Unless the commissioner reduces the duration of the spending requirement under
13.31 paragraph (c), the spending requirement under this subdivision remains in effect until the
13.32 consumer-owned utility has met the minimum energy savings goal for three consecutive
13.33 years.

14.1 Subd. 5. Energy conservation programs for low-income households. (a) A
14.2 consumer-owned utility subject to this section must provide energy conservation programs
14.3 to low-income households. The commissioner must evaluate a consumer-owned utility's
14.4 plans under this section by considering the consumer-owned utility's historic spending on
14.5 energy conservation programs directed to low-income households, the rate of customer
14.6 participation in and the energy savings resulting from those programs, and the number of
14.7 low-income persons residing in the consumer-owned utility's service territory. A municipal
14.8 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal
14.9 utility's most recent three-year average gross operating revenue from residential customers
14.10 in Minnesota on energy conservation programs for low-income households. A
14.11 consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the
14.12 consumer-owned utility's gross operating revenue from residential customers in Minnesota
14.13 on energy conservation programs for low-income households. The requirement under this
14.14 paragraph applies to each generation and transmission cooperative association's aggregate
14.15 gross operating revenue from the sale of electricity to residential customers in Minnesota
14.16 by all of the association's member distribution cooperatives.

14.17 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned
14.18 utility may contribute money to the energy and conservation account established in section
14.19 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount
14.20 of contributions the consumer-owned utility plans to make to the energy and conservation
14.21 account. Contributions to the account must be used for energy conservation programs serving
14.22 low-income households, including renters, located in the service area of the consumer-owned
14.23 utility making the contribution. Contributions must be remitted to the commissioner by
14.24 February 1 each year.

14.25 (c) The commissioner must establish energy conservation programs for low-income
14.26 households funded through contributions made to the energy and conservation account
14.27 under paragraph (b). When establishing energy conservation programs for low-income
14.28 households, the commissioner must consult political subdivisions, utilities, and nonprofit
14.29 and community organizations, including organizations providing energy and weatherization
14.30 assistance to low-income households. The commissioner must record and report expenditures
14.31 and energy savings achieved as a result of energy conservation programs for low-income
14.32 households funded through the energy and conservation account in the report required under
14.33 section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a
14.34 political subdivision, nonprofit or community organization, public utility, municipality, or

15.1 consumer-owned utility to implement low-income programs funded through the energy and
15.2 conservation account.

15.3 (d) A consumer-owned utility may petition the commissioner to modify the required
15.4 spending under this subdivision if the consumer-owned utility and the commissioner were
15.5 unable to expend the amount required for three consecutive years.

15.6 (e) The commissioner must develop and establish guidelines for determining the eligibility
15.7 of multifamily buildings to participate in energy conservation programs provided to
15.8 low-income households. Notwithstanding the definition of low-income household in section
15.9 216B.2402, a consumer-owned utility or association may apply the most recent guidelines
15.10 published by the department for purposes of determining the eligibility of multifamily
15.11 buildings to participate in low-income programs. The commissioner must convene a
15.12 stakeholder group to review and update these guidelines by July 1, 2022, and at least once
15.13 every five years thereafter. The stakeholder group must include but is not limited to
15.14 representatives of public utilities; municipal electric or gas utilities; electric cooperative
15.15 associations; multifamily housing owners and developers; and low-income advocates.

15.16 (f) Up to 15 percent of a consumer-owned utility's spending on low-income energy
15.17 conservation programs may be spent on preweatherization measures. A consumer-owned
15.18 utility is prohibited from claiming energy savings from preweatherization measures toward
15.19 the consumer-owned utility's energy savings goal.

15.20 (g) The commissioner must, by order, establish a list of preweatherization measures
15.21 eligible for inclusion in low-income energy conservation programs no later than March 15,
15.22 2022.

15.23 (h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate
15.24 account in the special revenue fund in the state treasury. A consumer-owned utility may
15.25 elect to contribute money to the Healthy AIR account to provide preweatherization measures
15.26 for households eligible for weatherization assistance from the state weatherization assistance
15.27 program in section 216C.264. Remediation activities must be executed in conjunction with
15.28 federal weatherization assistance program services. Money contributed to the account by a
15.29 consumer-owned utility counts toward: (1) the minimum low-income spending requirement
15.30 under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f).
15.31 Money in the account is annually appropriated to the commissioner of commerce to pay for
15.32 Healthy AIR-related activities.

15.33 Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric
15.34 association subject to rate regulation under section 216B.026 to recover expenses resulting

16.1 from: (1) a plan under this section; and (2) assessments and contributions to the energy and
16.2 conservation account under section 216B.241, subdivision 2a.

16.3 **Subd. 7. Ownership of preweatherization measure or energy conservation**

16.4 **improvement.** (a) A preweatherization measure or energy conservation improvement
16.5 installed in a building under this section, excluding a system owned by a consumer-owned
16.6 utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive
16.7 property of the building owner, except to the extent that the improvement is subject to a
16.8 security interest in favor of the consumer-owned utility in case of a loan to the building
16.9 owner for the improvement.

16.10 (b) A consumer-owned utility has no liability for loss, damage, or injury directly or
16.11 indirectly caused by a preweatherization measure or energy conservation improvement,
16.12 unless a consumer-owned utility is determined to have been negligent in purchasing,
16.13 installing, or modifying a preweatherization measure or energy conservation improvement.

16.14 **Subd. 8. Criteria for efficient fuel-switching improvements.** (a) A fuel-switching
16.15 improvement is deemed efficient if, applying the technical criteria established under section
16.16 216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being
16.17 displaced:

16.18 (1) results in a net reduction in the amount of source energy consumed for a particular
16.19 use, measured on a fuel-neutral basis;

16.20 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
16.21 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
16.22 improvement installed by an electric consumer-owned utility, the reduction in emissions
16.23 must be measured based on the hourly emissions profile of the consumer-owned utility or
16.24 the utility's electricity supplier, as reported in the most recent resource plan approved by
16.25 the commission under section 216B.2422. If the hourly emissions profile is not available,
16.26 the commissioner must develop a method consumer-owned utilities must use to estimate
16.27 that value;

16.28 (3) is cost-effective, considering the costs and benefits from the perspective of the
16.29 consumer-owned utility, participants, and society; and

16.30 (4) is installed and operated in a manner that improves the consumer-owned utility's
16.31 system load factor.

17.1 (b) For purposes of this subdivision, "source energy" means the total amount of primary
 17.2 energy required to deliver energy services, adjusted for losses in generation, transmission,
 17.3 and distribution, and expressed on a fuel-neutral basis.

17.4 Subd. 9. **Manner of filing and service.** (a) A consumer-owned utility must submit the
 17.5 filings required under this section to the department using the department's electronic filing
 17.6 system. The commissioner may approve an exemption from this requirement if a
 17.7 consumer-owned utility is unable to submit filings via the department's electronic filing
 17.8 system. All other interested parties must submit filings to the department via the department's
 17.9 electronic filing system whenever practicable but may also file by personal delivery or by
 17.10 mail.

17.11 (b) The submission of a document to the department's electronic filing system constitutes
 17.12 service on the department. If a department rule requires service of a notice, order, or other
 17.13 document by the department, a consumer-owned utility, or an interested party upon persons
 17.14 on a service list maintained by the department, service may be made by personal delivery,
 17.15 mail, or electronic service. Electronic service may be made only to persons on the service
 17.16 list that have previously agreed in writing to accept electronic service at an e-mail address
 17.17 provided to the department for electronic service purposes.

17.18 Subd. 10. **Assessment.** The commission or department may assess consumer-owned
 17.19 utilities subject to this section to carry out the purposes of section 216B.241, subdivisions
 17.20 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a
 17.21 consumer-owned utility's gross operating revenue from sales of gas or electric service in
 17.22 Minnesota during the previous calendar year, as applicable. Assessments under this
 17.23 subdivision are not subject to the cap on assessments under section 216B.62 or any other
 17.24 law.

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

17.26 Sec. 7. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

17.27 Subd. 1a. ~~Investment, expenditure, and contribution; public utility~~ **Large customer**
 17.28 **facility.** (a) ~~For purposes of this subdivision and subdivision 2, "public utility" has the~~
 17.29 ~~meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and~~
 17.30 ~~invest for energy conservation improvements under this subdivision and subdivision 2 the~~
 17.31 ~~following amounts:~~

17.32 ~~(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues~~
 17.33 ~~from service provided in the state;~~

18.1 ~~(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues~~
18.2 ~~from service provided in the state; and~~

18.3 ~~(3) for a utility that furnishes electric service and that operates a nuclear-powered electric~~
18.4 ~~generating plant within the state, two percent of its gross operating revenues from service~~
18.5 ~~provided in the state.~~

18.6 ~~For purposes of this paragraph (a), "gross operating revenues" do not include revenues~~
18.7 ~~from large customer facilities exempted under paragraph (b), or from commercial gas~~
18.8 ~~customers that are exempted under paragraph (c) or (e).~~

18.9 ~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt
18.10 both electric and gas utilities serving the large customer facility from ~~the investment and~~
18.11 ~~expenditure requirements of paragraph (a)~~ contributing to investments and expenditures
18.12 made under an energy and conservation optimization plan filed under subdivision 2 or
18.13 section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large
18.14 customer facility. The filing must include a discussion of the competitive or economic
18.15 pressures facing the owner of the facility and the efforts taken by the owner to identify,
18.16 evaluate, and implement energy conservation and efficiency improvements. A filing
18.17 submitted on or before October 1 of any year must be approved within 90 days and become
18.18 effective January 1 of the year following the filing, unless the commissioner finds that the
18.19 owner of the large customer facility has failed to take reasonable measures to identify,
18.20 evaluate, and implement energy conservation and efficiency improvements. If a facility
18.21 qualifies as a large customer facility solely due to its peak electrical demand or annual
18.22 natural gas usage, the exemption may be limited to the qualifying utility if the commissioner
18.23 finds that the owner of the large customer facility has failed to take reasonable measures to
18.24 identify, evaluate, and implement energy conservation and efficiency improvements with
18.25 respect to the nonqualifying utility. Once an exemption is approved, the commissioner may
18.26 request the owner of a large customer facility to submit, not more often than once every
18.27 five years, a report demonstrating the large customer facility's ongoing commitment to
18.28 energy conservation and efficiency improvement after the exemption filing. The
18.29 commissioner may request such reports for up to ten years after the effective date of the
18.30 exemption, unless the majority ownership of the large customer facility changes, in which
18.31 case the commissioner may request additional reports for up to ten years after the change
18.32 in ownership occurs. The commissioner may, within 180 days of receiving a report submitted
18.33 under this paragraph, rescind any exemption granted under this paragraph upon a
18.34 determination that the large customer facility is not continuing to make reasonable efforts
18.35 to identify, evaluate, and implement energy conservation improvements. A large customer

19.1 facility that is, under an order from the commissioner, exempt from the investment and
 19.2 expenditure requirements of paragraph (a) as of December 31, 2010, is not required to
 19.3 submit a report to retain its exempt status, except as otherwise provided in this paragraph
 19.4 with respect to ownership changes. No exempt large customer facility may participate in a
 19.5 utility conservation improvement program unless the owner of the facility submits a filing
 19.6 with the commissioner to withdraw its exemption.

19.7 ~~(e)~~ (b) A commercial gas customer that is not a large customer facility and that purchases
 19.8 or acquires natural gas from a public utility having fewer than 600,000 natural gas customers
 19.9 in Minnesota may petition the commissioner to exempt gas utilities serving the commercial
 19.10 gas customer from ~~the investment and expenditure requirements of paragraph (a)~~ contributing
 19.11 to investments and expenditures made under an energy and conservation optimization plan
 19.12 filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues
 19.13 attributable to the commercial gas customer. The petition must be supported by evidence
 19.14 demonstrating that the commercial gas customer has acquired or can reasonably acquire
 19.15 the capability to bypass use of the utility's gas distribution system by obtaining natural gas
 19.16 directly from a supplier not regulated by the commission. The commissioner shall grant the
 19.17 exemption if the commissioner finds that the petitioner has made the demonstration required
 19.18 by this paragraph.

19.19 ~~(d) The commissioner may require investments or spending greater than the amounts~~
 19.20 ~~required under this subdivision for a public utility whose most recent advance forecast~~
 19.21 ~~required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100~~
 19.22 ~~megawatts or greater within five years under midrange forecast assumptions.~~

19.23 ~~(e)~~ (c) A public utility, consumer-owned utility, or owner of a large customer facility
 19.24 may appeal a decision of the commissioner under paragraph (a) or (b), ~~(e), or (d)~~ to the
 19.25 commission under subdivision 2. In reviewing a decision of the commissioner under
 19.26 paragraph (a) or (b), ~~(e), or (d),~~ the commission shall rescind the decision if it finds ~~that the~~
 19.27 ~~required investments or spending will:~~

19.28 ~~(1) not result in cost-effective energy conservation improvements; or~~

19.29 ~~(2) otherwise~~ the decision is not ~~be~~ in the public interest.

19.30 (d) A public utility is prohibited from spending for or investing in energy conservation
 19.31 improvements that directly benefit a large energy facility or a large electric customer facility
 19.32 to which the commissioner has issued an exemption under this section.

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

20.1 Sec. 8. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

20.2 Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish
 20.3 energy-saving goals for energy conservation ~~improvement expenditures~~ improvements and
 20.4 shall evaluate an energy conservation improvement program on how well it meets the goals
 20.5 set.

20.6 (b) ~~Each individual~~ A public utility and association shall have providing electric service
 20.7 has an annual energy-savings goal equivalent to 1.5 1.75 percent of gross annual retail
 20.8 energy sales unless modified by the commissioner under paragraph (d). (c). A public utility
 20.9 providing natural gas service has an annual energy-savings goal equivalent to one percent
 20.10 of gross annual retail energy sales, which must not be lowered by the commissioner. The
 20.11 savings goals must be calculated based on the most recent three-year weather-normalized
 20.12 average. A public utility or association providing electric service may elect to carry forward
 20.13 energy savings in excess of ~~1.5~~ 1.75 percent for a year to the succeeding three calendar
 20.14 years, except that savings from electric utility infrastructure projects allowed under paragraph
 20.15 (d) may be carried forward for five years. A public utility providing natural gas service may
 20.16 elect to carry forward energy savings in excess of one percent for a year to the succeeding
 20.17 three calendar years. A particular energy savings can only be used ~~only for~~ to meet one
 20.18 year's goal.

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

20.21 (d) (c) In its energy conservation ~~improvement~~ and optimization plan filing, a public
 20.22 utility or association may request the commissioner to adjust its annual energy-savings
 20.23 percentage goal based on its historical conservation investment experience, customer class
 20.24 makeup, load growth, a conservation potential study, or other factors the commissioner
 20.25 determines warrants an adjustment.

20.26 (d) The commissioner may not approve a plan of a public utility that provides for an
 20.27 annual energy-savings goal of less than one percent of gross annual retail energy sales from
 20.28 energy conservation improvements.

20.29 ~~A utility or association may include in its energy conservation plan energy savings from~~
 20.30 The balance of the 1.75 percent annual energy savings goal may be achieved through energy
 20.31 savings from:

20.32 (1) additional energy conservation improvements;

21.1 (2) electric utility infrastructure projects approved by the commission under section
21.2 216B.1636 that result in increased efficiency greater than would have occurred through
21.3 normal maintenance activity; or ~~waste heat recovery converted into electricity projects that~~
21.4 ~~may count as energy savings in addition to a minimum energy savings goal of at least one~~
21.5 ~~percent for energy conservation improvements. Energy savings from electric utility~~
21.6 ~~infrastructure projects, as defined in section 216B.1636, may be included in the energy~~
21.7 ~~conservation plan of a municipal utility or cooperative electric association. Electric utility~~
21.8 ~~infrastructure projects must result in increased energy efficiency greater than that which~~
21.9 ~~would have occurred through normal maintenance activity~~

21.10 (3) subject to department approval, demand-side natural gas or electric energy displaced
21.11 by use of waste heat recovered and used as thermal energy, including the recovered thermal
21.12 energy from a cogeneration or combined heat and power facility.

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

21.16 ~~(f) An association or~~ (e) A public utility is not required to make energy conservation
21.17 investments to attain the energy-savings goals of this subdivision that are not cost-effective
21.18 even if the investment is necessary to attain the energy-savings goals. For the purpose of
21.19 this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the
21.20 costs and benefits to ratepayers, the utility, participants, and society. ~~In addition, the~~
21.21 ~~commissioner shall consider;~~ (2) the rate at which ~~an association or municipal~~ a public
21.22 utility is increasing both its energy savings and its expenditures on energy conservation;
21.23 and (3) the public utility's lifetime energy savings and cumulative energy savings.

21.24 ~~(g)~~ (f) On an annual basis, the commissioner shall produce and make publicly available
21.25 a report on the annual energy and capacity savings and estimated carbon dioxide reductions
21.26 achieved by the ~~energy conservation improvement~~ programs under this section and section
21.27 216B.2403 for the two most recent years for which data is available. The report must also
21.28 include information regarding any annual energy sales or generation capacity increases
21.29 resulting from efficient fuel-switching improvements. The commissioner shall report on
21.30 program performance both in the aggregate and for each entity filing an energy conservation
21.31 improvement plan for approval or review by the commissioner, and must estimate progress
21.32 made toward the statewide energy-savings goal under section 216B.2401.

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

22.4 ~~(i) This subdivision does not apply to:~~

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

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

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

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

22.10 Sec. 9. Minnesota Statutes 2020, section 216B.241, subdivision 1d, is amended to read:

22.11 Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation
22.12 improvement programs filed under this section and section 216B.2403 on the basis of
22.13 cost-effectiveness and the reliability of the technologies employed. The commissioner shall,
22.14 by order, establish, maintain, and update energy-savings assumptions that must be used by
22.15 utilities when filing energy conservation improvement programs. The department must track
22.16 a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime
22.17 energy savings reported in plans submitted under this section and section 216B.2403.

22.18 (b) The commissioner shall establish an inventory of the most effective energy
22.19 conservation programs, techniques, and technologies, and encourage all Minnesota utilities
22.20 to implement them, where appropriate, ~~in their service territories~~. The commissioner shall
22.21 describe these programs in sufficient detail to provide a utility reasonable guidance
22.22 concerning implementation. The commissioner shall prioritize the opportunities in order of
22.23 potential energy savings and in order of cost-effectiveness.

22.24 (c) The commissioner may contract with a third party to carry out any of the
22.25 commissioner's duties under this subdivision, and to obtain technical assistance to evaluate
22.26 the effectiveness of any conservation improvement program.

22.27 (d) The commissioner may assess up to \$850,000 annually for the purposes of this
22.28 subdivision. The assessments must be deposited in the state treasury and credited to the
22.29 energy and conservation account created under subdivision 2a. An assessment made under
22.30 this subdivision is not subject to the cap on assessments provided by section 216B.62, or
22.31 any other law.

23.1 ~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend~~
 23.2 ~~up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing~~
 23.3 ~~technical support for a uniform electronic data reporting and tracking system available to~~
 23.4 ~~all utilities subject to this section, in order to enable accurate measurement of the cost and~~
 23.5 ~~energy savings of the energy conservation improvements required by this section. This~~
 23.6 ~~paragraph expires June 30, 2018.~~

23.7 (e) The commissioner must work with stakeholders to develop technical guidelines that
 23.8 public utilities and consumer-owned utilities must use to:

23.9 (1) determine whether deployment of a fuel-switching improvement meets the criteria
 23.10 established in subdivision 11, paragraph (e), or section 216B.2403, subdivision 8, as
 23.11 applicable; and

23.12 (2) calculate the amount of energy saved by deploying a fuel-switching improvement.

23.13 The guidelines under this paragraph must be issued by the commissioner by order no later
 23.14 than March 15, 2022, and must be updated as the commissioner determines is necessary.

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

23.16 Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 1f, is amended to read:

23.17 Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the
 23.18 commissioner of commerce shall maintain and, as needed, revise the sustainable building
 23.19 design guidelines developed under section 16B.325.

23.20 (b) The commissioner of administration and the commissioner of commerce shall maintain
 23.21 and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section
 23.22 3, so that all public buildings can use the benchmarking tool to maintain energy use
 23.23 information for the purposes of establishing energy efficiency benchmarks, tracking building
 23.24 performance, and measuring the results of energy efficiency and conservation improvements.

23.25 (c) The commissioner shall require that utilities include in their conservation improvement
 23.26 plans programs that facilitate professional engineering verification to qualify a building as
 23.27 Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or
 23.28 Green Globes-certified. ~~The state goal is to achieve certification of 1,000 commercial~~
 23.29 ~~buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green~~
 23.30 ~~Globes-certified by December 31, 2010.~~

23.31 (d) The commissioner may assess up to \$500,000 annually for the purposes of this
 23.32 subdivision. The assessments must be deposited in the state treasury and credited to the

24.1 energy and conservation account created under subdivision 2a. An assessment made under
 24.2 this subdivision is not subject to the cap on assessments provided by section 216B.62, or
 24.3 any other law.

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

24.5 Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 1g, is amended to read:

24.6 Subd. 1g. **Manner of filing and service.** (a) A public utility, ~~generation and transmission~~
 24.7 ~~cooperative electric association, municipal power agency, cooperative electric association,~~
 24.8 ~~and municipal utility~~ shall submit filings to the department via the department's electronic
 24.9 filing system. The commissioner may approve an exemption from this requirement in the
 24.10 event ~~an affected~~ a public utility or association is unable to submit filings via the department's
 24.11 electronic filing system. All other interested parties shall submit filings to the department
 24.12 via the department's electronic filing system whenever practicable but may also file by
 24.13 personal delivery or by mail.

24.14 (b) Submission of a document to the department's electronic filing system constitutes
 24.15 service on the department. Where department rule requires service of a notice, order, or
 24.16 other document by the department, public utility, association, or interested party upon
 24.17 persons on a service list maintained by the department, service may be made by personal
 24.18 delivery, mail, or electronic service, except that electronic service may only be made upon
 24.19 persons on the service list who have previously agreed in writing to accept electronic service
 24.20 at an electronic address provided to the department for electronic service purposes.

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

24.22 Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

24.23 Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a)
 24.24 The commissioner may require a public utilities utility to make investments and expenditures
 24.25 in energy conservation improvements, explicitly setting forth the interest rates, prices, and
 24.26 terms under which the improvements must be offered to the customers. ~~The required~~
 24.27 ~~programs must cover no more than a three-year period.~~

24.28 (b) A public utilities utility shall file an energy conservation improvement plans and
 24.29 optimization plan by June 1, on a schedule determined by order of the commissioner, but
 24.30 at least every three years. ~~Plans received~~ As provided in subdivisions 11 to 13, plans may
 24.31 include programs for efficient fuel-switching improvements and load management. An
 24.32 individual utility program may combine elements of energy conservation, load management,

25.1 or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative
25.2 lifetime energy savings projected to be achieved under the plan. A plan filed by a public
25.3 utility by June 1 must be approved or approved as modified by the commissioner by
25.4 December 1 of that same year.

25.5 (c) The commissioner shall evaluate the program plan on the basis of cost-effectiveness
25.6 and the reliability of technologies employed. The commissioner's order must provide to the
25.7 extent practicable for a free choice, by consumers participating in the an energy conservation
25.8 program, of the device, method, material, or project constituting the energy conservation
25.9 improvement and for a free choice of the seller, installer, or contractor of the energy
25.10 conservation improvement, provided that the device, method, material, or project seller,
25.11 installer, or contractor is duly licensed, certified, approved, or qualified, including under
25.12 the residential conservation services program, where applicable.

25.13 ~~(b) (d) The commissioner may require a utility subject to subdivision 1c to make an~~
25.14 ~~energy conservation improvement investment or expenditure whenever the commissioner~~
25.15 ~~finds that the improvement will result in energy savings at a total cost to the utility less than~~
25.16 ~~the cost to the utility to produce or purchase an equivalent amount of new supply of energy.~~
25.17 ~~The commissioner shall nevertheless ensure that every public utility operate one or more~~
25.18 ~~programs under periodic review by the department.~~

25.19 ~~(e) (e) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually~~
25.20 ~~up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation~~
25.21 ~~improvements under this section by the public utility on research and development projects~~
25.22 ~~that meet the definition of energy conservation improvement ~~in subdivision 1~~ and that are~~
25.23 ~~funded directly by the public utility.~~

25.24 ~~(d) A public utility may not spend for or invest in energy conservation improvements~~
25.25 ~~that directly benefit a large energy facility or a large electric customer facility for which the~~
25.26 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~

25.27 (f) The commissioner shall consider and may require a public utility to undertake a an
25.28 energy conservation program suggested by an outside source, including a political
25.29 subdivision, a nonprofit corporation, or community organization.

25.30 ~~(e) (g) A public utility, a political subdivision, or a nonprofit or community organization~~
25.31 ~~that has suggested a an energy conservation program, the attorney general acting on behalf~~
25.32 ~~of consumers and small business interests, or a public utility customer that has suggested a~~
25.33 ~~an energy conservation program and is not represented by the attorney general under section~~
25.34 ~~8.33 may petition the commission to modify or revoke a department decision under this~~

26.1 section, and the commission may do so if it determines that the energy conservation program
26.2 is not cost-effective, does not adequately address the residential conservation improvement
26.3 needs of low-income persons, has a long-range negative effect on one or more classes of
26.4 customers, or is otherwise not in the public interest. The commission shall reject a petition
26.5 that, on its face, fails to make a reasonable argument that a an energy conservation program
26.6 is not in the public interest.

26.7 ~~(f)~~ (h) The commissioner may order a public utility to include, with the filing of the
26.8 public utility's annual status report, the results of an independent audit of the public utility's
26.9 conservation improvement programs and expenditures performed by the department or an
26.10 auditor with experience in the provision of energy conservation and energy efficiency
26.11 services approved by the commissioner and chosen by the public utility. The audit must
26.12 specify the energy savings or increased efficiency in the use of energy within the service
26.13 territory of the public utility that is the result of the public utility's spending and investments.
26.14 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

26.15 ~~(g) A gas utility may not spend for or invest in energy conservation improvements that~~
26.16 ~~directly benefit a large customer facility or commercial gas customer facility for which the~~
26.17 ~~commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or~~
26.18 ~~(e). The commissioner shall consider and may require a utility to undertake a program~~
26.19 ~~suggested by an outside source, including a political subdivision, a nonprofit corporation,~~
26.20 ~~or a community organization.~~

26.21 (i) The energy conservation and optimization plan of each public utility subject to this
26.22 section must include activities to improve energy efficiency in public schools served by the
26.23 utility. As applicable to each public utility, at a minimum the activities must include programs
26.24 to increase the efficiency of the school's lighting and heating and cooling systems, and to
26.25 provide for building recommissioning, building operator training, and opportunities to
26.26 educate students, teachers, and staff regarding energy efficiency measures implemented at
26.27 the school.

26.28 (j) The commissioner may require investments or spending greater than the amounts
26.29 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose
26.30 most recent advanced forecast required under section 216B.2422 projects a peak demand
26.31 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

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

27.1 Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

27.2 Subd. 2b. **Recovery of expenses.** (a) The commission shall allow a public utility to
 27.3 recover expenses resulting from a an energy conservation improvement program required
 27.4 and optimization plan approved by the department under this section and contributions and
 27.5 assessments to the energy and conservation account, unless the recovery would be
 27.6 inconsistent with a financial incentive proposal approved by the commission. ~~The commission~~
 27.7 ~~shall allow a cooperative electric association subject to rate regulation under section~~
 27.8 ~~216B.026, to recover expenses resulting from energy conservation improvement programs,~~
 27.9 ~~load management programs, and assessments and contributions to the energy and~~
 27.10 ~~conservation account unless the recovery would be inconsistent with a financial incentive~~
 27.11 ~~proposal approved by the commission. In addition,~~

27.12 (b) A public utility may file annually, or the Public Utilities Commission may require
 27.13 the public utility to file, and the commission may approve, rate schedules containing
 27.14 provisions for the automatic adjustment of charges for utility service in direct relation to
 27.15 changes in the expenses of the public utility for real and personal property taxes, fees, and
 27.16 permits, the amounts of which the public utility cannot control. A public utility is eligible
 27.17 to file for adjustment for real and personal property taxes, fees, and permits under this
 27.18 subdivision only if, in the year previous to the year in which it files for adjustment, it has
 27.19 spent or invested at least 1.75 percent of its gross revenues from provision of electric service,
 27.20 excluding gross operating revenues from electric service provided in the state to large electric
 27.21 customer facilities for which the commissioner has issued an exemption under subdivision
 27.22 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,
 27.23 excluding gross operating revenues from gas services provided in the state to large electric
 27.24 customer facilities for which the commissioner has issued an exemption under subdivision
 27.25 1a, paragraph (b), for that year for energy conservation improvements under this section.

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

27.27 Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

27.28 Subd. 3. **Ownership of preweatherization measure or energy conservation**
 27.29 **improvement.** ~~An~~ (a) A preweatherization measure or energy conservation improvement
 27.30 made to or installed in a building in accordance with this section, except systems owned by
 27.31 ~~the~~ a public utility and designed to turn off, limit, or vary the delivery of energy, are the
 27.32 exclusive property of the owner of the building except to the extent that the improvement
 27.33 is subjected to a security interest in favor of the public utility in case of a loan to the building
 27.34 owner. ~~The~~

28.1 (b) A public utility has no liability for loss, damage, or injury caused directly or indirectly
28.2 by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence
28.3 by the utility in ~~purchase, installation, or modification of the product.~~ purchasing, installing,
28.4 or modifying a preweatherization measure or energy conservation improvement.

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

28.6 Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

28.7 Subd. 5. **Efficient lighting program.** (a) Each public utility, ~~cooperative electric~~
28.8 ~~association, and municipal~~ and consumer-owned utility that provides electric service to
28.9 retail customers and is subject to subdivision 1c or section 216B.2403 shall include as part
28.10 of its conservation improvement activities a program to strongly encourage the use of LED
28.11 lamps. The program must include at least a public information campaign to encourage use
28.12 of LED lamps and proper management of spent lamps by all customer classifications.

28.13 (b) A public utility that provides electric service at retail to 200,000 or more customers
28.14 shall establish, either directly or through contracts with other persons, including lamp
28.15 manufacturers, distributors, wholesalers, and retailers and local government units, a system
28.16 to collect for delivery to a reclamation or recycling facility spent fluorescent and
28.17 high-intensity discharge lamps from households and from small businesses as defined in
28.18 section 645.445 that generate an average of fewer than ten spent lamps per year.

28.19 (c) A collection system must include establishing reasonably convenient locations for
28.20 collecting spent lamps from households and financial incentives sufficient to encourage
28.21 spent lamp generators to take the lamps to the collection locations. Financial incentives may
28.22 include coupons for purchase of new LED lamps, a cash back system, or any other financial
28.23 incentive or group of incentives designed to collect the maximum number of spent lamps
28.24 from households and small businesses that is reasonably feasible.

28.25 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,
28.26 ~~a cooperative electric association, or a municipal~~ or a consumer-owned utility that provides
28.27 electric service at retail to customers may establish a collection system under paragraphs
28.28 (b) and (c) as part of conservation improvement activities required under this section.

28.29 (e) The commissioner of the Pollution Control Agency may not, unless clearly required
28.30 by federal law, require a public utility, ~~cooperative electric association, or municipality~~ or
28.31 consumer-owned utility that establishes a household fluorescent and high-intensity discharge
28.32 lamp collection system under this section to manage the lamps as hazardous waste as long
28.33 as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation

29.1 facility that removes mercury and other toxic materials contained in the lamps prior to
29.2 placement of the lamps in solid waste.

29.3 (f) If a public utility, ~~cooperative electric association, or municipal~~ or consumer-owned
29.4 utility contracts with a local government unit to provide a collection system under this
29.5 subdivision, the contract must provide for payment to the local government unit of all the
29.6 unit's incremental costs of collecting and managing spent lamps.

29.7 (g) All the costs incurred by a public utility, ~~cooperative electric association, or municipal~~
29.8 or consumer-owned utility to promote the use of LED lamps and to ~~collect fluorescent and~~
29.9 ~~high-intensity discharge~~ collect LED lamps under this subdivision are conservation
29.10 improvement spending under this section.

29.11 (h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode ~~lamp~~
29.12 ~~that consists of a solid state device that emits visible light when an electric current passes~~
29.13 ~~through a semiconductor~~ bulb or lighting product.

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

29.15 Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

29.16 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public
29.17 ~~utility and association~~ subject to subdivision 1c provides low-income energy conservation
29.18 programs to low-income households. When approving spending and energy-savings goals
29.19 for low-income programs, the commissioner shall consider historic spending and participation
29.20 levels, energy savings ~~for~~ achieved by low-income programs, and the number of low-income
29.21 persons residing in the utility's service territory. A ~~municipal utility that furnishes gas service~~
29.22 ~~must spend at least 0.2 percent, and a public utility furnishing gas service must spend at~~
29.23 ~~least 0.4~~ 0.8 percent; of its most recent three-year average gross operating revenue from
29.24 residential customers in the state on low-income programs. A public utility or association
29.25 that furnishes electric service must spend at least ~~0.1~~ 0.4 percent of its gross operating
29.26 revenue from residential customers in the state on low-income programs. ~~For a generation~~
29.27 ~~and transmission cooperative association, this requirement shall apply to each association's~~
29.28 ~~members' aggregate gross operating revenue from sale of electricity to residential customers~~
29.29 ~~in the state. Beginning in 2010, a utility or association that furnishes electric service must~~
29.30 ~~spend 0.2 percent of its gross operating revenue from residential customers in the state on~~
29.31 ~~low-income programs.~~

29.32 (b) To meet the requirements of paragraph (a), a public utility or association may
29.33 contribute money to the energy and conservation account established under subdivision 2a.

30.1 An energy conservation improvement plan must state the amount, if any, of low-income
30.2 energy conservation improvement funds the public utility ~~or association~~ will contribute to
30.3 the energy and conservation account. Contributions must be remitted to the commissioner
30.4 by February 1 of each year.

30.5 (c) The commissioner shall establish low-income energy conservation programs to utilize
30.6 ~~money contributed~~ contributions made to the energy and conservation account under
30.7 paragraph (b). In establishing low-income programs, the commissioner shall consult political
30.8 subdivisions, utilities, and nonprofit and community organizations, especially organizations
30.9 ~~engaged in~~ providing energy and weatherization assistance to low-income ~~persons~~
30.10 households. ~~Money contributed~~ Contributions made to the energy and conservation account
30.11 under paragraph (b) must provide programs for low-income ~~persons~~ households, including
30.12 low-income renters, in the service territory of the public utility ~~or association~~ providing the
30.13 money. The commissioner shall record and report expenditures and energy savings achieved
30.14 as a result of low-income programs funded through the energy and conservation account in
30.15 the report required under subdivision 1c, paragraph ~~(g)~~ (f). The commissioner may contract
30.16 with a political subdivision, nonprofit or community organization, public utility, ~~municipality,~~
30.17 ~~or cooperative electric association~~ consumer-owned utility to implement low-income
30.18 programs funded through the energy and conservation account.

30.19 (d) A public utility ~~or association~~ may petition the commissioner to modify its required
30.20 spending under paragraph (a) if the utility ~~or association~~ and the commissioner have been
30.21 unable to expend the amount required under paragraph (a) for three consecutive years.

30.22 (e) The commissioner must develop and establish guidelines to determine the eligibility
30.23 of multifamily buildings to participate in low-income energy conservation programs.
30.24 Notwithstanding the definition of low-income household in section 216B.2402, for purposes
30.25 of determining the eligibility of multifamily buildings for low-income programs a public
30.26 utility may apply the most recent guidelines published by the department. The commissioner
30.27 must convene a stakeholder group to review and update guidelines by July 1, 2022, and at
30.28 least once every five years thereafter. The stakeholder group must include but is not limited
30.29 to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal
30.30 electric or gas utilities; electric cooperative associations; multifamily housing owners and
30.31 developers; and low-income advocates.

30.32 (f) Up to 15 percent of a public utility's spending on low-income programs may be spent
30.33 on preweatherization measures. A public utility is prohibited from claiming energy savings
30.34 from preweatherization measures toward the public utility's energy savings goal.

31.1 (g) The commissioner must, by order, establish a list of preweatherization measures
31.2 eligible for inclusion in low-income programs no later than March 15, 2022.

31.3 (h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate
31.4 account in the special revenue fund in the state treasury. A public utility may elect to
31.5 contribute money to the Healthy AIR account to provide preweatherization measures to
31.6 households eligible for weatherization assistance under section 216C.264. Remediation
31.7 activities must be executed in conjunction with federal weatherization assistance program
31.8 services. Money contributed to the account counts toward: (1) the minimum low-income
31.9 spending requirement in paragraph (a); and (2) the cap on preweatherization measures under
31.10 paragraph (f). Money in the account is annually appropriated to the commissioner of
31.11 commerce to pay for Healthy AIR-related activities.

31.12 ~~(e)~~ (i) The costs and benefits associated with any approved low-income gas or electric
31.13 conservation improvement program that is not cost-effective when considering the costs
31.14 and benefits to the public utility may, at the discretion of the utility, be excluded from the
31.15 calculation of net economic benefits for purposes of calculating the financial incentive to
31.16 the public utility. The energy and demand savings may, at the discretion of the public utility,
31.17 be applied toward the calculation of overall portfolio energy and demand savings for purposes
31.18 of determining progress toward annual goals and in the financial incentive mechanism.

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

31.20 Sec. 17. Minnesota Statutes 2020, section 216B.241, subdivision 8, is amended to read:

31.21 Subd. 8. **Assessment.** The commission or department may assess public utilities subject
31.22 to this section ~~in proportion to their respective~~ to carry out the purposes of subdivisions 1d,
31.23 1e, and 1f. An assessment under this subdivision must be proportionate to a public utility's
31.24 gross operating revenue from sales of gas or electric service within the state Minnesota
31.25 during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those
31.26 assessments, as applicable. Assessments made under this subdivision are not subject to the
31.27 cap on assessments provided by section 216B.62, or any other law.

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

31.29 Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
31.30 to read:

31.31 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a)
31.32 A public utility providing electric service at retail may include in the plan required under

32.1 subdivision 2 programs to implement efficient fuel-switching improvements or combinations
32.2 of energy conservation improvements, fuel-switching improvements, and load management.
32.3 For each program, the public utility must provide a proposed budget, an analysis of the
32.4 program's cost-effectiveness, and estimated net energy and demand savings.

32.5 (b) The department may approve proposed programs for efficient fuel-switching
32.6 improvements if the department determines the improvements meet the requirements of
32.7 paragraph (d). For fuel-switching improvements that require the deployment of electric
32.8 technologies, the department must also consider whether the fuel-switching improvement
32.9 can be operated in a manner that facilitates the integration of variable renewable energy
32.10 into the electric system. The net benefits from an efficient fuel-switching improvement that
32.11 is integrated with an energy efficiency program approved under this section may be counted
32.12 toward the net benefits of the energy efficiency program if the department determines the
32.13 primary purpose and effect of the program is energy efficiency.

32.14 (c) A public utility may file a rate schedule with the commission that provides for annual
32.15 cost recovery of reasonable and prudent costs incurred to implement and promote efficient
32.16 fuel-switching programs. The commission may not approve a financial incentive to encourage
32.17 efficient fuel-switching programs operated by a public utility providing electric service.

32.18 (d) A fuel-switching improvement is deemed efficient if, applying the technical criteria
32.19 established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets
32.20 the following criteria, relative to the fuel that is being displaced:

32.21 (1) results in a net reduction in the amount of source energy consumed for a particular
32.22 use, measured on a fuel-neutral basis;

32.23 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
32.24 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
32.25 improvement installed by an electric utility, the reduction in emissions must be measured
32.26 based on the hourly emission profile of the electric utility, using the hourly emissions profile
32.27 in the most recent resource plan approved by the commission under section 216B.2422;

32.28 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,
32.29 participants, and society; and

32.30 (4) is installed and operated in a manner that improves the utility's system load factor.

32.31 (e) For purposes of this subdivision, "source energy" means the total amount of primary
32.32 energy required to deliver energy services, adjusted for losses in generation, transmission,
32.33 and distribution, and expressed on a fuel-neutral basis.

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

33.2 Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
33.3 to read:

33.4 Subd. 12. **Programs for efficient fuel-switching improvements; natural gas**
33.5 **utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that
33.6 provides natural gas service to Minnesota retail customers may propose as an energy
33.7 conservation improvement one or more programs to install electric technologies that reduce
33.8 the consumption of natural gas by the utility's retail customers. The commissioner may
33.9 approve a proposed program if the commissioner, applying the technical criteria developed
33.10 under section 216B.241, subdivision 1d, paragraph (b), determines:

33.11 (1) the electric technology to be installed meets the criteria established under section
33.12 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

33.13 (2) the program is cost-effective, considering the costs and benefits to ratepayers, the
33.14 utility, participants, and society.

33.15 (b) If a program is approved by the commission under this subdivision, the public utility
33.16 may count the program's energy savings toward the public utility's energy savings goal
33.17 under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision
33.18 4, efficient fuel-switching achieved through programs approved under this subdivision is
33.19 energy conservation.

33.20 (c) A public utility may file rate schedules with the commission that provide annual
33.21 cost-recovery for programs approved by the department under this subdivision, including
33.22 reasonable and prudent costs incurred to implement and promote the programs.

33.23 (d) The commission may approve, modify, or reject a proposal made by the department
33.24 or a utility for an incentive plan to encourage efficient fuel-switching programs approved
33.25 under this subdivision, applying the considerations established under section 216B.16,
33.26 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive
33.27 mechanism that is calculated based on the combined energy savings and net benefits that
33.28 the commission determines have been achieved by a program approved under this
33.29 subdivision, provided the commission determines that the financial incentive mechanism
33.30 is in the ratepayers' interest.

33.31 (e) A public utility is not eligible for a financial incentive for an efficient fuel-switching
33.32 program under this subdivision in any year in which the utility achieves energy savings

34.1 below one percent of gross annual retail energy sales, excluding savings achieved through
34.2 fuel-switching programs.

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

34.4 Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
34.5 to read:

34.6 Subd. 13. **Cost-effective load management programs.** (a) A public utility may include
34.7 in the utility's plan required under subdivision 2 programs to implement load management
34.8 activities, or combinations of energy conservation improvements, fuel-switching
34.9 improvements, and load management activities. For each program the public utility must
34.10 provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand
34.11 savings.

34.12 (b) The commissioner may approve a proposed program if the commissioner determines
34.13 the program is cost-effective, considering the costs and benefits to ratepayers, the utility,
34.14 participants, and society.

34.15 (c) A public utility providing retail service to Minnesota customers may file rate schedules
34.16 with the commission that provide for annual cost recovery of reasonable and prudent costs
34.17 incurred to implement and promote cost-effective load management programs approved by
34.18 the department under this subdivision.

34.19 (d) In determining whether to approve, modify, or reject a proposal made by the
34.20 department or a public utility for an incentive plan to encourage investments in load
34.21 management programs, the commission shall consider whether the plan:

34.22 (1) is needed to increase the public utility's investment in cost-effective load management;

34.23 (2) is compatible with the interest of the public utility's ratepayers; and

34.24 (3) links the incentive to the public utility's performance in achieving cost-effective load
34.25 management.

34.26 (e) The commission may structure an incentive plan to encourage cost-effective load
34.27 management programs as an asset on which a public utility earns a rate of return at a level
34.28 the commission determines is reasonable and in the public interest.

34.29 (f) The commission may include the net benefits from a load management activity
34.30 integrated with an energy efficiency program approved under this section in the net benefits
34.31 of the energy efficiency program for purposes of a financial incentive program under section

35.1 216B.16, subdivision 6c, if the department determines the primary purpose of the load
35.2 management activity is energy efficiency.

35.3 (g) A public utility is not eligible for a financial incentive for a load management program
35.4 in any year in which the utility achieves energy savings below one percent of gross annual
35.5 retail energy sales, excluding savings achieved through load management programs.

35.6 (h) The commission may include net benefits from a particular load management activity
35.7 in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

35.9 Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
35.10 to read:

35.11 Subd. 14. **Minnesota efficient technology accelerator.** (a) A nonprofit organization
35.12 with extensive experience implementing energy efficiency programs and conducting
35.13 energy-efficient technology research in Minnesota may file a proposal with the commissioner
35.14 for a program to accelerate deployment and reduce the cost of emerging and innovative
35.15 efficient technologies and approaches and result in lower energy costs for Minnesota
35.16 ratepayers. The program must include strategic initiatives with technology manufacturers
35.17 to improve the efficiency and performance of products, and with equipment installers and
35.18 other key actors in the technology supply chain. The program's goals are to achieve
35.19 cost-effective energy savings for Minnesota utilities, provide bill savings to Minnesota
35.20 utility consumers, enhance employment opportunities in Minnesota, and avoid greenhouse
35.21 gas emissions.

35.22 (b) Prior to developing and filing a proposal, the nonprofit must submit to the
35.23 commissioner a notice of intent to file a proposal under this subdivision that describes the
35.24 nonprofit's eligibility with respect to the requirements of paragraph (a). The commissioner
35.25 shall review the notice of intent and issue a determination of eligibility within 30 days of
35.26 the date the notice of intent is filed.

35.27 (c) Upon receiving approval from the commissioner to file a proposal under this section,
35.28 a nonprofit organization must engage interested stakeholders in discussions regarding, at a
35.29 minimum, the following elements required of a program proposal under this subdivision:

35.30 (1) a proposed budget and operational guidelines for the accelerator;

35.31 (2) proposed methodologies to estimate, evaluate, and allocate energy savings and net
35.32 benefits from program activities. Energy savings and net benefits from program activities

36.1 must be allocated to participating utilities and must be considered when determining the
36.2 cost-effectiveness of energy savings achieved by the program and related incentives;

36.3 (3) a process to identify and select technologies that:

36.4 (i) address energy use in residential, commercial, and industrial buildings; and

36.5 (ii) benefit utility customers in proportion to the funds contributed to the program by
36.6 electric and natural gas utilities, respectively; and

36.7 (4) a process to identify and track performance metrics for each technology selected so
36.8 that progress toward achieving energy savings can be measured, including one or more
36.9 methods to evaluate cost-effectiveness.

36.10 (d) No earlier than 180 days from the date of the commissioner's eligibility determination
36.11 under paragraph (b), the nonprofit may file a program proposal under this subdivision. The
36.12 filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the
36.13 recommendations and concerns identified in the stakeholder engagement process required
36.14 under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment,
36.15 and after the commissioner has considered the estimated program costs and benefits from
36.16 the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify,
36.17 or reject the proposal. An approved program may have a term extending up to five years,
36.18 and may be renewed by the commissioner one or more times for additional terms of up to
36.19 five years.

36.20 (e) Upon approval of a program under paragraph (d), each public utility with over 30,000
36.21 customers must participate in the program and contribute to the approved program budget
36.22 in proportion to the public utility's gross operating revenue from sales of gas or electric
36.23 service in Minnesota, excluding revenues from large customer facilities exempted under
36.24 subdivision 1a. A participating utility is not required to contribute more than the following
36.25 percentages of the utility's spending approved by the commission in the plan filed under
36.26 subdivision 2: (1) two percent in the program's initial two years; (2) 3.5 percent in the
36.27 program's third and fourth years; and (3) five percent each year thereafter. Other utilities
36.28 may elect to participate in an approved program.

36.29 (f) A participating utility may request the commissioner to adjust its approved annual
36.30 budget under subdivision 2, if necessary to meet approved energy savings goals under
36.31 subdivision 2. Other utilities may elect to participate in the accelerator program.

36.32 (g) Costs incurred by a public utility under this subdivision are recoverable under
36.33 subdivision 2b as an assessment to the energy and conservation account. Amounts provided

37.1 to the account under this subdivision are not subject to the cap on assessments in section
37.2 216B.62. The commissioner may make expenditures from the account for the purposes of
37.3 this subdivision, including amounts necessary to reimburse administrative costs incurred
37.4 by the department under this subdivision. Costs for research projects under this subdivision
37.5 that the commissioner determines may be duplicative to projects that would be eligible for
37.6 funding under subdivision 1e, paragraph (a), may be deducted from the assessment under
37.7 subdivision 1e for utilities participating in the accelerator.

37.8 **EFFECTIVE DATE.** This section is effective immediately upon enactment.

37.9 Sec. 22. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

37.10 Subd. 3. **Pilot programs.** The commission shall allow one or more rate-regulated utilities
37.11 to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote
37.12 energy efficiency and conservation. Each pilot program must utilize the criteria and standards
37.13 established in subdivision 2 and be designed to determine whether a rate-decoupling strategy
37.14 achieves energy savings. On or before a date established by the commission, the commission
37.15 shall require electric and gas utilities that intend to implement a decoupling program to file
37.16 a decoupling pilot plan, which shall be approved or approved as modified by the commission.
37.17 A pilot program may not exceed three years in length. Any extension beyond three years
37.18 can only be approved in a general rate case, unless that decoupling program was previously
37.19 approved as part of a general rate case. ~~The commission shall report on the programs annually~~
37.20 ~~to the chairs of the house of representatives and senate committees with primary jurisdiction~~
37.21 ~~over energy policy.~~

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

37.23 Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
37.24 to read:

37.25 Subd. 7a. **Energy storage systems; installation.** The commission shall, as part of an
37.26 order with respect to a public utility's integrated resource plan filed under this section,
37.27 require a public utility to install one or more energy storage systems, provided that the
37.28 commission finds the investments are reasonable, prudent, and in the public interest. In
37.29 determining the aggregate capacity of the energy storage systems ordered under this
37.30 subdivision, the commission must consider the public utility's assessment of energy storage
37.31 systems contained in the public utility's integrated resource plan, as required under
37.32 subdivision 7.

38.1 **EFFECTIVE DATE.** This section is effective the day following final enactment and
38.2 applies to any order issued to a public utility by the commission in an integrated resource
38.3 plan proceeding after July 1, 2021.

38.4 Sec. 24. **[216B.2427] ENERGY STORAGE SYSTEM; APPLICATION.**

38.5 Subdivision 1. **Definition.** For the purposes of this section, "energy storage system" has
38.6 the meaning given in section 216B.2422, subdivision 1, paragraph (f).

38.7 Subd. 2. **Application requirement.** No later than one year following the commission's
38.8 order to a public utility in an integrated resource plan proceeding under section 216B.2422,
38.9 the public utility must submit an application to the commission for review and approval to
38.10 install one or more energy storage systems whose aggregate capacity meets or exceeds that
38.11 ordered by the commission in the public utility's most recent integrated resource plan
38.12 proceeding under section 216B.2422, subdivision 7a.

38.13 Subd. 3. **Application contents.** (a) Each application submitted under this section shall
38.14 contain the following information:

38.15 (1) technical specifications of the energy storage system, including but not limited to:

38.16 (i) the maximum amount of electric output that the energy storage system can provide;

38.17 (ii) the length of time the energy storage system can sustain maximum output;

38.18 (iii) the location of the project and a description of the analysis conducted to determine
38.19 the location;

38.20 (iv) a description of the public utility's electric system needs that the proposed energy
38.21 storage system address;

38.22 (v) a description of the types of services the energy storage system is expected to provide;

38.23 and

38.24 (vi) a description of the technology required to construct, operate, and maintain the
38.25 energy storage system, including any data or communication system necessary to operate
38.26 the energy storage system;

38.27 (2) the estimated cost of the project, including:

38.28 (i) capital costs;

38.29 (ii) the estimated cost per unit of energy delivered by the energy storage system; and

38.30 (iii) an evaluation of the cost-effectiveness of the energy storage system;

39.1 (3) the estimated benefits of the energy storage system to the public utility's electric
 39.2 system, including but not limited to:

39.3 (i) deferred investments in generation, transmission, or distribution capacity;

39.4 (ii) reduced need for electricity during times of peak demand;

39.5 (iii) improved reliability of the public utility's transmission or distribution system; and

39.6 (iv) improved integration of the public utility's renewable energy resources;

39.7 (4) how the addition of an energy storage system complements proposed actions of the
 39.8 public utility described in the most recent integrated resource plan submitted under section
 39.9 216B.2422 to meet expected demand with the least cost combination of resources; and

39.10 (5) any additional information required by the commission.

39.11 (b) A public utility must include in the application an evaluation of the potential to store
 39.12 energy in the public utility's electric system and must identify geographic areas in the public
 39.13 utility's service area where the deployment of energy storage systems has the greatest
 39.14 potential to achieve the economic benefits identified in paragraph (a), clause (3).

39.15 Subd. 4. **Commission review.** The commission shall review each proposal submitted
 39.16 under this section and may approve, reject, or modify the proposal. The commission shall
 39.17 approve a proposal the commission determines is in the public interest and reasonably
 39.18 balances the value derived from the deployment of an energy storage system for ratepayers
 39.19 and the public utility's operations with the costs of procuring, constructing, operating, and
 39.20 maintaining the energy storage system.

39.21 Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently
 39.22 incurred by the public utility to deploy an energy storage system approved by the commission
 39.23 under this section, net of any revenues generated by the operation of the energy storage
 39.24 system.

39.25 Subd. 6. **Commission authority; orders.** The commission may issue orders necessary
 39.26 to implement and administer this section.

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

39.28 Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

39.29 Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

39.30 (1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of
 39.31 electricity and natural gas ~~be~~ is achieved through cost-effective energy efficiency;

40.1 (2) the per capita use of fossil fuel as an energy input ~~be~~ is reduced by 15 percent by the
40.2 year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

40.3 (3) 25 percent of the total energy used in ~~the state be~~ Minnesota is derived from renewable
40.4 energy resources by the year 2025; ~~and~~

40.5 (4) statewide greenhouse gas emissions from energy use in existing commercial and
40.6 residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the
40.7 most effective current energy-saving incentives programs, evaluated by participation and
40.8 efficacy; and (ii) development and implementation of new programs, prioritizing solutions
40.9 that achieve the highest overall carbon reduction; and

40.10 (4) ~~(5)~~ retail electricity rates for each customer class ~~be~~ are at least five percent below
40.11 the national average.

40.12 Sec. 26. **[216C.402] REBUILD RIGHT GRANT PROGRAM.**

40.13 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
40.14 the meanings given.

40.15 (b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor
40.16 air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat
40.17 exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to
40.18 warm or cool the refrigerant vapor.

40.19 (c) "Commercial building" means a building:

40.20 (1) with an occupant that is (i) engaged in wholesale or retail trade or the provision of
40.21 services, or (ii) a restaurant; or

40.22 (2) that contains four or more dwelling units.

40.23 (d) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,
40.24 paragraph (e).

40.25 (e) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
40.26 paragraph (f).

40.27 (f) "Energy storage system" has the meaning given in section 216B.2422, subdivision
40.28 1, paragraph (f).

40.29 (g) "Envelope" means the physical elements separating a building's interior and exterior.

40.30 (h) "Grantee" means a person awarded a grant by the commissioner under this section.

41.1 (i) "Ground-source heat pump" means an earth-coupled heating or cooling device
41.2 consisting of a sealed closed-loop piping system installed in the ground to transfer heat
41.3 between the surrounding earth and a building.

41.4 (j) "Institutional building" means a building with occupants that provide health care,
41.5 educational, or government services.

41.6 (k) "Preweatherization measure" means a general repair or measure that affects the health
41.7 or safety of residents of a dwelling unit and that is required under federal law in order for
41.8 weatherization services to be provided to the dwelling unit.

41.9 (l) "Qualified energy technology" means:

41.10 (1) a solar energy system;

41.11 (2) a measure installed in a building that results in energy efficiency or energy
41.12 conservation, excluding a natural gas furnace that does not function solely as a backup to
41.13 a primary heating system utilizing a ground-source heat pump or a cold climate air-source
41.14 heat pump; or

41.15 (3) an energy storage system.

41.16 (m) "Residential building" means a building containing one to three residential units.

41.17 (n) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

41.18 Subd. 2. **Program establishment.** A rebuild right grant program is established in the
41.19 Department of Commerce to award grants to incorporate qualified energy technologies as
41.20 part of the renovation or new construction of buildings damaged or destroyed by civil unrest
41.21 in May and June 2020.

41.22 Subd. 3. **Application.** (a) An application for a grant under this section must be made to
41.23 the commissioner on a form developed by the commissioner. The application must include:

41.24 (1) evidence substantiating the applicant's experience required under subdivision 4,
41.25 paragraph (b);

41.26 (2) information detailing how property owners are notified that financial assistance is
41.27 available;

41.28 (3) the geographic area within which an applicant proposes to target financial assistance;

41.29 (4) information detailing (i) how the applicant determines whether a proposed project
41.30 meets the applicable energy standards required under subdivision 5, and (ii) what
41.31 post-implementation methods are used to assess whether the standards have been met;

42.1 (5) information detailing how the applicant evaluates and ranks project proposals; and

42.2 (6) any other information required by the commissioner.

42.3 (b) The commissioner must develop administrative procedures and processes to review
42.4 applications and award grants under this section.

42.5 Subd. 4. **Eligible applicants.** (a) Multiple organizations, including political subdivisions
42.6 and nonprofit organizations, may jointly file a single application for a grant award under
42.7 this section.

42.8 (b) Applicants for a grant awarded under this section must have experience:

42.9 (1) analyzing the energy and economic impacts of installing qualified energy technologies
42.10 in buildings;

42.11 (2) working with contractors to implement projects that install qualified energy
42.12 technologies in buildings; and

42.13 (3) successfully working with small businesses, community groups, and residents of
42.14 neighborhoods where a preponderance of the total number of households are low-income
42.15 households.

42.16 Subd. 5. **Eligible activities; energy standards.** (a) Except as provided in paragraph (b),
42.17 a renovated or newly constructed commercial or institutional building awarded grant funds
42.18 under this section must meet, at a minimum, the current Sustainable Building 2030 energy
42.19 performance standards adopted under section 216B.241, subdivision 9.

42.20 (b) A renovated or newly constructed residential building or a commercial building
42.21 containing four or more dwelling units awarded grant funds under this section must meet,
42.22 at a minimum, the current energy performance standards for new residential construction
42.23 or renovations, as applicable, contained in the International Passive House Standard promoted
42.24 by the North American Passive House Network or the United States Department of Energy's
42.25 Zero Energy Ready Home.

42.26 Subd. 6. **Eligible properties.** A property is eligible to receive a grant awarded under
42.27 this section if the property: (1) was damaged or destroyed by civil unrest that occurred in
42.28 the state in May and June 2020; and (2) is being renovated or constructed to operate as a
42.29 residential, commercial, or institutional property.

42.30 Subd. 7. **Eligible expenditures.** An appropriation made to support activities under this
42.31 section may be used to:

42.32 (1) conduct outreach activities to:

43.1 (i) cities and business associations affected by the civil unrest that occurred in Minnesota
43.2 in May and June 2020;

43.3 (ii) persons listed in subdivision 8, clause (1), items (i) to (iv); and

43.4 (iii) potential building owners who may receive services under the program;

43.5 (2) purchase and install qualified energy technologies in buildings;

43.6 (3) pay the reasonable costs incurred by the department to administer this section; and

43.7 (4) compensate task force members under subdivision 12.

43.8 Subd. 8. **Grant priorities.** When awarding grants under this section, the commissioner
43.9 must give priority to applications that:

43.10 (1) commit to conduct aggressive outreach programs to provide assistance under this
43.11 section to eligible owners of buildings:

43.12 (i) located in census tracts in which 50 percent or more of households have household
43.13 incomes at or below 60 percent of the state median household income;

43.14 (ii) located in census tracts designated by the governor as Opportunity Zones under
43.15 United States Code, title 26, section 1400Z-1, et. seq.;

43.16 (iii) containing minority-owned businesses, as defined in section 116J.8737; or

43.17 (iv) containing women-owned businesses, as defined in section 116J.8737;

43.18 (2) commit to employ contractors that pay employees a wage comparable to, as
43.19 determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or

43.20 (3) leverage additional funding to be used for the purposes of this section.

43.21 Subd. 9. **Limits.** Grant funds awarded under this section to support the renovation or
43.22 construction of building envelopes and energy systems in commercial or institutional
43.23 buildings may be used to pay the difference between (1) the cost to renovate or construct a
43.24 building's envelope or energy system to meet the current applicable energy code, and (2)
43.25 the cost to meet the standards required under subdivision 5. The commissioner must develop
43.26 a methodology to calculate the cost to renovate or construct a commercial or institutional
43.27 building's envelope and energy system to meet current applicable energy code standards,
43.28 which must be used by a grantee to determine the amount awarded to a building owner.

43.29 Subd. 10. **Awards to building owners.** A commercial or institutional building owner
43.30 seeking funding from a grant awarded under this section must submit an application to the
43.31 grantee that includes:

44.1 (1) evidence that the building is eligible to receive a grant under this section, including
44.2 documentation of damage done to the building;

44.3 (2) a description of the project, including cost estimates for major project elements;

44.4 (3) documentation that the measures funded result in the building meeting the applicable
44.5 energy standards of subdivision 5; and

44.6 (4) any other information required by a grantee.

44.7 Subd. 11. **Grantee reports.** Recipients of a grant awarded under this section must file
44.8 semiannual reports with the commissioner containing:

44.9 (1) a list of properties where grant funds have been expended, the amount of the
44.10 expenditures, and the nature of the energy efficiency measures and renewable energy systems
44.11 installed;

44.12 (2) estimated energy savings and greenhouse gas emissions reductions resulting from
44.13 expenditures made under this section compared with estimated levels of energy use and
44.14 greenhouse gas emissions associated with those properties in 2019; and

44.15 (3) any other information required by the commissioner.

44.16 Subd. 12. **Advisory task force.** (a) Within 60 days of the effective date of this act, the
44.17 commissioner must select and appoint eight members to a Rebuild Right Advisory Task
44.18 Force and must convene the initial meeting of the task force. The advisory task force must
44.19 include:

44.20 (1) one representative of the public utility subject to section 116C.779, subdivision 1;

44.21 (2) one representative of the Prairie Island Indian Community;

44.22 (3) one representative of organized labor;

44.23 (4) two representatives of organizations with expertise installing energy conservation
44.24 measures and renewable energy programs in buildings;

44.25 (5) one representative of organizations that advocate for energy policies addressing
44.26 low-income households; and

44.27 (6) two representatives of organizations representing businesses located in areas that
44.28 experienced extensive property damage from civil unrest in Minnesota in May and June
44.29 2020.

44.30 (b) Within 60 days of the effective date of this act, the state senators and state
44.31 representatives representing Minneapolis neighborhoods that suffered extensive property

45.1 damage from civil unrest in May and June 2020 must jointly appoint as task force members
45.2 two residents who live in the neighborhoods where the property damage occurred.

45.3 (c) Within 60 days of the effective date of this act, the state senators and state
45.4 representatives representing St. Paul neighborhoods that suffered extensive property damage
45.5 from civil unrest in May and June 2020 must jointly appoint as task force members two
45.6 residents who live in the neighborhoods where the property damage occurred.

45.7 (d) Members of the advisory task force appointed under paragraph (a), clauses (1) to
45.8 (3), are nonvoting members. All other members are voting members.

45.9 (e) The Department of Commerce must serve as staff and provide administrative support
45.10 to the advisory task force.

45.11 (f) The advisory task force must advise the commissioner throughout the development
45.12 of the request for proposal and grant award process, and may recommend funding priorities
45.13 in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory
45.14 task force must present recommendations to the commissioner regarding the content of the
45.15 request for proposal.

45.16 (g) An organization that is represented on the advisory task force must not be awarded
45.17 a grant under this section.

45.18 (h) Notwithstanding section 15.059, subdivision 6, advisory task force members may
45.19 be compensated as provided under section 15.059, subdivision 3.

45.20 (i) The advisory task force established under this subdivision expires two years after the
45.21 effective date of this act.

45.22 Subd. 13. **Report.** Beginning January 15, 2022, and continuing each January 15 through
45.23 2026, the commissioner must submit a report to the chairs and ranking minority members
45.24 of the senate and house of representatives committees with jurisdiction over energy policy.
45.25 The report must contain:

45.26 (1) a list of the grant awards made under this section;

45.27 (2) summaries of the grantee reports submitted under subdivision 10; and

45.28 (3) other information deemed relevant by the commissioner.

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

46.1 Sec. 27. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

46.2 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections
46.3 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the
46.4 Construction Codes Advisory Council establish a code of standards for the construction,
46.5 reconstruction, alteration, and repair of buildings, governing matters of structural materials,
46.6 design and construction, fire protection, health, sanitation, and safety, including design and
46.7 construction standards regarding heat loss control, illumination, and climate control. The
46.8 code must also include duties and responsibilities for code administration, including
46.9 procedures for administrative action, penalties, and suspension and revocation of certification.
46.10 The code must conform insofar as practicable to model building codes generally accepted
46.11 and in use throughout the United States, including a code for building conservation. In the
46.12 preparation of the code, consideration must be given to the existing statewide specialty
46.13 codes presently in use in the state. Model codes with necessary modifications and statewide
46.14 specialty codes may be adopted by reference. The code must be based on the application
46.15 of scientific principles, approved tests, and professional judgment. To the extent possible,
46.16 the code must be adopted in terms of desired results instead of the means of achieving those
46.17 results, avoiding wherever possible the incorporation of specifications of particular methods
46.18 or materials. To that end the code must encourage the use of new methods and new materials.
46.19 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
46.20 administer and enforce the provisions of those sections.

46.21 (b) The commissioner shall develop rules addressing the plan review fee assessed to
46.22 similar buildings without significant modifications including provisions for use of building
46.23 systems as specified in the industrial/modular program specified in section 326B.194.
46.24 Additional plan review fees associated with similar plans must be based on costs
46.25 commensurate with the direct and indirect costs of the service.

46.26 (c) Beginning with the 2018 edition of the model building codes and every six years
46.27 thereafter, the commissioner shall review the new model building codes and adopt the model
46.28 codes as amended for use in Minnesota, within two years of the published edition date. The
46.29 commissioner may adopt amendments to the building codes prior to the adoption of the
46.30 new building codes to advance construction methods, technology, or materials, or, where
46.31 necessary to protect the health, safety, and welfare of the public, or to improve the efficiency
46.32 or the use of a building.

46.33 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model
46.34 residential energy code and the new model commercial energy code in accordance with
46.35 federal law for which the United States Department of Energy has issued an affirmative

47.1 determination in compliance with United States Code, title 42, section 6833. Beginning in
47.2 2022, the commissioner shall act on the new model commercial energy code by adopting
47.3 each new published edition of ASHRAE 90.1 or a more efficient standard, and amending
47.4 the standard as necessary to achieve a minimum of eight percent energy efficiency with
47.5 each edition, as measured against energy consumption by an average building in each
47.6 applicable building sector in 2003. These amendments must achieve a net zero energy
47.7 standard for new commercial buildings by 2036 and thereafter. The commissioner may
47.8 adopt amendments prior to adoption of the new energy codes, as amended for use in
47.9 Minnesota, to advance construction methods, technology, or materials, or, where necessary
47.10 to protect the health, safety, and welfare of the public, or to improve the efficiency or use
47.11 of a building.

47.12 Sec. 28. **SUPPLEMENTING WEATHERIZATION SERVICES.**

47.13 (a) The state may implement preweatherization measures and qualified energy
47.14 technologies in dwelling units of low-income households that are: (1) receiving
47.15 weatherization services delivered under the federal Weatherization Assistance Program
47.16 authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in
47.17 neighborhoods adjacent to areas that experienced property damage resulting from civil
47.18 unrest in May and June 2020, as determined by the commissioner of commerce.

47.19 (b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance
47.20 provided under this section.

47.21 (c) The commissioner of commerce may require the design heating load of a dwelling
47.22 unit receiving assistance under this section to be no more than 12 British Thermal Units per
47.23 hour per square foot after all preweatherization measures financed under this section,
47.24 qualified energy technologies financed under this section, and weatherization measures
47.25 provided under the federal weatherization program are implemented.

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

47.27 Sec. 29. **TASK FORCE ON EXPANDING THE PROVISION OF**
47.28 **WEATHERIZATION SERVICES.**

47.29 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
47.30 the meanings given.

47.31 (b) "Commissioner" means the commissioner of commerce.

48.1 (c) "Weatherization Assistance Program" means the federal program described in Code
48.2 of Federal Regulations, title 10, part 440 et. seq., designed to assist low-income households
48.3 to cost-effectively reduce energy use.

48.4 (d) "Weatherization service providers" means the network of contracted entities that
48.5 administer the Weatherization Assistance Program.

48.6 (e) "Weatherization assistance services" means the energy conservation measures installed
48.7 in households under the Weatherization Assistance Program.

48.8 Subd. 2. **Establishment.** A task force is established to explore ways to expand existing
48.9 funding sources and identify potential new funding sources in order to increase the number
48.10 of low-income Minnesota households served or the scope of services provided by the
48.11 Weatherization Assistance Program.

48.12 Subd. 3. **Membership.** (a) No later than August 1, 2021, the commissioner must appoint
48.13 members to the task force representing the following stakeholders:

48.14 (1) a statewide association representing Weatherization Assistance Program providers;

48.15 (2) individual Weatherization Assistance Program service providers;

48.16 (3) investor-owned utilities;

48.17 (4) electric cooperatives and municipal utilities;

48.18 (5) low-income energy advocates;

48.19 (6) Tribal nations; and

48.20 (7) delivered fuel dealers.

48.21 (b) Task force members serve without compensation.

48.22 (c) The commissioner must fill task force vacancies to maintain the representation
48.23 required under paragraph (a).

48.24 Subd. 4. **Meetings; officers.** (a) The commissioner must convene the first meeting of
48.25 the task force no later than August 15, 2021.

48.26 (b) At the first meeting, the task force must elect a chair and vice-chair from among the
48.27 task force's members and may elect other officers as necessary.

48.28 (c) The task force must meet according to a schedule determined by the task force and
48.29 may also meet at the call of the chair. The task force must meet as often as necessary to
48.30 accomplish the duties listed under subdivision 5.

49.1 (d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes,
49.2 chapter 13D.

49.3 Subd. 5. **Duties.** The task force must:

49.4 (1) develop a strategy to reduce, each year, a targeted number of eligible households
49.5 denied weatherization services due to unaddressed health, environmental, or structural
49.6 hazards in the home;

49.7 (2) explore new sources of funding in order to increase the number of households
49.8 receiving weatherization assistance services;

49.9 (3) analyze existing program models in other states that offer services that complement
49.10 the Weatherization Assistance Program;

49.11 (4) analyze the current distribution of weatherization services across ethnic groups;
49.12 among different regions of Minnesota; in urban, suburban, and rural areas; and with respect
49.13 to other demographic factors in order to determine how to distribute weatherization services
49.14 more equitably throughout Minnesota;

49.15 (5) discuss how additional funding would impact the ability of weatherization assistance
49.16 service providers to provide weatherization assistance services to more eligible households;

49.17 (6) identify services that a supplemental funding program could provide to address
49.18 necessary repairs to homes that the federal Weatherization Assistance Program requires
49.19 before weatherization assistance is provided, but which cannot be funded with federal
49.20 Weatherization Assistance Program funds; and

49.21 (7) examine other related issues the task force deems relevant.

49.22 Subd. 6. **Administrative support.** The commissioner must provide administrative
49.23 support and physical or virtual meeting space needed to complete the task force's work.

49.24 Subd. 7. **Report.** No later than February 1, 2022, the task force must submit a report on
49.25 the task force's findings and recommendations to the chairs and ranking minority members
49.26 of the senate and house of representatives committees with jurisdiction over energy. The
49.27 report must include recommendations for legislation to supplement funding for the
49.28 Weatherization Assistance Program.

49.29 Subd. 8. **Expiration.** This section expires April 15, 2022.

49.30 **EFFECTIVE DATE.** This section is effective July 1, 2021.

50.1 Sec. 30. **TRANSFER.**

50.2 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
50.3 \$5,000,000 in fiscal year 2022 and \$5,000,000 in fiscal year 2023 are transferred from the
50.4 renewable development account established under Minnesota Statutes, section 116C.779,
50.5 subdivision 1, to the commissioner of administration for deposit in the state building energy
50.6 conservation improvement account established in Minnesota Statutes, section 16B.86, to
50.7 provide loans to state agencies for energy conservation projects under Minnesota Statutes,
50.8 section 16B.87.

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

50.10 Sec. 31. **APPROPRIATION.**

50.11 Subdivision 1. **State building energy conservation loan account.** Notwithstanding
50.12 Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$249,000 in fiscal year
50.13 2022 and \$137,000 in fiscal year 2023 are appropriated from the renewable development
50.14 account to the commissioner of administration for software and administrative costs
50.15 associated with the state building energy conservation improvement revolving loan program
50.16 under Minnesota Statutes, section 16B.87. The base in fiscal years 2024 and 2025 is
50.17 \$117,000.

50.18 Subd. 2. **Building energy codes.** \$146,000 in fiscal year 2023 is appropriated from the
50.19 general fund to the commissioner of labor and industry to implement new commercial
50.20 energy codes, as described in Minnesota Statutes, section 326B.106, subdivision 1. This is
50.21 a onetime appropriation.

50.22 Subd. 3. **Rebuild right grants.** Notwithstanding Minnesota Statutes, section 116C.779,
50.23 subdivision 1, paragraph (j), \$3,000,000 in fiscal year 2022 is appropriated from the
50.24 renewable development account established under Minnesota Statutes, section 116C.779,
50.25 subdivision 1, to the commissioner of commerce to award rebuild right grants to building
50.26 owners, as described in Minnesota Statutes, section 216C.402. This is a onetime
50.27 appropriation.

50.28 **EFFECTIVE DATE.** This section is effective July 1, 2021.

50.29 Sec. 32. **REPEALER.**

50.30 Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are
50.31 repealed.

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

ARTICLE 2

ENERGY TRANSITION

Section 1. [116J.5491] ENERGY TRANSITION OFFICE.

Subdivision 1. Definitions. (a) For purposes of sections 116J.5491 to 116J.5493, the following terms have the meanings given.

(b) "Impacted facility" means an electric generating unit that is or was owned by a public utility, as defined in section 216B.02, subdivision 4, and that:

(1) is currently operating and (i) is scheduled to cease operations, or (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the Public Utilities Commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the effective date of this section.

(c) "Impacted community" means a municipality, Tribal government, or county in which an impacted facility is located.

(d) "Impacted worker" means a Minnesota resident:

(1) employed at an impacted facility and who is facing the loss of employment as a result of the impacted facility's retirement; or

(2) employed by a company that, under contract, regularly performs construction, maintenance, or repair work at an impacted facility, and who is facing the loss of employment or of work opportunities as a result of the impacted facility's retirement.

Subd. 2. Office established; director. (a) The Energy Transition Office is established in the Department of Employment and Economic Development.

(b) The director of the Energy Transition Office is appointed by the governor. The director must be qualified by experience in issues related to energy, economic development, and the environment.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 3. Purpose. The purpose of the office is to:

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;

(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;

- 52.1 (3) improve communication among local, state, federal, and private entities regarding
52.2 impacted facility retirement planning and implementation;
- 52.3 (4) address local tax and fiscal issues related to the impacted facility's retirement and
52.4 develop strategies to reduce economic dislocations of impacted communities and impacted
52.5 workers; and
- 52.6 (5) assist the establishment and implementation of economic support programs, including
52.7 but not limited to property tax revenue replacement, community energy transition programs,
52.8 and economic development tools, for impacted communities and impacted workers.
- 52.9 Subd. 4. Duties. The office is authorized to:
- 52.10 (1) administer programs to support impacted communities and impacted workers;
- 52.11 (2) coordinate resources at local, state, and federal levels to support impacted communities
52.12 and impacted workers that are subject to significant economic transition;
- 52.13 (3) coordinate the development of a statewide policy on impacted communities and
52.14 impacted workers;
- 52.15 (4) deliver programs and resources to impacted communities and impacted workers;
- 52.16 (5) support impacted workers by establishing benefits and educating impacted workers
52.17 on applying for benefits;
- 52.18 (6) act as a liaison among impacted communities, impacted workers, and state agencies;
- 52.19 (7) assist state agencies to (i) address local tax, land use, economic development, and
52.20 fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support
52.21 impacted communities and impacted workers;
- 52.22 (8) review existing programs supporting impacted workers and identify gaps that need
52.23 to be addressed;
- 52.24 (9) support the activities of the energy transition advisory committee members;
- 52.25 (10) monitor transition efforts in other states and localities;
- 52.26 (11) identify impacted facility closures and estimate job losses and the effect on impacted
52.27 communities and impacted workers;
- 52.28 (12) maintain communication regarding closure dates with all affected parties; and
- 52.29 (13) monitor and participate in administrative proceedings that affect the office's activities,
52.30 including matters before the Public Utilities Commission, the Department of Commerce,
52.31 the Department of Revenue, and other entities.

53.1 Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy
 53.2 Transition Office must submit a written report to the chairs and ranking minority members
 53.3 of the legislative committees with jurisdiction over energy, economic development, and tax
 53.4 policy and finance on the office's activities during the previous year.

53.5 (b) The report must contain:

53.6 (1) a list of impacted facility closures, projected associated job losses, and the effect on
 53.7 impacted communities and impacted workers;

53.8 (2) recommendations to support impacted communities and impacted workers;

53.9 (3) information on the administration of assistance programs administered by the office;
 53.10 and

53.11 (4) updates on implementation of the Minnesota energy transition plan.

53.12 Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of
 53.13 the state that constitute donations to the state. Funds received under this subdivision are
 53.14 appropriated to the commissioner of employment and economic development to support
 53.15 the purposes of the office.

53.16 Sec. 2. **[116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.**

53.17 Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is
 53.18 established to develop a statewide energy transition plan and to advise the governor, the
 53.19 commissioner, and the legislature on transition issues, established transition programs,
 53.20 economic initiatives, and transition policy.

53.21 Subd. 2. **Membership.** (a) The advisory committee consists of 19 voting members and
 53.22 six ex officio nonvoting members.

53.23 (b) The voting members of the advisory committee are appointed by the commissioner
 53.24 of employment and economic development, except as specified below:

53.25 (1) two members of the senate, one appointed by the majority leader of the senate and
 53.26 one appointed by the minority leader of the senate;

53.27 (2) two members of the house of representatives, one appointed by the speaker of the
 53.28 house of representatives and one appointed by the minority leader of the house of
 53.29 representatives;

53.30 (3) the commissioner of commerce, or the commissioner's designee;

53.31 (4) one representative of the Prairie Island Indian community;

54.1 (5) four representatives of impacted communities, of which two must represent counties
54.2 and two must represent municipalities, and, to the extent possible, of the impacted facilities
54.3 in those communities, at least one must be a coal plant, at least one must be a nuclear plant,
54.4 and at least one must be a natural gas plant;

54.5 (6) three representatives of impacted workers at impacted facilities;

54.6 (7) one representative of impacted workers employed by companies that, under contract,
54.7 regularly perform construction, maintenance, or repair work at an impacted facility;

54.8 (8) one representative with professional economic development or workforce retraining
54.9 experience;

54.10 (9) two representatives of utilities that operate an impacted facility;

54.11 (10) one representative from a nonprofit organization with expertise and experience
54.12 delivering energy efficiency and conservation programs; and

54.13 (11) one representative from the Coalition of Utility Cities.

54.14 (c) The ex officio nonvoting members of the advisory committee consist of:

54.15 (1) the governor or the governor's designee;

54.16 (2) the commissioner of employment and economic development or the commissioner's
54.17 designee;

54.18 (3) the commissioner of labor and industry or the commissioner's designee;

54.19 (4) the commissioner of revenue or the commissioner's designee;

54.20 (5) the executive secretary of the Public Utilities Commission or the secretary's designee;
54.21 and

54.22 (6) the commissioner of the Pollution Control Agency or the commissioner's designee.

54.23 Subd. 3. **Initial appointments and first meeting.** The appointing authorities must
54.24 appoint the members of the advisory committee by August 1, 2021. The commissioner of
54.25 employment and economic development must convene the first meeting by September 1,
54.26 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

54.27 Subd. 4. **Officers.** The committee must elect a chair and vice-chair from among the
54.28 voting members for terms of two years.

54.29 Subd. 5. **Open meetings.** Advisory committee meetings are subject to chapter 13D.

55.1 Subd. 6. **Conflict of interest.** An advisory committee member is prohibited from
55.2 discussing or voting on issues relating to an organization in which the member has either a
55.3 direct or indirect financial interest.

55.4 Subd. 7. **Gifts; grants; donations.** The advisory committee may accept gifts and grants
55.5 on behalf of the state and that constitute donations to the state. Funds received under this
55.6 subdivision are appropriated to the commissioner of employment and economic development
55.7 to support the activities of the advisory committee.

55.8 Subd. 8. **Meetings.** The advisory committee must meet monthly until the energy transition
55.9 plan is submitted to the governor and the legislature. The chair may call additional meetings
55.10 as necessary.

55.11 Subd. 9. **Staff.** The Department of Employment and Economic Development shall serve
55.12 as staff for the advisory committee.

55.13 Subd. 10. **Expiration.** This section expires the day after the Minnesota energy transition
55.14 plan required under section 116J.5493 is submitted to the legislature and the governor.

55.15 Sec. 3. **[116J.5493] MINNESOTA ENERGY TRANSITION PLAN.**

55.16 (a) By July 1, 2022, the Energy Transition Advisory Committee established in section
55.17 116J.5492 must submit a statewide energy transition plan to the governor and the chairs
55.18 and ranking minority members of the legislative committees having jurisdiction over
55.19 economic development and energy.

55.20 (b) The energy transition plan must, at a minimum, for each impacted facility:

55.21 (1) identify the timing and location of impacted facility retirements and projected job
55.22 losses in communities;

55.23 (2) analyze the estimated fiscal impact of impacted facility retirements on local
55.24 governments;

55.25 (3) describe the statutes and administrative processes that govern how retired utility
55.26 property impacts a local government tax base;

55.27 (4) review existing state programs that might support impacted communities and impacted
55.28 workers, and a projection of how effective or ineffective the programs might be in responding
55.29 to the effects of impacted facility retirements; and

55.30 (5) recommend how to effectively respond to the economic effects of impacted facility
55.31 retirements.

56.1 Sec. 4. [116J.5501] MINNESOTA INNOVATION FINANCE AUTHORITY.

56.2 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
56.3 the meanings given.

56.4 (b) "Authority" means the Minnesota Innovation Finance Authority.

56.5 (c) "Clean energy project" has the meaning given to qualified project in paragraph (j),
56.6 clauses (1) to (4).

56.7 (d) "Credit enhancement" means a pool of capital set aside to cover potential losses on
56.8 loans made by private lenders, including but not limited to loan loss reserves and loan
56.9 guarantees.

56.10 (e) "Energy storage system" has the meaning given in section 216B.2422, subdivision
56.11 1, paragraph (f).

56.12 (f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
56.13 electricity through electrochemical reactions.

56.14 (g) "Greenhouse gas emissions" has the meaning given to statewide greenhouse gas
56.15 emissions in section 216H.01, subdivision 2.

56.16 (h) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender
56.17 if a customer defaults on a loan, up to an agreed upon percentage of loans originated by the
56.18 private lender.

56.19 (i) "Microgrid system" means an electrical grid that serves a discrete geographical area
56.20 from distributed energy resources and can operate independently from the central electric
56.21 grid on a temporary basis.

56.22 (j) "Qualified project" means:

56.23 (1) a project, technology, product, service, or measure that:

56.24 (i) reduces energy use while providing the same level and quality of service or output
56.25 obtained before the application of the project;

56.26 (ii) shifts the use of electricity by retail customers in response to changes in the price of
56.27 electricity that vary over time, or other incentives designed to shift electricity demand from
56.28 times when market prices are high or when system reliability is jeopardized; or

56.29 (iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions
56.30 produced before implementing the project, excluding projects that generate power from the
56.31 combustion of fossil fuels;

- 57.1 (2) the development, construction, deployment, alteration, or repair of any:
- 57.2 (i) project, technology, product, service, or measure that generates electric power from
57.3 renewable energy; or
- 57.4 (ii) distributed generation system, energy storage system, smart grid technology, microgrid
57.5 system, fuel cell system, or combined heat and power system;
- 57.6 (3) the installation, construction, or use of end-use electric technology that replaces
57.7 existing fossil fuel-based technology;
- 57.8 (4) a project, technology, product, service, or measure that supports the development
57.9 and deployment of electric vehicle charging stations and associated infrastructure;
- 57.10 (5) agriculture projects that reduce net greenhouse gas emissions or improve climate
57.11 resiliency, including but not limited to reforestation, afforestation, forestry management,
57.12 and regenerative agriculture;
- 57.13 (6) the construction or enhancement of infrastructure that is planned, designed, and
57.14 operated in a manner that anticipates, prepares for, and adapts to current and projected
57.15 changing climate conditions so that the infrastructure withstands, responds to, and more
57.16 readily recovers from disruptions caused by the current and projected changing climate
57.17 conditions; and
- 57.18 (7) the development, construction, deployment, alteration, or repair of any project,
57.19 technology, product, service, or measure that:
- 57.20 (i) reduces water use while providing the same or better level and quality of service or
57.21 output that was obtained before implementing the water-saving approach; or
- 57.22 (ii) protects, restores, or preserves the quality of groundwater and surface waters,
57.23 including but not limited to actions that further the purposes of the Clean Water Legacy
57.24 Act, as provided in section 114D.10, subdivision 1.
- 57.25 (k) "Regenerative agriculture" means the deployment of farming methods that reduce
57.26 agriculture's contribution to climate change by increasing the soil's ability to absorb
57.27 atmospheric carbon and convert the atmospheric carbon to soil carbon.
- 57.28 (l) "Renewable energy" means energy generated from the following sources:
- 57.29 (1) solar;
- 57.30 (2) wind;
- 57.31 (3) geothermal;

58.1 (4) hydro;

58.2 (5) trees or other vegetation;

58.3 (6) anaerobic digestion of organic waste streams; and

58.4 (7) fuel cells using energy sources listed in this paragraph.

58.5 (m) "Smart grid" means a digital technology that allows for two-way communication
58.6 between a utility and the utility's customers that enables the utility to control power flow
58.7 and load in real time.

58.8 (n) "Task force" means the task force of the Minnesota Innovation Finance Authority.

58.9 Subd. 2. Establishment; purpose. (a) By October 15, 2021, the Minnesota Innovation
58.10 Finance Authority Task Force established in this section must establish the Minnesota
58.11 Innovation Finance Authority as a nonprofit corporation under chapter 317A and must seek
58.12 designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal
58.13 Revenue Code of 1986, as amended.

58.14 (b) When incorporated, the authority's purpose is to accelerate the deployment of clean
58.15 energy and other qualified projects by reducing the upfront and total cost of adoption, which
58.16 the authority achieves by leveraging existing public sources and additional private sources
58.17 of capital through the strategic deployment of public funds in the form of loans, credit
58.18 enhancements, and other financing mechanisms. The initial directors of the nonprofit
58.19 corporation must include at least a majority of the members of the task force and must
58.20 include, as nonvoting ex officio members, the commissioner of commerce or the
58.21 commissioner's designee and the commissioner of employment and economic development
58.22 or the commissioner's designee. The task force must engage independent legal counsel with
58.23 relevant experience in nonprofit corporation law and clean energy financing.

58.24 (c) The Minnesota Innovation Finance Authority must:

58.25 (1) identify underserved markets for qualified projects in Minnesota, develop programs
58.26 to overcome market impediments, and provide access to financing to serve the projects and
58.27 underserved markets;

58.28 (2) strategically use authority funds to leverage private investment in qualified projects,
58.29 achieving a high ratio of private to public funds invested through funding mechanisms that
58.30 support, enhance, and complement private investment;

58.31 (3) coordinate with existing government- and utility-based programs to make the most
58.32 efficient use of the authority's funds, ensure that financing terms and conditions offered are

59.1 well-suited to qualified projects, and ensure the authority's activities add to and complement
59.2 the efforts of these partners;

59.3 (4) stimulate demand for qualified projects by serving as a single point of access for a
59.4 customer to obtain technical information on energy conservation and renewable energy
59.5 measures, for contractors who install energy conservation and renewable energy measures,
59.6 and for financing to reduce the upfront and total costs to borrowers, including through:

59.7 (i) serving as a clearinghouse for information about federal, state, and utility financial
59.8 assistance for qualifying projects in targeted underserved markets, including coordinating
59.9 efforts with the energy conservation programs administered by the customer's utility under
59.10 section 216B.241 and other programs offered to low-income households;

59.11 (ii) forming partnerships with contractors and educating contractors regarding the
59.12 authority's financing programs;

59.13 (iii) coordinating multiple contractors on projects that install multiple qualifying
59.14 technologies; and

59.15 (iv) developing innovative marketing strategies to stimulate project owner interest in
59.16 targeted underserved markets;

59.17 (5) develop rules, policies, and procedures specifying borrower eligibility and other
59.18 terms and conditions of financial support offered by the authority;

59.19 (6) develop consumer protection standards governing the authority's investments to
59.20 ensure the authority and partners provide financial support in a responsible and transparent
59.21 manner that is in the financial interest of participating project owners;

59.22 (7) develop and administer policies to collect reasonable fees for authority services that
59.23 are sufficient to support ongoing authority activities;

59.24 (8) develop and adopt a workplan to accomplish all of the activities required of the
59.25 authority, and update the workplan on an annual basis; and

59.26 (9) establish and maintain a comprehensive website providing access to all authority
59.27 programs and financial products, including rates, terms, and conditions of all financing
59.28 support programs, unless disclosure of the information constitutes a trade secret or
59.29 confidential commercial or financial information.

59.30 Subd. 3. **Additional authorized activities.** The authority is authorized to:

59.31 (1) engage in any activities of a Minnesota nonprofit corporation operating under chapter
59.32 317A;

60.1 (2) develop and employ the following financing methods to support qualified projects:

60.2 (i) credit enhancement mechanisms that reduce financial risk for private lenders by
60.3 providing assurance that a limited portion of a loan is assumed by the authority by means
60.4 of a loan loss reserve, loan guarantee, or other mechanism;

60.5 (ii) co-investment, in which the authority invests directly in a clean energy project
60.6 through the provision of senior or subordinated debt, equity, or other mechanisms in
60.7 conjunction with a private financier's investment; and

60.8 (iii) serve as an aggregator of many small and geographically dispersed qualified projects,
60.9 in which the authority may provide direct lending, investment, or other financial support in
60.10 order to diversify risk;

60.11 (3) serve as the designated state entity to apply for and accept federal funds authorized
60.12 by Congress under a federal climate bank, federal green bank, or other similar entity, provided
60.13 that the commissioner of commerce authorizes the application; and

60.14 (4) seek to qualify as a Community Development Financial Institution under United
60.15 States Code, title 12, section 4702, in which case the authority must be treated as a qualified
60.16 community development entity for the purposes of sections 45D and 1400(m) of the Internal
60.17 Revenue Code.

60.18 Subd. 4. **Task force; membership.** (a) The task force of the Minnesota Innovation
60.19 Finance Authority is established and consists of nine members as follows:

60.20 (1) the commissioner of commerce or the commissioner's designee, as a nonvoting ex
60.21 officio member;

60.22 (2) the commissioner of employment and economic development or the commissioner's
60.23 designee, as a nonvoting ex officio member;

60.24 (3) three additional members appointed by the governor;

60.25 (4) two additional members appointed by the speaker of the house of representatives;
60.26 and

60.27 (5) two additional members appointed by the president of the senate.

60.28 (b) The members appointed to the task force under paragraph (a), clauses (3) to (5), must
60.29 have expertise in matters relating to energy conservation, clean energy, economic
60.30 development, banking, law, finance, or other matters relevant to the work of the task force.
60.31 When appointing a member to the task force, consideration must be given to whether the
60.32 task force members collectively reflect the geographical and ethnic diversity of Minnesota.

61.1 (c) Task force members must be appointed by August 15, 2021.

61.2 (d) The task force expires when the authority is established as a nonprofit corporation
61.3 under chapter 317A.

61.4 Subd. 5. **Report.** By June 30, 2022, and by June 30 each year thereafter, the authority
61.5 must submit a comprehensive annual report on the authority's activities to the governor and
61.6 to the chairs and ranking minority members of the legislative committees with primary
61.7 jurisdiction over energy policy. The report must contain, at a minimum, information on:

61.8 (1) the amount of authority capital invested, by project type;

61.9 (2) the amount of private capital leveraged as a result of authority investments, by project
61.10 type;

61.11 (3) the number of qualified projects supported, by project type, and the location of the
61.12 projects within Minnesota;

61.13 (4) the estimated number of jobs created and tax revenue generated as a result of the
61.14 authority's activities;

61.15 (5) the number of clean energy projects financed in low- and moderate-income
61.16 households; and

61.17 (6) the authority's financial statements.

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

61.19 Sec. 5. Minnesota Statutes 2020, section 216B.16, subdivision 6, is amended to read:

61.20 **Subd. 6. Factors considered, generally.** The commission, in the exercise of its powers
61.21 under this chapter to determine just and reasonable rates for public utilities, shall give due
61.22 consideration to the public need for adequate, efficient, and reasonable service and to the
61.23 need of the public utility for revenue sufficient to enable it to meet the cost of furnishing
61.24 the service, including adequate provision for depreciation of its utility property used and
61.25 useful in rendering service to the public, and to earn a fair and reasonable return upon the
61.26 investment in such property. In determining the rate base upon which the utility is to be
61.27 allowed to earn a fair rate of return, the commission shall give due consideration to evidence
61.28 of the cost of the property when first devoted to public use, to prudent acquisition cost to
61.29 the public utility less appropriate depreciation on each, to construction work in progress, to
61.30 offsets in the nature of capital provided by sources other than the investors, and to other
61.31 expenses of a capital nature. For purposes of determining rate base, the commission shall
61.32 consider the original cost of utility property included in the base and shall make no allowance

62.1 for its estimated current replacement value. If the commission orders a generating facility
62.2 to terminate its operations before the end of the facility's physical life in order to comply
62.3 with a specific state or federal energy ~~statute~~ or policy, the commission may allow the public
62.4 utility to recover any positive net book value of the facility as determined by the commission.

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

62.6 Sec. 6. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

62.7 Subd. 13. **Economic and community development.** The commission may allow a
62.8 public utility to recover from ratepayers the reasonable expenses incurred (1) for economic
62.9 and community development, and (2) to employ local workers to construct and maintain
62.10 generation facilities that supply power to the utility's customers.

62.11 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
62.12 initiated at the Public Utilities Commission on or after that date.

62.13 Sec. 7. Minnesota Statutes 2020, section 216B.1645, subdivision 1, is amended to read:

62.14 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public
62.15 Utilities Commission shall approve or disapprove power purchase contracts, investments,
62.16 or expenditures entered into or made by the utility to satisfy the wind and biomass mandates
62.17 contained in sections 216B.169, 216B.2423, and 216B.2424, ~~and~~ to satisfy the renewable
62.18 and solar energy objectives and standards set forth in section 216B.1691, and to provide
62.19 additional clean energy resources beyond the proportions required by the mandates and
62.20 standards, including reasonable investments and expenditures, net of revenues, made to:

62.21 (1) transmit the electricity generated from sources developed under those sections that
62.22 is ultimately used to provide service to the utility's retail customers, including studies
62.23 necessary to identify new transmission facilities needed to transmit electricity to Minnesota
62.24 retail customers from generating facilities constructed to satisfy the renewable energy
62.25 objectives and standards, provided that the costs of the studies have not been recovered
62.26 previously under existing tariffs and the utility has filed an application for a certificate of
62.27 need or for certification as a priority project under section 216B.2425 for the new
62.28 transmission facilities identified in the studies;

62.29 (2) provide storage facilities for renewable energy generation facilities that contribute
62.30 to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

62.31 (3) develop renewable energy sources from the account required in section 116C.779.

63.1 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
63.2 initiated at the Public Utilities Commission on or after that date.

63.3 Sec. 8. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

63.4 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the
63.5 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section
63.6 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and
63.7 maintain generation facilities that supply power to the utility's customers are recoverable
63.8 from the ratepayers of the utility; to the extent ~~they~~ the expenses or expenditures are not
63.9 offset by utility revenues attributable to the contracts, investments, or expenditures, and if
63.10 the expenses or expenditures are deemed reasonable by the commission. Upon petition by
63.11 a public utility, the commission shall approve or approve as modified a rate schedule
63.12 providing for the automatic adjustment of charges to recover the expenses or costs approved
63.13 by the commission under subdivision 1, which, in the case of transmission expenditures,
63.14 are limited to the portion of actual transmission costs that are directly allocable to the need
63.15 to transmit power from the renewable sources of energy. The commission may not approve
63.16 recovery of the costs for that portion of the power generated from sources governed by this
63.17 section that the utility sells into the wholesale market.

63.18 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
63.19 initiated at the Public Utilities Commission on or after that date.

63.20 Sec. 9. Minnesota Statutes 2020, section 216B.1691, subdivision 1, is amended to read:

63.21 Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy
63.22 technology" means an energy technology that generates electricity from the following
63.23 renewable energy sources:

63.24 (1) solar;

63.25 (2) wind;

63.26 (3) hydroelectric with a capacity of less than 100 megawatts;

63.27 (4) hydrogen, ~~provided that after January 1, 2010, the hydrogen must be generated from~~
63.28 ~~the resources listed in this paragraph; or~~

63.29 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
63.30 system; the predominantly organic components of wastewater effluent, sludge, or related
63.31 by-products from publicly owned treatment works, but not including incineration of
63.32 wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an

64.1 energy recovery facility used to capture the heat value of mixed municipal solid waste or
64.2 refuse-derived fuel from mixed municipal solid waste as a primary fuel.

64.3 (b) "Electric utility" means a public utility providing electric service, a generation and
64.4 transmission cooperative electric association, a municipal power agency, or a power district.

64.5 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
64.6 an electric utility to retail customers of the electric utility or to a distribution utility for
64.7 distribution to the retail customers of the distribution utility. "Total retail electric sales"
64.8 does not include the sale of hydroelectricity supplied by a federal power marketing
64.9 administration or other federal agency, regardless of whether the sales are directly to a
64.10 distribution utility or are made to a generation and transmission utility and pooled for further
64.11 allocation to a distribution utility.

64.12 (d) "Carbon-free" means a technology that generates electricity without emitting carbon
64.13 dioxide.

64.14 (e) "Area of concern for environmental justice" means an area in Minnesota that meets
64.15 one or more of the following conditions:

64.16 (1) 50 percent or more of the population is nonwhite, based on the most recent data
64.17 published by the United States Census Bureau;

64.18 (2) 40 percent or more of the households have an income at or below 185 percent of the
64.19 federal poverty level, based on the most recent data published by the United States Census
64.20 Bureau; or

64.21 (3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

64.23 Sec. 10. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision
64.24 to read:

64.25 **Subd. 1a. Exception; solid waste incinerators.** (a) An energy recovery facility used to
64.26 capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed
64.27 municipal solid waste as a primary fuel is not an eligible energy technology, as defined in
64.28 subdivision 1, if:

64.29 (1) air pollutants emitted by the facility are deposited in an environmental justice area;
64.30 and

64.31 (2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

65.1 (b) For the purposes of this subdivision, "environmental justice area" has the meaning
 65.2 given to area of concern for environmental justice under subdivision 1, paragraph (e).

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

65.4 Sec. 11. Minnesota Statutes 2020, section 216B.1691, subdivision 2a, is amended to read:

65.5 Subd. 2a. **Eligible energy technology standard.** ~~(a) Except as provided in paragraph~~
 65.6 ~~(b);~~ Each electric utility shall generate or procure sufficient electricity generated by an
 65.7 eligible energy technology to provide its retail customers in Minnesota, or the retail customers
 65.8 of a distribution utility to which the electric utility provides wholesale electric service, so
 65.9 that at least the following standard percentages of the electric utility's total retail electric
 65.10 sales to retail customers in Minnesota are generated by eligible energy technologies by the
 65.11 end of the year indicated:

- 65.12 (1) 2012 12 percent
- 65.13 (2) 2016 17 percent
- 65.14 (3) 2020 20 percent
- 65.15 (4) 2025 ~~25~~ 40 percent.
- 65.16 (5) 2035 55 percent.

65.17 ~~(b) An electric utility that owned a nuclear generating facility as of January 1, 2007,~~
 65.18 ~~must meet the requirements of this paragraph rather than paragraph (a). An electric utility~~
 65.19 ~~subject to this paragraph must generate or procure sufficient electricity generated by an~~
 65.20 ~~eligible energy technology to provide its retail customers in Minnesota or the retail customer~~
 65.21 ~~of a distribution utility to which the electric utility provides wholesale electric service so~~
 65.22 ~~that at least the following percentages of the electric utility's total retail electric sales to~~
 65.23 ~~retail customers in Minnesota are generated by eligible energy technologies by the end of~~
 65.24 ~~the year indicated:~~

- 65.25 (1) 2010 15 percent
- 65.26 (2) 2012 18 percent
- 65.27 (3) 2016 25 percent
- 65.28 (4) 2020 30 percent.

65.29 ~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind~~
 65.30 ~~energy conversion systems and the remaining five percent by other eligible energy~~
 65.31 ~~technology. Of the 25 percent that must be generated by wind or solar, no more than one~~
 65.32 ~~percent may be solar generated and the remaining 24 percent or greater must be wind~~
 65.33 ~~generated.~~

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

66.2 Sec. 12. Minnesota Statutes 2020, section 216B.1691, subdivision 2b, is amended to read:

66.3 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay
66.4 the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in
66.5 part, if the commission determines it is in the public interest to do so. The commission,
66.6 when requested to modify or delay implementation of a standard, must consider:

66.7 (1) the impact of implementing the standard on its customers' utility costs, including the
66.8 economic and competitive pressure on the utility's customers;

66.9 (2) the environmental costs that would be incurred as a result of a delay or modification,
66.10 based on the full range of environmental cost values established in section 216B.2422,
66.11 subdivision 3;

66.12 ~~(2)~~ (3) the effects of implementing the standard on the reliability of the electric system;

66.13 ~~(3)~~ (4) technical advances or technical concerns;

66.14 ~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting
66.15 or other permitting approvals;

66.16 ~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or
66.17 commercial operation of an eligible energy technology facility;

66.18 ~~(6)~~ (7) transmission constraints preventing delivery of service; ~~and~~

66.19 ~~(7)~~ (8) other statutory obligations imposed on the commission or a utility; and

66.20 (9) impacts on areas of concern for environmental justice.

66.21 The commission may modify or delay implementation of a standard obligation under
66.22 clauses (1) to ~~(3)~~ (4) only if it finds implementation would cause significant rate impact,
66.23 requires significant measures to address reliability, or raises significant technical issues.

66.24 The commission may modify or delay implementation of a standard obligation under clauses
66.25 ~~(4)~~ (5) to ~~(6)~~ (7) only if it finds that the circumstances described in those clauses were due
66.26 to circumstances beyond an electric utility's control and make compliance not feasible.

66.27 (b) When evaluating transmission capacity constraints under paragraph (a), clause (7),
66.28 the commission must consider whether the utility has:

66.29 (1) undertaken reasonable measures under the utility's control and consistent with the
66.30 utility's obligations under local, state, and federal laws and regulations, and the utility's
66.31 obligations as a member of a regional transmission organization or independent system

67.1 operator, to acquire sites, necessary permit approvals, and necessary equipment to develop
 67.2 and construct new transmission lines or upgrade existing transmission lines to transmit
 67.3 electricity generated by eligible energy technologies; and

67.4 (2) taken all reasonable operational measures to maximize cost-effective electricity
 67.5 delivery from eligible energy technologies in advance of transmission availability.

67.6 ~~(b)~~ (c) When considering whether to delay or modify implementation of a standard
 67.7 obligation, the commission must give due consideration to a preference for electric generation
 67.8 through use of eligible energy technology and to the achievement of the standards set by
 67.9 this section.

67.10 ~~(e)~~ (d) An electric utility requesting a modification or delay in the implementation of a
 67.11 standard must file a plan to comply with its standard obligation in the same proceeding ~~that~~
 67.12 in which it is requesting requests the delay.

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

67.14 Sec. 13. Minnesota Statutes 2020, section 216B.1691, subdivision 2d, is amended to read:

67.15 Subd. 2d. **Commission order.** The commission shall issue necessary orders detailing
 67.16 the criteria and standards ~~by which it will~~ used to measure an electric utility's efforts to meet
 67.17 the renewable energy ~~objectives of subdivision 2~~ standards under subdivisions 2a, 2f, and
 67.18 2g, and to determine whether the utility is making the required good faith effort achieving
 67.19 the standards. In this order, the commission shall include criteria and standards that protect
 67.20 against undesirable impacts on the reliability of the utility's system and economic impacts
 67.21 on the utility's ratepayers and that consider technical feasibility.

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

67.23 Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

67.24 Subd. 2e. **Rate impact of standard compliance; report.** Each electric utility must
 67.25 submit to the commission and the legislative committees with primary jurisdiction over
 67.26 energy policy a report containing an estimation of the rate impact of activities of the electric
 67.27 utility necessary to comply with this section. In consultation with the Department of
 67.28 Commerce, the commission shall determine a uniform reporting system to ensure that
 67.29 individual utility reports are consistent and comparable, and shall, by order, require each
 67.30 electric utility subject to this section to use that reporting system. The rate impact estimate
 67.31 must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall
 67.32 also be for the impact on the electric utility's retail rates. Those activities include, without

68.1 limitation, energy purchases, generation facility acquisition and construction, and
68.2 transmission improvements. ~~An initial report must be submitted within 150 days of May~~
68.3 ~~28, 2011. After the initial report,~~ A report must be updated and submitted as part of each
68.4 integrated resource plan or plan modification filed by the electric utility under section
68.5 216B.2422. The reporting obligation of an electric utility under this subdivision expires
68.6 December 31, 2025, ~~for an electric utility subject to subdivision 2a, paragraph (a), and~~
68.7 ~~December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b)~~ 2040.

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

68.9 Sec. 15. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

68.10 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
68.11 and ~~2b~~ 2g, each public utility shall generate or procure sufficient electricity generated by
68.12 solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020,
68.13 at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota
68.14 is generated by solar energy.

68.15 (b) For a public utility with more than 200,000 retail electric customers, at least ten
68.16 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
68.17 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

68.18 (c) A public utility with between 50,000 and 200,000 retail electric customers:

68.19 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
68.20 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
68.21 less; and

68.22 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
68.23 of 40 kilowatts or less to a community solar garden program operated by the public utility
68.24 that has been approved by the commission.

68.25 (d) The solar energy standard established in this subdivision is subject to all the provisions
68.26 of this section governing a utility's standard obligation under subdivision 2a.

68.27 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
68.28 electric sales in Minnesota be generated by solar energy.

68.29 (f) For the purposes of calculating the total retail electric sales of a public utility under
68.30 this subdivision, there shall be excluded retail electric sales to customers that are:

68.31 (1) an iron mining extraction and processing facility, including a scam mining facility
68.32 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

69.1 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
 69.2 manufacturer.

69.3 Those customers may not have included in the rates charged to them by the public utility
 69.4 any costs of satisfying the solar standard specified by this subdivision.

69.5 (g) A public utility may not use energy used to satisfy the solar energy standard under
 69.6 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
 69.7 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
 69.8 solar standard under this subdivision.

69.9 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
 69.10 with a solar photovoltaic device installed and generating electricity in Minnesota after
 69.11 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
 69.12 under this subdivision.

69.13 ~~(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file~~
 69.14 ~~a report with the commission reporting its progress in achieving the solar energy standard~~
 69.15 ~~established under this subdivision.~~

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

69.17 Sec. 16. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision
 69.18 to read:

69.19 Subd. 2g. Carbon-free standard. In addition to the requirements under subdivisions
 69.20 2a and 2f, each electric utility must generate or procure sufficient electricity generated from
 69.21 a carbon-free energy technology to provide the utility's retail customers in Minnesota, or
 69.22 the retail customers of a distribution utility to which the electric utility provides wholesale
 69.23 electric service, so that at least the following standard percentages of the electric utility's
 69.24 total retail electric sales to retail customers in Minnesota are generated from carbon-free
 69.25 energy technologies by the end of the year indicated:

- 69.26 (1) 2025 65 percent
- 69.27 (2) 2030 80 percent
- 69.28 (3) 2035 90 percent
- 69.29 (4) 2040 100 percent.

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

70.1 Sec. 17. Minnesota Statutes 2020, section 216B.1691, subdivision 3, is amended to read:

70.2 Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report on
70.3 its plans, activities, and progress with regard to the ~~objectives and standards of~~ standard
70.4 obligations under this section in its filings under section 216B.2422 or in a separate report
70.5 submitted to the commission every two years, whichever is more frequent, demonstrating
70.6 to the commission the utility's effort to comply with this section. In its resource plan or a
70.7 separate report, each electric utility shall provide a description of:

70.8 (1) the status of the utility's renewable energy mix relative to the ~~objective and standards~~
70.9 standard obligations;

70.10 (2) efforts taken to meet the ~~objective and standards~~ standard obligations;

70.11 (3) any obstacles encountered or anticipated in meeting the ~~objective or standards; and~~
70.12 standard obligations;

70.13 (4) potential solutions to the obstacles;

70.14 (5) the number of Minnesotans employed to construct facilities designed to meet the
70.15 utility's standard obligations under this section;

70.16 (6) efforts taken to retain and retrain workers employed at electric generating facilities
70.17 that the utility has ceased operating or designated to cease operating for new positions
70.18 constructing or operating facilities to meet a utility's standard obligation;

70.19 (7) impacts of facilities designed to meet the utility's standard obligations under this
70.20 section on areas of concern for environmental justice; and

70.21 (8) efforts to increase the diversity of both its workforce and vendors.

70.22 (b) The commissioner shall compile the information provided to the commission under
70.23 paragraph (a), and report to the chairs of the house of representatives and senate committees
70.24 with jurisdiction over energy and environment policy issues as to the progress of utilities
70.25 in the state, including the progress of each individual electric utility, in increasing the amount
70.26 of renewable energy provided to retail customers, with any recommendations for regulatory
70.27 or legislative action, by January 15 of each odd-numbered year.

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

70.29 Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:

70.30 Subd. 4. **Renewable energy credits.** (a) To facilitate compliance with this section, the
70.31 commission, by rule or order, shall establish by January 1, 2008, a program for tradable

71.1 renewable energy credits for electricity generated by eligible energy technology. The credits
 71.2 must represent energy produced by an eligible energy technology, as defined in subdivision
 71.3 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour
 71.4 of eligible energy technology generated or procured by an electric utility if it is produced
 71.5 by an eligible energy technology. The program must permit a credit to be used only once.
 71.6 The program must treat all eligible energy technology equally and shall not give more or
 71.7 less credit to energy based on the state where the energy was generated or the technology
 71.8 with which the energy was generated. The commission must determine the period in which
 71.9 the credits may be used for purposes of the program.

71.10 (b) In lieu of generating or procuring energy directly to satisfy ~~the eligible energy~~
 71.11 ~~technology objective or a standard of obligation under~~ this section, an electric utility may
 71.12 utilize renewable energy credits allowed under the program to satisfy the ~~objective or~~
 71.13 standard.

71.14 (c) The commission shall facilitate the trading of renewable energy credits between
 71.15 states.

71.16 (d) The commission shall require all electric utilities to participate in a
 71.17 commission-approved credit-tracking system or systems. Once a credit-tracking system is
 71.18 in operation, the commission shall issue an order establishing protocols for trading credits.

71.19 ~~(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable~~
 71.20 ~~energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.~~

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

71.22 Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

71.23 Subd. 5. **Technology based on fuel combustion.** (a) Electricity produced by fuel
 71.24 combustion through fuel blending or co-firing under paragraph (b) may only count toward
 71.25 a utility's ~~objectives or standards~~ standard obligation if the generation facility:

71.26 (1) was constructed in compliance with new source performance standards promulgated
 71.27 under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a
 71.28 generation facility of that type; or

71.29 (2) employs the maximum achievable or best available control technology available for
 71.30 a generation facility of that type.

71.31 (b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1,
 71.32 paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage

72.1 of electricity that is attributable to a fuel listed in that clause can be counted toward an
72.2 electric utility's ~~renewable energy objectives~~ standard obligation.

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

72.4 Sec. 20. Minnesota Statutes 2020, section 216B.1691, subdivision 7, is amended to read:

72.5 Subd. 7. **Compliance.** The commission must regularly investigate whether an electric
72.6 utility is in compliance with its ~~good faith objective under subdivision 2~~ and standard
72.7 obligation under ~~subdivision~~ subdivisions 2a, 2f, and 2g. If the commission finds
72.8 noncompliance, it may order the electric utility to construct facilities, purchase energy
72.9 generated by eligible energy technology, purchase renewable energy credits, or engage in
72.10 other activities to achieve compliance. If an electric utility fails to comply with an order
72.11 under this subdivision, the commission may impose a financial penalty on the electric utility
72.12 in an amount not to exceed the estimated cost of the electric utility to achieve compliance.
72.13 The penalty may not exceed the lesser of the cost of constructing facilities or purchasing
72.14 credits. The commission must deposit financial penalties imposed under this subdivision
72.15 in the energy and conservation account established in the special revenue fund under section
72.16 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other
72.17 authority of the commission to enforce this section.

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

72.19 Sec. 21. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

72.20 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its
72.21 statutory authority to ensure this section is implemented to maximize in a manner that
72.22 maximizes net benefits to all Minnesota citizens, balancing throughout the state, including
72.23 but not limited to:

72.24 (1) the creation of high-quality jobs in Minnesota paying wages that support families;

72.25 (2) recognition of the rights of workers to organize and unionize;

72.26 (3) ensuring that workers have the necessary tools, opportunities, and economic assistance
72.27 to adapt successfully during the energy transition, particularly in areas of concern for
72.28 environmental justice;

72.29 (4) ensuring that all Minnesotans share the benefits of clean and renewable energy, and
72.30 the opportunity to participate fully in the clean energy economy;

73.1 (5) ensuring that statewide air emissions are reduced, particularly in areas of concern
73.2 for environmental justice; and

73.3 (6) the provision of affordable electric service to Minnesotans, particularly to low-income
73.4 consumers.

73.5 (b) The commission must also implement this section in a manner that balances factors
73.6 such as local ownership of or participation in energy production, development and ownership
73.7 of eligible energy technology facilities by independent power producers, Minnesota utility
73.8 ownership of eligible energy technology facilities, the costs of energy generation to satisfy
73.9 the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to
73.10 Minnesotans.

73.11 (c) When making investments to meet the requirements under this section, utilities are
73.12 encouraged to locate new energy generating facilities in Minnesota communities where
73.13 fossil-fuel generating plants have been retired or are scheduled for retirement.

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

73.15 Sec. 22. Minnesota Statutes 2020, section 216B.1691, subdivision 10, is amended to read:

73.16 Subd. 10. **Utility acquisition of resources.** A competitive resource acquisition process
73.17 established by the commission prior to June 1, 2007, shall not apply to a utility for the
73.18 construction, ownership, and operation of generation facilities used to satisfy the requirements
73.19 of this section unless, upon a finding that it is in the public interest, the commission issues
73.20 an order on or after June 1, 2007, that requires compliance by a utility with a competitive
73.21 resource acquisition process. A utility that owns a nuclear generation facility and intends
73.22 to construct, own, or operate facilities under this section shall file with the commission ~~on~~
73.23 ~~or before March 1, 2008,~~ as part of the utility's filing under section 216B.2422 a renewable
73.24 energy plan setting forth the manner in which the utility proposes to meet the requirements
73.25 of this section. ~~The utility shall update the plan as necessary in its filing under section~~
73.26 ~~216B.2422.~~ The commission shall approve the plan unless it determines, after public hearing
73.27 and comment, that the plan is not in the public interest. As part of its determination of public
73.28 interest, the commission shall consider the plan's impact on balancing the state's interest in:

73.29 (1) promoting the policy of economic development in rural areas through the development
73.30 of renewable energy projects, as expressed in subdivision 9;

73.31 (2) maintaining the reliability of the state's electric power grid; and

73.32 (3) minimizing cost impacts on ratepayers.

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

74.2 Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

74.3 Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in this
74.4 subdivision have the meanings given them.

74.5 (b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more
74.6 of electric power and serving, either directly or indirectly, the needs of 10,000 retail
74.7 customers in Minnesota. Utility does not include federal power agencies.

74.8 (c) "Renewable energy" means electricity generated through use of any of the following
74.9 resources:

74.10 (1) wind;

74.11 (2) solar;

74.12 (3) geothermal;

74.13 (4) hydro;

74.14 (5) trees or other vegetation;

74.15 (6) landfill gas; or

74.16 (7) predominantly organic components of wastewater effluent, sludge, or related
74.17 by-products from publicly owned treatment works, but not including incineration of
74.18 wastewater sludge.

74.19 (d) "Resource plan" means a set of resource options that a utility could use to meet the
74.20 service needs of its customers over a forecast period, including an explanation of the supply
74.21 and demand circumstances under which, and the extent to which, each resource option
74.22 would be used to meet those service needs. These resource options include using,
74.23 refurbishing, and constructing utility plant and equipment, buying power generated by other
74.24 entities, controlling customer loads, and implementing customer energy conservation.

74.25 (e) "Refurbish" means to rebuild or substantially modify an existing electricity generating
74.26 resource of 30 megawatts or greater.

74.27 (f) "Energy storage system" means a commercially available technology that:

74.28 (1) uses mechanical, chemical, or thermal processes to:

74.29 (i) store energy, ~~including energy generated from renewable resources and energy that~~
74.30 ~~would otherwise be wasted~~, and deliver the stored energy for use at a later time; or

75.1 (ii) store thermal energy for direct use for heating or cooling at a later time in a manner
75.2 that reduces the demand for electricity at the later time;

75.3 ~~(2) is composed of stationary equipment;~~

75.4 ~~(3)~~ (2) if being used for electric grid benefits, is (i) operationally visible to the distribution
75.5 or transmission entity managing it, and (ii) capable of being controlled by the distribution
75.6 or transmission entity managing it, to enable and optimize the safe and reliable operation
75.7 of the electric system; and

75.8 ~~(4)~~ (3) achieves any of the following:

75.9 (i) reduces peak or electrical demand;

75.10 (ii) defers the need or substitutes for an investment in electric generation, transmission,
75.11 or distribution assets;

75.12 (iii) improves the reliable operation of the electrical transmission or distribution systems;
75.13 ~~while ensuring transmission or distribution needs are not created; or and~~

75.14 (iv) ~~lowers customer costs~~ produces a net ratepayer benefit by storing energy when the
75.15 cost of generating or purchasing ~~it~~ energy is low and delivering ~~it~~ energy to customers when
75.16 the costs are high.

75.17 (g) Clean energy resource means:

75.18 (1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);

75.19 (2) an energy storage system storing energy generated by renewable energy or a
75.20 carbon-free resource;

75.21 (3) energy efficiency, as defined in section 216B.241, subdivision 1;

75.22 (4) load management, as defined in section 216B.241, subdivision 1; or

75.23 (5) a carbon-free resource that the commission has determined is cost competitive under
75.24 subdivision 4, paragraph (g).

75.25 (h) "Carbon-free resource" means a generation technology that, when operating, does
75.26 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,
75.27 subdivision 2.

75.28 (i) "Nonrenewable energy facility" means a generation facility that does not use a
75.29 renewable energy or other clean energy resource. Nonrenewable facility does not include
75.30 a nuclear facility.

76.1 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
76.2 initiated at the Public Utilities Commission on or after that date.

76.3 Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

76.4 Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with
76.5 the commission periodically in accordance with rules adopted by the commission. The
76.6 commission shall approve, reject, or modify the plan of a public utility, as defined in section
76.7 216B.02, subdivision 4, consistent with the public interest.

76.8 (b) In the resource plan proceedings of all other utilities, the commission's order shall
76.9 be advisory and the order's findings and conclusions shall constitute prima facie evidence
76.10 which may be rebutted by substantial evidence in all other proceedings. With respect to
76.11 utilities other than those defined in section 216B.02, subdivision 4, the commission shall
76.12 consider the filing requirements and decisions in any comparable proceedings in another
76.13 jurisdiction.

76.14 (c) As a part of its resource plan filing, a utility shall include the least cost plan for
76.15 meeting 50 and, 75, and 100 percent of all energy needs from both new and refurbished
76.16 generating facilities through a combination of conservation and renewable clean energy and
76.17 carbon-free resources.

76.18 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
76.19 initiated at the Public Utilities Commission on or after that date.

76.20 Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
76.21 to read:

76.22 Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility
76.23 required to file a resource plan under subdivision 2 that has scheduled the retirement of an
76.24 electric generating facility located in Minnesota must include in the filing a narrative
76.25 describing the utility's efforts, in conjunction with the utility's workers and the workers'
76.26 designated representatives, to develop a plan to minimize the dislocations employees may
76.27 suffer as a result of the facility's retirement. The narrative must address, at a minimum,
76.28 plans to:

76.29 (1) minimize financial losses to workers;

76.30 (2) provide a transition timeline to ensure certainty for workers;

76.31 (3) protect pension benefits;

- 77.1 (4) extend or replace health insurance, life insurance, and other employment benefits;
77.2 (5) identify and maximize employment opportunities within the utility for dislocated
77.3 workers, including providing incentives for the utility to retain as many workers as possible;
77.4 (6) provide training and skill development for workers who must or choose to leave the
77.5 utility;
77.6 (7) create targeted transition plans for workers at all locations impacted by the facility
77.7 retirement; and
77.8 (8) quantify any additional costs the utility would incur and specifying what costs, if
77.9 any, the utility would request be recovered in the utility's rates as a result of efforts made
77.10 under this subdivision to minimize impacts to workers.

77.11 Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

77.12 Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable~~ using
77.13 the best available scientific and economic information and data, quantify and establish a
77.14 range of environmental costs associated with each method of electricity generation. The
77.15 commission shall adopt and apply the interim cost of greenhouse gas emissions valuations
77.16 presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous
77.17 Oxide Interim Estimates, released by the federal government in February 2021, adopting
77.18 the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with
77.19 three percent as the central estimate, and shall update the parameters as necessary to conform
77.20 with updates released by the federal Interagency Working Group on the Social Cost of
77.21 Greenhouse Gases or successors that are above the February 2021 interim valuations.

77.22 (b) When evaluating and selecting resource options in all proceedings before the
77.23 commission, including but not limited to proceedings regarding power purchase agreements,
77.24 resource plans, and certificates of need, a utility shall must use the values established by
77.25 the commission in conjunction with other external factors, including socioeconomic costs,
77.26 when evaluating and selecting resource options in all proceedings before the commission,
77.27 including resource plan and certificate of need proceedings. under this subdivision to quantify
77.28 and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for
77.29 in-state or imported electricity generation, including extraction, processing, transport, and
77.30 combustion.

77.31 (c) When evaluating resource options, the commission must include and consider the
77.32 environmental cost values adopted under this subdivision. When considering the costs of a
77.33 nonrenewable energy facility under this section, the commission must consider only nonzero

78.1 values for the environmental costs analyzed under this subdivision, including both the low
 78.2 and high values of any cost range adopted by the commission.

78.3 ~~(b) The commission shall establish interim environmental cost values associated with~~
 78.4 ~~each method of electricity generation by March 1, 1994. These values expire on the date~~
 78.5 ~~the commission establishes environmental cost values under paragraph (a).~~

78.6 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
 78.7 initiated at the Public Utilities Commission on or after that date.

78.8 Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
 78.9 to read:

78.10 Subd. 3a. **Favored electric resources; state policy.** It is the policy of the state that: (1)
 78.11 in order to hasten the achievement of the greenhouse gas reduction goals under section
 78.12 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the
 78.13 solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant
 78.14 and continuing reductions in the cost of wind technologies, solar technologies, energy
 78.15 storage systems, demand-response technologies, and energy efficiency technologies and
 78.16 strategies, the favored method to meet electricity demand in Minnesota is a combination of
 78.17 clean energy resources.

78.18 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
 78.19 initiated at the Public Utilities Commission on or after that date.

78.20 Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

78.21 Subd. 4. **Preference for renewable clean energy facility resources.** (a) The commission
 78.22 shall not approve a new or refurbished nonrenewable energy facility in an integrated resource
 78.23 plan or a certificate of need, pursuant to section 216B.243, nor shall the commission approve
 78.24 a power purchase agreement or allow rate recovery pursuant to section 216B.16 for such a
 78.25 nonrenewable energy facility, unless the utility has demonstrated by clear and convincing
 78.26 evidence that a renewable energy facility, alone or in combination with other clean energy
 78.27 resources, is not in the public interest. When making the public interest determination, the
 78.28 commission must consider:

78.29 ~~(1) whether the resource plan helps the utility achieve the greenhouse gas reduction~~
 78.30 ~~goals under section 216H.02, the renewable energy standard under section 216B.1691, or~~
 78.31 ~~the solar energy standard under section 216B.1691, subdivision 2f;~~

78.32 ~~(2) impacts on local and regional grid reliability;~~

79.1 ~~(3) utility and ratepayer impacts resulting from the intermittent nature of renewable~~
79.2 ~~energy facilities, including but not limited to the costs of purchasing wholesale electricity~~
79.3 ~~in the market and the costs of providing ancillary services; and~~

79.4 ~~(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,~~
79.5 ~~changes in transmission costs, portfolio diversification, and environmental compliance~~
79.6 ~~costs.~~

79.7 (b) In order to determine that a renewable energy facility, alone or in combination with
79.8 other clean energy resources, is not in the public interest, the commission must find by clear
79.9 and convincing evidence that using renewable or clean energy resources to meet the need
79.10 for resources is not affordable or reliable when compared with a nonrenewable energy
79.11 facility or nonclean energy resource.

79.12 (c) When determining whether a renewable or clean energy resource is not affordable,
79.13 the commission must consider utility and ratepayer effects resulting from:

79.14 (1) the intermittent nature of renewable energy facilities, including but not limited to
79.15 the cost to purchase wholesale electricity in the market and the cost to provide ancillary
79.16 services;

79.17 (2) reduced exposure to fuel price volatility, changes in transmission and distribution
79.18 costs, portfolio diversification, and environmental compliance costs; and

79.19 (3) other environmental costs resulting from a nonrenewable energy facility, as determined
79.20 by the commission under subdivision 3.

79.21 (d) When determining whether a renewable or clean energy resource is reliable, the
79.22 commission must consider, to the extent reasonable, the ability of the resources or facilities
79.23 of the utility and the regional electric grid to provide essential reliability services, including
79.24 frequency response, balancing services, and voltage control.

79.25 (e) The commission must make a written determination describing the commission's
79.26 findings and the reasoning behind the conclusions regarding whether a renewable or clean
79.27 energy resource is affordable and reliable under this subdivision. When making the public
79.28 interest determination under paragraph (a), the commission must also consider and make a
79.29 written determination as to whether the energy resources approved by the commission:

79.30 (1) help the state achieve the greenhouse gas reduction goals under section 216H.02;
79.31 and

79.32 (2) help the utility achieve the renewable energy standard under section 216B.1691,
79.33 subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f.

80.1 (f) Nothing in this section impacts a decision to continue operating a nuclear facility
80.2 that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an
80.3 existing nuclear electric generating unit, paragraphs (a) to (e) govern the process to identify
80.4 replacement resources.

80.5 (g) The commission may, by order, add to the list of resources the commission determines
80.6 are clean energy resources for the purposes of this section upon finding that the resource is
80.7 carbon-free and cost competitive when compared with other carbon-free alternatives.

80.8 (h) If the commission approves a public utility's integrated resource plan that includes
80.9 the retirement of a facility that contributes to statewide greenhouse gas emissions, the public
80.10 utility is entitled to own at least a portion of the generation, transmission, and other facilities
80.11 necessary to replace the accredited capacity and energy of the retiring facility, as determined
80.12 by the commission, provided that:

80.13 (1) for a public utility with more than 200,000 retail electric customers in Minnesota,
80.14 the approved resource plan projects that the public utility's contribution to statewide
80.15 greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2030;

80.16 (2) for a public utility with more than 100,000 but fewer than 200,000 retail electric
80.17 customers, the approved resource plan projects that the public utility's contribution to
80.18 statewide greenhouse gas emissions are reduced by 80 percent or more, measured from
80.19 2005 to 2035;

80.20 (3) for a public utility with fewer than 100,000 retail electric customers in Minnesota,
80.21 the approved resource plan projects that the public utility's contribution to statewide
80.22 greenhouse gas emissions are reduced by 65 percent or more, measured from 2005 to 2030;
80.23 and

80.24 (4) the commission determines that the public utility's ownership of clean energy and
80.25 carbon-free resources that replace retired facilities is reasonable and in the public interest.

80.26 (i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from
80.27 an independent systems operator, an auction, or other market administered by an independent
80.28 systems operator, and whose term is one year or less, are not subject to this subdivision.

80.29 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
80.30 initiated at the Public Utilities Commission on or after that date.

81.1 Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
81.2 to read:

81.3 Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility
81.4 must report on associated local job impacts and the steps the utility and the utility's energy
81.5 suppliers and contractors are taking to maximize the availability of construction employment
81.6 opportunities for local workers. The commission must consider local job impacts and give
81.7 preference to proposals that maximize the creation of construction employment opportunities
81.8 for local workers, consistent with the public interest, when evaluating any utility proposal
81.9 that involves the selection or construction of facilities used to generate or deliver energy to
81.10 serve the utility's customers, including but not limited to an integrated resource plan, a
81.11 certificate of need, a power purchase agreement, or commission approval of a new or
81.12 refurbished electric generation facility. The commission must, to the maximum extent
81.13 possible, prioritize the hiring of workers from communities hosting retiring electric generation
81.14 facilities, including workers previously employed at those facilities.

81.15 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
81.16 initiated at the Public Utilities Commission on or after that date.

81.17 Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

81.18 **Subd. 5. Bidding; exemption from certificate of need proceeding.** (a) A utility may
81.19 select resources to meet its projected energy demand through a bidding process approved
81.20 or established by the commission. A utility shall use the environmental cost estimates
81.21 determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids
81.22 submitted in a process established under this subdivision.

81.23 (b) Notwithstanding any other provision of this section, if an electric power generating
81.24 plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding
81.25 process approved or established by the commission, a certificate of need proceeding under
81.26 section 216B.243 is not required.

81.27 (c) A certificate of need proceeding is also not required for an electric power generating
81.28 plant that has been selected in a bidding process approved or established by the commission,
81.29 or such other selection process approved by the commission, to satisfy, in whole or in part,
81.30 the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

81.31 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
81.32 initiated at the Public Utilities Commission on or after that date.

82.1 Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
82.2 to read:

82.3 Subd. 8. **Transmission planning in advance of generation retirement.** A utility must
82.4 identify in a resource plan each nonrenewable energy facility on the utility's system that
82.5 has a depreciation term, probable service life, or operating license term that ends within 15
82.6 years of the resource plan filing date. For each nonrenewable energy facility identified, the
82.7 utility must include in the resource plan an initial plan to: (1) replace the nonrenewable
82.8 energy facility; and (2) upgrade any transmission or other grid capabilities needed to support
82.9 the retirement of that nonrenewable energy facility.

82.10 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
82.11 initiated at the Public Utilities Commission on or after that date.

82.12 Sec. 32. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

82.13 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428,
82.14 the following terms have the meanings given.

82.15 (b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of
82.16 biomass, or other effective conversion processes.

82.17 (c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise
82.18 be released into the atmosphere.

82.19 (d) "Carbon-free resource" means an electricity generation facility whose operation does
82.20 not contribute to statewide greenhouse gas emissions, as defined in section 216H.01,
82.21 subdivision 2.

82.22 (e) "District energy" means a heating or cooling system that is solar thermal powered
82.23 or that uses the constant temperature of the earth or underground aquifers as a thermal
82.24 exchange medium to heat or cool multiple buildings connected through a piping network.

82.25 (f) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
82.26 paragraph (f), but does not include energy conservation investments that the commissioner
82.27 determines could reasonably be included in a utility's conservation improvement program.

82.28 (g) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous
82.29 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by
82.30 anthropogenic sources within Minnesota and from the generation of electricity imported
82.31 from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected

83.1 into geological formations to prevent its release to the atmosphere in compliance with
83.2 applicable laws.

83.3 (h) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen,
83.4 power-to-ammonia, carbon capture, strategic electrification, district energy, and energy
83.5 efficiency.

83.6 (i) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions
83.7 resulting from the production, processing, transmission, and consumption of an energy
83.8 resource.

83.9 (j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas
83.10 emissions per unit of energy.

83.11 (k) "Nonexempt customer" means a utility customer that has not been included in a
83.12 utility's innovation plan under subdivision 3, paragraph (f).

83.13 (l) "Power-to-ammonia" means the production of ammonia from hydrogen produced
83.14 via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity
83.15 than does natural gas produced from conventional geologic sources.

83.16 (m) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource
83.17 to produce hydrogen.

83.18 (n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

83.19 (o) "Renewable natural gas" means biogas that has been processed to be interchangeable
83.20 with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced
83.21 from conventional geologic sources.

83.22 (p) "Solar thermal" has the meaning given to qualifying solar thermal project in section
83.23 216B.2411, subdivision 2, paragraph (d).

83.24 (q) "Strategic electrification" means the installation of electric end-use equipment in an
83.25 existing building in which natural gas is a primary or back-up fuel source, or in a newly
83.26 constructed building in which a customer receives natural gas service for one or more
83.27 end-uses, provided that the electric end-use equipment:

83.28 (1) results in a net reduction in statewide greenhouse gas emissions, as defined in section
83.29 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient
83.30 commercially available natural gas alternative; and

83.31 (2) is installed and operated in a manner that improves the load factor of the customer's
83.32 electric utility.

84.1 Strategic electrification does not include investments that the commissioner determines
84.2 could reasonably be included in the natural gas utility's conservation improvement program
84.3 under section 216B.241.

84.4 (r) "Total incremental cost" means the calculation of the following components of a
84.5 utility's innovation plan approved by the commission under subdivision 2:

84.6 (1) the sum of:

84.7 (i) return of and on capital investments for the production, processing, pipeline
84.8 interconnection, storage, and distribution of innovative resources;

84.9 (ii) incremental operating costs associated with capital investments in infrastructure for
84.10 the production, processing, pipeline interconnection, storage, and distribution of innovative
84.11 resources;

84.12 (iii) incremental costs to procure innovative resources from third parties;

84.13 (iv) incremental costs to develop and administer programs; and

84.14 (v) incremental costs for research and development related to innovative resources;

84.15 (2) less the sum of:

84.16 (i) value received by the utility upon the resale of innovative resources or innovative
84.17 resource by-products, including any environmental credits included with the resale of
84.18 renewable gaseous fuels or value received by the utility when innovative resources are used
84.19 as vehicle fuel;

84.20 (ii) cost savings achieved through avoidance of purchases of natural gas produced from
84.21 conventional geologic sources, including but not limited to avoided commodity purchases
84.22 or avoided pipeline costs; and

84.23 (iii) other revenues received by the utility that are directly attributable to the utility's
84.24 implementation of an innovation plan.

84.25 (s) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that
84.26 provides natural gas sales or natural gas transportation services to customers in Minnesota.

84.27 Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with
84.28 the commission. The utility's plan must include, as applicable, the following components:

84.29 (1) the innovative resource or resources the utility plans to implement to contribute to
84.30 meeting the state's greenhouse gas and renewable energy goals, including those established

85.1 in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within
85.2 the requirements and limitations set forth in this section;

85.3 (2) research and development investments related to innovative resources the utility
85.4 plans to undertake;

85.5 (3) total lifecycle greenhouse gas emissions that the utility projects are reduced or avoided
85.6 through implementing the plan;

85.7 (4) a comparison of the estimate in clause (3) to total emissions from natural gas use by
85.8 utility customers in 2020;

85.9 (5) a description of each pilot program included in the plan that is related to the
85.10 development or provision of innovative resources, and an estimate of the total incremental
85.11 costs to implement each element;

85.12 (6) the cost-effectiveness of innovative resources calculated from the perspective of the
85.13 utility, society, the utility's nonparticipating customers, and the utility's participating
85.14 customers compared to other innovative resources that could be deployed to reduce or avoid
85.15 the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative
85.16 resource;

85.17 (7) for any pilot program not previously approved as part of the utility's most recent
85.18 innovation plan, a third-party analysis of:

85.19 (i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources;
85.20 and

85.21 (ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed
85.22 pilot program is implemented;

85.23 (8) an explanation of the methodology used by the utility to calculate the lifecycle
85.24 greenhouse gas emissions avoided or reduced by each pilot program included in the plan,
85.25 including descriptions of how the utility's method deviated, if at all, from the carbon
85.26 accounting frameworks established by the commission under section 216B.2428;

85.27 (9) a discussion of whether the plan supports the development and use of alternative
85.28 agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and
85.29 the recovery of energy from wastewater, and, if it does, a description of the geographic
85.30 areas of the state in which the benefits are realized;

85.31 (10) a description of third-party systems and processes the utility plans to use to:

- 86.1 (i) track the innovative resources included in the plan so that environmental benefits
86.2 produced by the plan are not claimed for any other program; and
- 86.3 (ii) verify the environmental attributes and greenhouse gas emissions intensity of
86.4 innovative resources included in the plan;
- 86.5 (11) projected local job impacts resulting from implementation of the plan and a
86.6 description of steps the utility and the utility's energy suppliers and contractors are taking
86.7 to maximize the availability of construction employment opportunities for local workers;
- 86.8 (12) a description of how the utility proposes to recover annual total incremental costs
86.9 of the plan;
- 86.10 (13) steps the utility has taken or proposes to take to reduce the expected cost of the plan
86.11 on low- and moderate-income residential customers and to ensure that low- and
86.12 moderate-income residential customers benefit from innovative resources included in the
86.13 plan;
- 86.14 (14) a report on the utility's progress toward implementing the utility's previously
86.15 approved innovation plan, if applicable;
- 86.16 (15) a report of the utility's progress toward achieving the cost-effectiveness objectives
86.17 established by the commission with respect to the utility's previously approved innovation
86.18 plan, if applicable; and
- 86.19 (16) collections of pilot programs that the utility estimates would, if implemented, provide
86.20 approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or
86.21 avoidance benefits of the utility's proposed plan.
- 86.22 (b) The commission must approve, modify, or reject a plan. The commission must not
86.23 approve an innovation plan unless the commission finds:
- 86.24 (1) the size, scope, and scale of the plan produces net benefits under the cost-benefit
86.25 framework established by the commission in section 216B.2428;
- 86.26 (2) the plan promotes the use of renewable energy resources and reduces or avoids
86.27 greenhouse gas emissions at a cost level consistent with subdivision 3;
- 86.28 (3) the plan promotes local economic development;
- 86.29 (4) the innovative resources included in the plan have a lower lifecycle greenhouse gas
86.30 intensity than natural gas produced from conventional geologic sources;

87.1 (5) the systems used to track and verify the environmental attributes of the innovative
87.2 resources included in the plan are reasonable, considering available third-party tracking and
87.3 verification systems;

87.4 (6) the costs and revenues projected under the plan are reasonable in comparison to other
87.5 innovative resources the utility could deploy to reduce greenhouse gas emissions, considering
87.6 other benefits of the innovative resources included in the plan;

87.7 (7) the total amount of estimated greenhouse gas emissions reduction or avoidance to
87.8 be achieved under the plan is reasonable considering the state's greenhouse gas and renewable
87.9 energy goals, including those established in section 216C.05, subdivision 2, clause (3), and
87.10 section 216H.02, subdivision 1; customer cost; and the total amount of greenhouse gas
87.11 emissions reduction or avoidance achieved under the utility's previously approved plans, if
87.12 applicable; and

87.13 (8) any renewable natural gas purchased by a utility under the plan that is produced from
87.14 the anaerobic digestion of manure is certified as being produced at an agricultural livestock
87.15 production facility that does not increase the number of animal units at the facility solely
87.16 or primarily to produce renewable natural gas for the plan.

87.17 (c) In seeking to recover costs under a plan approved by the commission under this
87.18 section, the utility must demonstrate to the satisfaction of the commission that the actual
87.19 total incremental costs incurred to implement the approved innovation plan are reasonable.
87.20 Prudently incurred costs under an approved plan, including prudently incurred costs to
87.21 obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable
87.22 either:

87.23 (1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas
87.24 adjustment;

87.25 (2) in the utility's next general rate case; or

87.26 (3) via annual adjustments, provided that after notice and comment the commission
87.27 determines that the costs included for recovery through rates are prudently incurred. Annual
87.28 adjustments must include a rate of return, income taxes on the rate of return, incremental
87.29 property taxes, incremental depreciation expense, and incremental operation and maintenance
87.30 expenses. The rate of return must be at the level approved by the commission in the utility's
87.31 last general rate case, unless the commission determines that a different rate of return is in
87.32 the public interest.

88.1 (d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness
88.2 objectives for the plan based on the cost-benefit test for innovative resources developed
88.3 under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate
88.4 incremental progress from the previously approved plan's cost-effectiveness objective.

88.5 (e) A utility operating under an approved plan must file annual reports to the commission
88.6 on work completed under the plan, including:

88.7 (1) costs incurred;

88.8 (2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

88.9 (3) a description of the processes used to track and verify the innovative resources and
88.10 to retire the associated environmental attributes;

88.11 (4) an assessment of the degree to which the lifecycle greenhouse gas accounting
88.12 methodology is consistent with current science;

88.13 (5) the economic impact of the plan, including job creation;

88.14 (6) the utility's progress toward achieving the cost-effectiveness objectives established
88.15 by the commission; and

88.16 (7) modifications to elements of the plan proposed by the utility.

88.17 (f) When evaluating a utility's annual report, the commission may:

88.18 (1) approve the continuation of a pilot program included in the plan, with or without
88.19 modifications;

88.20 (2) require the utility to file a new or modified pilot program or plan; or

88.21 (3) disapprove the continuation of a pilot program or plan.

88.22 (g) An innovation plan has a term of five years. A subsequent innovation plan must be
88.23 filed no later than four years after the previous plan was approved by the commission so
88.24 that, if approved, the new plan takes effect immediately upon expiration of the previous
88.25 plan.

88.26 (h) For purposes of this section and the commission's lifecycle carbon accounting
88.27 framework and cost-benefit test for innovative resources under section 216B.2428, any
88.28 required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle
88.29 greenhouse gas intensity:

88.30 (1) must include but is not limited to estimates of:

88.31 (i) avoided or reduced greenhouse gas emissions attributable to utility operations;

89.1 (ii) avoided or reduced greenhouse gas emissions from the production, processing, and
89.2 transmission of fuels prior to receipt by the utility; and

89.3 (iii) avoided or reduced greenhouse gas emissions at the point of end use;

89.4 (2) must not count any unit of greenhouse gas emissions avoidance or reduction more
89.5 than once; and

89.6 (3) may, where direct measurement is not technically or economically feasible, rely on
89.7 emissions factors, default values, or engineering estimates from a publicly accessible source
89.8 accepted by a federal or state government agency, provided that the emissions factors,
89.9 default values, or engineering estimates can be demonstrated to the satisfaction of the
89.10 commission to produce a reasonable estimate of greenhouse gas emissions reductions,
89.11 avoidance, or intensity.

89.12 (i) Strategic electrification implemented in a plan approved by the commission under
89.13 this section is not eligible for a financial incentive under section 216B.241, subdivision 2c.
89.14 Electric end-use equipment installed under a plan approved by the commission under this
89.15 section is the exclusive property of the building owner.

89.16 **Subd. 3. Limitations on utility customer costs.** (a) Except as provided in paragraph
89.17 (b), the first innovation plan submitted to the commission by a utility must not propose, and
89.18 the commission must not approve, annual total incremental costs exceeding the lesser of:

89.19 (1) 1.75 percent of the utility's gross operating revenues from natural gas service provided
89.20 in Minnesota at the time of plan filing; or

89.21 (2) \$20 per nonexempt customer, based on the proposed annual total incremental costs
89.22 for each year of the plan divided by the total number of nonexempt utility customers.

89.23 (b) The commission may approve additional annual costs up to the lesser of:

89.24 (1) an additional 0.25 percent of the utility's gross operating revenues from service
89.25 provided in Minnesota at the time of plan filing; or

89.26 (2) \$5 per nonexempt customer, based on the proposed annual total incremental costs
89.27 for each year of the plan divided by the total number of nonexempt utility customers of
89.28 incremental costs, provided that the additional costs under this paragraph are associated
89.29 exclusively with the purchase of renewable natural gas produced from:

89.30 (i) food waste diverted from a landfill;

89.31 (ii) a municipal wastewater treatment system; or

90.1 (iii) an organic mixture that includes at least 15 percent, by volume, sustainably harvested
90.2 native prairie grasses or locally appropriate cover crops, as determined by a local soil and
90.3 water conservation district or the United States Department of Agriculture, Natural Resources
90.4 Conservation Service.

90.5 (c) If the commission determines that the utility has successfully achieved the
90.6 cost-effectiveness objectives established in the utility's most recently approved innovation
90.7 plan, except as provided in paragraph (d), the next subsequent plan filed by the utility under
90.8 this section is subject to the provisions of paragraphs (a) and (b), except that:

90.9 (1) the cap on total incremental costs in paragraph (a) with respect to the second plan is
90.10 the lesser of:

90.11 (i) 2.75 percent of the utility's gross operating revenues from natural gas service in
90.12 Minnesota at the time of the plan's filing; or

90.13 (ii) \$35 per nonexempt customer; and

90.14 (2) the cap on additional costs in paragraph (b) is the lesser of:

90.15 (i) an additional 0.75 percent of the utility's gross operating revenues from natural gas
90.16 service in Minnesota at the time of the plan's filing; or

90.17 (ii) \$10 per nonexempt customer.

90.18 (d) If the commission determines that the utility has successfully achieved the
90.19 cost-effectiveness objectives established in two of the same utility's previously approved
90.20 innovation plans, all subsequent plans filed by the utility under this section are subject to
90.21 the provisions of paragraphs (a) and (b), except that:

90.22 (1) the cap on total incremental costs in paragraph (a) with respect to the third or
90.23 subsequent plan is the lesser of:

90.24 (i) four percent of the utility's gross operating revenues from natural gas service in
90.25 Minnesota at the time of the plan's filing; or

90.26 (ii) \$50 per nonexempt customer; and

90.27 (2) the cap on additional costs in paragraph (b) is the lesser of:

90.28 (i) an additional 1.5 percent of the utility's gross operating revenues from natural gas
90.29 service in Minnesota at the time of the plan's filing; or

90.30 (ii) \$20 per nonexempt customer.

91.1 (e) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs
91.2 must be calculated at the time the innovation plan is filed as the average of the utility's
91.3 forecasted total incremental costs over the five-year term of the plan.

91.4 (f) A large customer facility that the commissioner of commerce has exempted from a
91.5 utility's conservation improvement program under section 216B.241, subdivision 1a,
91.6 paragraph (b), is exempt from the utility's innovation plan offerings and must not be charged
91.7 any costs incurred to implement an approved innovation plan unless the large customer
91.8 facility files a request with the commissioner to be included in a utility's innovation plan.
91.9 The commission may prohibit large customer facilities exempt from innovation plan costs
91.10 from participating in innovation plans.

91.11 (g) A utility filing an innovation plan may include annual spending and investments on
91.12 research and development of up to ten percent of the proposed total incremental costs related
91.13 to innovative plans, subject to the limitations in paragraphs (a) to (e).

91.14 (h) For purposes of this subdivision, gross operating revenues do not include revenues
91.15 from large customer facilities exempt from innovation plan costs.

91.16 **Subd. 4. Innovative resources procured outside of an innovation plan.** (a) Without
91.17 filing an innovation plan, a natural gas utility may propose and the commission may approve
91.18 cost recovery for:

91.19 (1) innovative resources acquired to satisfy a commission-approved green tariff program
91.20 that allows customers to choose to meet a portion of the customers' energy needs through
91.21 innovative resources; or

91.22 (2) utility expenditures for innovative resources procured at a cost that is within five
91.23 percent of the average of Ventura and Demarc index prices for natural gas produced from
91.24 conventional geologic sources at the time of the transaction per unit of natural gas that the
91.25 innovative resource displaces.

91.26 (b) An approved green tariff program must include provisions to ensure that reasonable
91.27 systems are used to track and verify the environmental attributes of innovative resources
91.28 included in the program, taking into account any available third-party tracking or verification
91.29 systems.

91.30 (c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the
91.31 daily index price of wholesale natural gas sold at the Northern Natural Gas Company's
91.32 Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

92.1 Subd. 5. **Power-to-ammonia.** When determining whether to approve a power-to-ammonia
92.2 pilot program as part of an innovative plan, the commission must consider:

92.3 (1) the risk of exposing any person to unhealthy concentrations of ammonia;

92.4 (2) the risk that any home or business might be affected by ammonia odors;

92.5 (3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia
92.6 project could be more efficiently addressed using power-to-hydrogen; and

92.7 (4) whether the power-to-ammonia project achieves lifecycle greenhouse gas emissions
92.8 reductions in the agricultural sector more effectively than power-to-hydrogen.

92.9 Subd. 6. **Thermal energy audits.** The first innovation plan filed under this section by
92.10 a utility with more than 800,000 customers must include a pilot program to provide thermal
92.11 energy audits to small- and medium-sized business in order to identify opportunities to
92.12 reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must
92.13 provide incentives for businesses to implement recommendations made by the audit. The
92.14 utility must develop criteria to identify businesses that achieve significant emissions
92.15 reductions by implementing audit recommendations and must recognize the businesses as
92.16 thermal energy leaders.

92.17 Subd. 7. **Innovative resources for certain industrial processes.** The first innovation
92.18 plan filed under this section by a utility with more than 800,000 customers must include a
92.19 pilot program to provide innovative resources to industrial facilities whose manufacturing
92.20 processes, for technical reasons, are not amenable to electrification. A large customer facility
92.21 exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to
92.22 participate in the pilot program under this subdivision.

92.23 Subd. 8. **Electric cold climate air-source heat pumps.** (a) The first innovation plan
92.24 filed under this section by a utility with more than 800,000 customers must include a pilot
92.25 program that facilitates deep energy retrofits and the installation of cold climate electric
92.26 air-source heat pumps in existing residential homes that have natural gas heating systems.

92.27 (b) For purposes of this subdivision, "deep energy retrofit" means the installation of any
92.28 measure or combination of measures, including air sealing and addressing thermal bridges,
92.29 that under normal weather and operating conditions can reasonably be expected to reduce
92.30 a building's calculated design load to ten or fewer British Thermal Units per hour per square
92.31 foot of conditioned floor area. Deep energy retrofit does not include the installation of
92.32 photovoltaic electric generation equipment, but may include the installation of a qualifying
92.33 solar thermal energy project.

93.1 Subd. 9. **District energy.** The first innovation plan filed under this section by a utility
93.2 with more than 800,000 customers must include a pilot program to facilitate the development,
93.3 expansion, or modification of district energy systems in Minnesota. This subdivision does
93.4 not require the utility to propose, construct, maintain, or own district energy infrastructure.

93.5 Subd. 10. **Throughput goal.** It is the goal of the state of Minnesota that through the
93.6 Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the
93.7 overall amount of natural gas produced from conventional geologic sources delivered to
93.8 customers.

93.9 Subd. 11. **Utility system report and forecasts.** (a) A public utility filing an innovation
93.10 plan shall concurrently submit a report to the commission containing the following
93.11 information:

93.12 (1) methane gas emissions attributed to venting or leakage across the utility's system,
93.13 including emissions information reported to the Environmental Protection Agency and gas
93.14 leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's
93.15 expectations regarding the cost and performance of the utility's leakage reduction programs
93.16 over the next five years;

93.17 (2) total system greenhouse gas emissions and greenhouse gas emissions projected to
93.18 be reduced or avoided through innovative resource investments and energy conservation
93.19 investments, and a narrative description of the costs required to achieve the reductions over
93.20 the next five years through investments in innovative resources and energy conservation;

93.21 (3) the quantity of pipe in service in the utility's natural gas network in Minnesota, by
93.22 material, size, coating, operating pressure, and decade of installation, based on utility
93.23 information reported to the United States Department of Transportation;

93.24 (4) a narrative description of other significant equipment owned and operated by the
93.25 utility through which gas is transported or stored, including regulator stations and storage
93.26 facilities, a discussion of the function of the equipment, how the equipment is maintained,
93.27 and utility efforts to prevent leaks from the equipment;

93.28 (5) a five-year forecast of fuel prices and anticipated purchases including, as available,
93.29 natural gas produced from conventional geologic sources, renewable natural gas, and
93.30 alternative fuels;

93.31 (6) a five-year forecast of potential capital investments by the utility in existing
93.32 infrastructure and new infrastructure for natural gas produced from conventional geologic
93.33 sources and for innovative resources; and

94.1 (7) an inventory of the utility's current financial incentive programs for natural gas,
94.2 including rebates and incentives offered for new and existing buildings and a description
94.3 of the utility's projected changes in incentives the utility is likely to implement over the next
94.4 five years.

94.5 (b) Information filed under this subdivision is intended to be used by the commission
94.6 to evaluate a utility's innovation plan in the context of the utility's other planned investments
94.7 and activities with respect to natural gas produced from conventional geologic sources.
94.8 Information filed under this subdivision must not be used by the commission to set or limit
94.9 utility rate recovery.

94.10 **EFFECTIVE DATE.** This section is effective June 1, 2022.

94.11 Sec. 33. **[216B.2428] LIFECYCLE GREENHOUSE GAS EMISSIONS**
94.12 **ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE**
94.13 **RESOURCES.**

94.14 By June 1, 2022, the commission shall, by order, issue frameworks the commission must
94.15 use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource,
94.16 as follows:

94.17 (1) a general framework to compare the lifecycle greenhouse gas emissions intensities
94.18 of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy
94.19 efficiency, biogas, carbon capture, and power-to-ammonia; and

94.20 (2) a cost-benefit analytic framework to be applied to innovative resources and innovation
94.21 plans filed under section 216B.2427 that the commission must use to compare the
94.22 cost-effectiveness of those resources and plans. This analytic framework must take into
94.23 account:

94.24 (i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas
94.25 emissions avoided or reduced by the innovative resource or plan, using the framework
94.26 developed under clause (1);

94.27 (ii) additional economic costs and benefits, programmatic costs and benefits, additional
94.28 environmental costs and benefits, and other costs or benefits that may be expected under a
94.29 plan; and

94.30 (iii) baseline cost-effectiveness criteria against which an innovation plan should be
94.31 compared. When establishing baseline criteria, the commission must take into account
94.32 options available to reduce lifecycle greenhouse gas emissions from natural gas end uses
94.33 and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision

95.1 1. To the maximum reasonable extent, the cost-benefit framework must be consistent with
95.2 environmental cost values established under section 216B.2422, subdivision 3, and other
95.3 calculations of the social value of greenhouse gas emissions reductions used by the
95.4 commission. The commission may update frameworks established under this section as
95.5 necessary.

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

95.7 Sec. 34. **[216B.247] BENEFICIAL BUILDING ELECTRIFICATION.**

95.8 (a) It is the goal of the state of Minnesota to promote energy end uses powered by
95.9 electricity in the building sector that result in a net reduction in greenhouse gas emissions
95.10 and improvements to public health, consistent with the goal established under section
95.11 216H.02, subdivision 1.

95.12 (b) To the maximum reasonable extent, the implementation of beneficial electrification
95.13 in the building sector should prioritize investment and activity in low-income and
95.14 under-resourced communities, maintain or improve the quality of electricity service,
95.15 maximize customer savings, improve the integration of renewable and carbon-free resources,
95.16 and prioritize job creation.

95.17 Sec. 35. **[216B.248] PUBLIC UTILITY BENEFICIAL BUILDING**
95.18 **ELECTRIFICATION.**

95.19 (a) A public utility may submit to the commission a plan to promote energy end uses
95.20 powered by electricity within the public utility's service area in residential and commercial
95.21 buildings. To the maximum reasonable extent, a plan must:

95.22 (1) maximize consumer savings over the lifetime of the investment;

95.23 (2) mitigate cost and avoid duplication with the utility's conservation improvement plan
95.24 under section 216B.241;

95.25 (3) maintain or enhance the reliability of electricity service;

95.26 (4) quantify the acres of land needed for new generation, transmission, and distribution
95.27 facilities to provide the additional electricity required under the plan;

95.28 (5) maintain or enhance public health and safety when temperatures fall below 25 degrees
95.29 below zero Fahrenheit;

95.30 (6) support the integration of renewable and carbon-free resources;

96.1 (7) encourage demand response and load shape management opportunities and the use
 96.2 of energy storage that reduce overall system costs;

96.3 (8) prioritize electrification projects in economically disadvantaged communities;

96.4 (9) consider cost protections for low- and moderate-income customers;

96.5 (10) produce a net reduction in greenhouse gas emissions, based on the electricity
 96.6 generation portfolio of the public utility proposing the plan, or based on the electricity
 96.7 -serving the end-use in the event that a public utility providing retail natural gas service
 96.8 proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner;
 96.9 and

96.10 (11) consider local job impacts and give preference to proposals that maximize the
 96.11 creation of construction employment opportunities for local workers.

96.12 (b) The commission must approve, reject, or modify the public utility's plan, consistent
 96.13 with the public interest. Plans approved by the commission under this subdivision are eligible
 96.14 for cost recovery under section 216B.1645.

96.15 Sec. 36. **[216B.491] DEFINITIONS.**

96.16 Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.4991, the terms
 96.17 defined in this subdivision have the meanings given.

96.18 Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy,
 96.19 letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity
 96.20 or credit support arrangement, or other financial arrangement entered into in connection
 96.21 with energy transition bonds that is designed to promote the credit quality and marketability
 96.22 of energy transition bonds or to mitigate the risk of an increase in interest rates.

96.23 Subd. 3. **Assignee.** "Assignee" means any person to which an interest in energy transition
 96.24 property is sold, assigned, transferred, or conveyed, other than as security, and any successor
 96.25 to or subsequent assignee of the person.

96.26 Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition
 96.27 bonds.

96.28 Subd. 5. **Clean energy resource.** "Clean energy resource" means:

96.29 (1) renewable energy, as defined in section 216B.2422, subdivision 1;

96.30 (2) an energy storage system; or

97.1 (3) energy efficiency and load management, as defined in section 216B.241, subdivision
97.2 1.

97.3 Subd. 6. **Customer.** "Customer" means a person who takes electric service from an
97.4 electric utility for consumption of electricity in Minnesota.

97.5 Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that
97.6 generates electricity, is owned in whole or in part by an electric utility, and is used to serve
97.7 customers in Minnesota. Electric generating facility includes any interconnected infrastructure
97.8 or facility used to transmit or deliver electricity to Minnesota customers.

97.9 Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity
97.10 to Minnesota customers, including the electric utility's successors or assignees.

97.11 Subd. 9. **Energy storage system.** "Energy storage system" means a commercially
97.12 available technology that uses mechanical, chemical, or thermal processes to:

97.13 (1) store energy and deliver the stored energy for use at a later time; or

97.14 (2) store thermal energy for direct use for heating or cooling at a later time in a manner
97.15 that reduces the demand for electricity at the later time.

97.16 Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate
97.17 securities, including but not limited to senior secured bonds, debentures, notes, certificates
97.18 of participation, certificates of beneficial interest, certificates of ownership, or other evidences
97.19 of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and
97.20 a final legal maturity date that is not later than 32 years from the issue date, that are rated
97.21 AA or Aa2 or better by a major independent credit rating agency at the time of issuance,
97.22 and that are issued by an electric utility or an assignee under a financing order.

97.23 Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:

97.24 (1) is imposed on all customer bills by an electric utility that is the subject of a financing
97.25 order, or the electric utility's successors or assignees;

97.26 (2) is separate from the utility's base rates; and

97.27 (3) provides a source of revenue solely to repay, finance, or refinance energy transition
97.28 costs.

97.29 Subd. 12. **Energy transition costs.** "Energy transition costs" means:

97.30 (1) as approved by the commission in a financing order issued under section 216B.492,
97.31 the pretax costs that the electric utility has incurred or will incur that are caused by, associated

98.1 with, or remain as a result of retiring or replacing electric generating facilities serving
98.2 Minnesota retail customers; and

98.3 (2) pretax costs that an electric utility has previously incurred related to the closure or
98.4 replacement of electric infrastructure or facilities occurring before the effective date of this
98.5 act.

98.6 Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed
98.7 against an electric utility by a government agency or court under a federal or state
98.8 environmental statute, rule, or regulation.

98.9 Subd. 13. **Energy transition property.** "Energy transition property" means:

98.10 (1) all rights and interests of an electric utility or successor or assignee of an electric
98.11 utility under a financing order for the right to impose, bill, collect, receive, and obtain
98.12 periodic adjustments to energy transition charges authorized under a financing order issued
98.13 by the commission; and

98.14 (2) all revenue, collections, claims, rights to payments, payments, money, or proceeds
98.15 arising from the rights and interests specified in clause (1), regardless of whether any are
98.16 commingled with other revenue, collections, rights to payment, payments, money, or
98.17 proceeds.

98.18 Subd. 14. **Energy transition revenue.** "Energy transition revenue" means revenue,
98.19 receipts, collections, payments, money, claims, or other proceeds arising from energy
98.20 transition property.

98.21 Subd. 15. **Financing costs.** "Financing costs" means:

98.22 (1) principal, interest, and redemption premiums that are payable on energy transition
98.23 bonds;

98.24 (2) payments required under an ancillary agreement and amounts required to fund or
98.25 replenish a reserve account or other accounts established under the terms of any indenture,
98.26 ancillary agreement, or other financing document pertaining to the bonds;

98.27 (3) other demonstrable costs related to issuing, supporting, repaying, refunding, and
98.28 servicing the bonds, including but not limited to servicing fees, accounting and auditing
98.29 fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees,
98.30 placement and underwriting fees, capitalized interest, rating agency fees, stock exchange
98.31 listing and compliance fees, security registration fees, filing fees, information technology
98.32 programming costs, and any other demonstrable costs necessary to otherwise ensure and

99.1 guarantee the timely payment of the bonds or other amounts or charges payable in connection
99.2 with the bonds;

99.3 (4) taxes and license fees imposed on the revenue generated from collecting an energy
99.4 transition charge;

99.5 (5) state and local taxes, including franchise, sales and use, and other taxes or similar
99.6 charges, including but not limited to regulatory assessment fees, whether paid, payable, or
99.7 accrued; and

99.8 (6) costs incurred by the commission to hire and compensate additional temporary staff
99.9 needed to perform the commission's responsibilities under this section and, in accordance
99.10 with section 216B.494, to engage specialized counsel and expert consultants experienced
99.11 in securitized electric utility ratepayer-backed bond financing similar to energy transition
99.12 bonds.

99.13 Subd. 16. **Financing order.** "Financing order" means an order issued by the commission
99.14 under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in
99.15 one or more series, (2) impose, charge, and collect energy transition charges, and (3) create
99.16 energy transition property.

99.17 Subd. 17. **Financing party.** "Financing party" means a holder of energy transition bonds
99.18 and a trustee, collateral agent, a party under an ancillary agreement, or any other person
99.19 acting for the benefit of energy transition bondholders.

99.20 Subd. 18. **Nonbypassable.** "Nonbypassable" means that the payment of an energy
99.21 transition charge required to repay bonds and related costs may not be avoided by any retail
99.22 customer located within an electric utility service area.

99.23 Subd. 19. **Pretax costs.** "Pretax costs" means costs approved by the commission,
99.24 including but not limited to:

99.25 (1) unrecovered capitalized costs of retired or replaced electric generating facilities;

99.26 (2) costs to decommission and restore the site of an electric generating facility;

99.27 (3) other applicable capital and operating costs, accrued carrying charges, deferred
99.28 expenses, reductions for applicable insurance, and salvage proceeds; and

99.29 (4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing
99.30 debt agreements, or for waivers or consents related to existing debt agreements.

99.31 Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law
99.32 to the rights and obligations of another legal entity as a result of bankruptcy, reorganization,

100.1 restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or
100.2 transfer of assets.

100.3 **Sec. 37. [216B.492] FINANCING ORDER.**

100.4 Subdivision 1. **Application.** (a) An electric utility that has received approval from the
100.5 commission to retire an electric generating facility owned by the utility prior to the full
100.6 depreciation of the electric generating facility's value may file an application with the
100.7 commission for the issuance of a financing order to enable the utility to recover energy
100.8 transition costs through the issuance of energy transition bonds under this section.

100.9 (b) The application must include all of the following information:

100.10 (1) a description of the electric generating facility to be retired;

100.11 (2) the undepreciated value remaining in the electric generating facility that is proposed
100.12 to be financed through the issuance of bonds under sections 216B.491 to 216B.499, and
100.13 the method used to calculate the amount;

100.14 (3) the estimated savings to electric utility customers if the financing order is issued as
100.15 requested in the application, calculated by comparing the costs to customers that are expected
100.16 to result from implementing the financing order and the estimated costs associated with
100.17 implementing traditional electric utility financing mechanisms with respect to the same
100.18 undepreciated balance, expressed in net present value terms;

100.19 (4) an estimated schedule for the electric generating facility's retirement;

100.20 (5) a description of the nonbypassable energy transition charge electric utility customers
100.21 would be required to pay in order to fully recover financing costs, and the method and
100.22 assumptions used to calculate the amount;

100.23 (6) a proposed methodology for allocating the revenue requirement for the energy
100.24 transition charge among the utility's customer classes;

100.25 (7) a description of a proposed adjustment mechanism to be implemented when necessary
100.26 to correct any overcollection or undercollection of energy transition charges, in order to
100.27 complete payment of scheduled principal and interest on energy transition bonds and other
100.28 financing costs in a timely fashion;

100.29 (8) a memorandum with supporting exhibits from a securities firm that is experienced
100.30 in the marketing of bonds and that is approved by the commissioner of management and
100.31 budget indicating the proposed issuance satisfies the current published AA or Aa2 or higher

- 101.1 rating or equivalent rating criteria of at least one nationally recognized securities rating
101.2 organization for issuances similar to the proposed energy transition bonds;
- 101.3 (9) an estimate of the timing of the issuance and the term of the energy transition bonds,
101.4 or series of bonds, provided that the scheduled final maturity for each bond issuance does
101.5 not exceed 30 years;
- 101.6 (10) identification of plans to sell, assign, transfer, or convey, other than as a security,
101.7 interest in energy transition property, including identification of an assignee, and
101.8 demonstration that the assignee is a financing entity wholly owned, directly or indirectly,
101.9 by the electric utility;
- 101.10 (11) identification of ancillary agreements that may be necessary or appropriate;
- 101.11 (12) one or more alternative financing scenarios in addition to the preferred scenario
101.12 contained in the application; and
- 101.13 (13) a workforce transition plan that includes estimates of:
- 101.14 (i) the number of workers currently employed at the electric generating facility to be
101.15 retired by the electric utility and, separately reported, by contractors, including workers that
101.16 directly deliver fuel to the electric generating facility;
- 101.17 (ii) the number of workers identified in item (i) who, as a result of the retirement of the
101.18 electric generating facility:
- 101.19 (A) are offered employment by the electric utility in the same job classification;
101.20 (B) are offered employment by the electric utility in a different job classification;
101.21 (C) are not offered employment by the electric utility;
101.22 (D) are offered early retirement by the electric utility; and
101.23 (E) retire as planned; and
- 101.24 (iii) if the electric utility plans to replace the retiring generating facility with a new
101.25 electric generating facility owned by the electric utility, the number of jobs at the new
101.26 generating facility outsourced to contractors or subcontractors; and
- 101.27 (14) a plan to replace the retired electric generating facilities with other electric generating
101.28 facilities owned by the utility or power purchase agreements that meet the requirements of
101.29 subdivision 3, clause (15), and a schedule reflecting that the replacement resources are
101.30 operational or available at the time the retiring electric generating facilities cease operation.

102.1 Subd. 2. Findings. After providing notice and holding a public hearing on an application
102.2 filed under subdivision 1, the commission may issue a financing order if the commission
102.3 finds that:

102.4 (1) the energy transition costs described in the application related to the retirement of
102.5 electric generation facilities are reasonable;

102.6 (2) the proposed issuance of energy transition bonds and the imposition and collection
102.7 of energy transition charges:

102.8 (i) are just and reasonable;

102.9 (ii) are consistent with the public interest;

102.10 (iii) constitute a prudent and reasonable mechanism to finance the energy transition costs
102.11 described in the application; and

102.12 (iv) provide tangible and quantifiable benefits to customers that are substantially greater
102.13 than the benefits that would have been achieved absent the issuance of energy transition
102.14 bonds; and

102.15 (3) the proposed structuring, marketing, and pricing of the energy transition bonds:

102.16 (i) significantly lower overall costs to customers or significantly mitigate rate impacts
102.17 to customers relative to traditional methods of financing; and

102.18 (ii) achieve the maximum net present value of customer savings, as determined by the
102.19 commission in a financing order, consistent with market conditions at the time of sale and
102.20 the terms of the financing order.

102.21 Subd. 3. Contents. (a) A financing order issued under this section must:

102.22 (1) determine the maximum amount of energy transition costs that may be financed from
102.23 proceeds of energy transition bonds issued pursuant to the financing order;

102.24 (2) describe the proposed customer billing mechanism for energy transition charges and
102.25 include a finding that the mechanism is just and reasonable;

102.26 (3) describe the financing costs that may be recovered through energy transition charges
102.27 and the period over which the costs may be recovered, which must end no earlier than the
102.28 date of final legal maturity of the energy transition bonds;

102.29 (4) describe the energy transition property that is created and that may be used to pay
102.30 and secure the payment of the energy transition bonds and financing costs authorized in the
102.31 financing order;

103.1 (5) authorize the electric utility to finance energy transition costs through the issuance
103.2 of one or more series of energy transition bonds. An electric utility is not required to secure
103.3 a separate financing order for each issuance of energy transition bonds or for each scheduled
103.4 phase of the retirement or replacement of electric generating facilities approved in the
103.5 financing order;

103.6 (6) include a formula-based mechanism that must be used to make expeditious periodic
103.7 adjustments to the energy transition charge authorized by the financing order that are
103.8 necessary to correct for any overcollection or undercollection, or to otherwise guarantee
103.9 the timely payment of energy transition bonds, financing costs, and other required amounts
103.10 and charges payable in connection with energy transition bonds;

103.11 (7) specify the degree of flexibility afforded to the electric utility in establishing the
103.12 terms and conditions of the energy transition bonds, including but not limited to repayment
103.13 schedules, expected interest rates, and other financing costs;

103.14 (8) specify that the energy transition bonds must be issued as soon as feasible following
103.15 issuance of the financing order;

103.16 (9) require the electric utility, at the same time as energy transition charges are initially
103.17 collected and independent of the schedule to close and decommission the electric generating
103.18 facility, to remove the electric generating facility to be retired from the utility's rate base
103.19 and commensurately reduce the utility's base rates;

103.20 (10) specify a future ratemaking process to reconcile any difference between the projected
103.21 pretax costs included in the amount financed by energy transition bonds and the final actual
103.22 pretax costs incurred by the electric utility to retire or replace the electric generating facility;

103.23 (11) specify information regarding bond issuance and repayments, financing costs,
103.24 energy transaction charges, energy transition property, and related matters that the electric
103.25 utility is required to provide to the commission on a schedule determined by the commission;

103.26 (12) allow and may require the creation of an electric utility's energy transition property
103.27 to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy
103.28 transition property to an assignee and the pledge of the energy transition property to secure
103.29 the energy transition bonds;

103.30 (13) ensure that the structuring, marketing, and pricing of energy transition bonds result
103.31 in the lowest securitization bond charges and maximize net present value customer savings,
103.32 consistent with market conditions and the terms of the financing order;

104.1 (14) specify that the electric utility is prohibited from, after the electric generating
104.2 facilities subject to the finance order are removed from the electric utility's base rate:

104.3 (i) operating the electric generating facilities; or

104.4 (ii) selling the electric generating facilities to another entity to be operated as electric
104.5 generating facilities; and

104.6 (15) specify that the electric utility must send a payment from energy transition bond
104.7 proceeds equal to 15 percent of the net present value of electric utility cost savings estimated
104.8 by the commission under subdivision 2, clause (3), item (ii), to the commissioner of
104.9 employment and economic development for deposit in the energy worker transition account
104.10 established in section 216B.4991, and that the balance of the proceeds:

104.11 (i) must not be used to acquire, construct, finance, own, operate, or purchase energy
104.12 from an electric generating facility that is not powered by a clean energy resource; and

104.13 (ii) may be used to construct, finance, operate, own, or purchase energy from, an electric
104.14 generating facility that complies with item (i), under conditions determined by the
104.15 commission, including the capacity of generating assets, the estimated date the asset is
104.16 placed into service, and any other factors deemed relevant by the commission, taking into
104.17 account the electric utility's resource plan most recently approved by the commission under
104.18 section 216B.2422.

104.19 (b) A financing order issued under this section may:

104.20 (1) include conditions different from those requested in the application that the
104.21 commission determines are necessary to:

104.22 (i) promote the public interest; and

104.23 (ii) maximize the financial benefits or minimize the financial risks of the transaction to
104.24 customers and to directly impacted Minnesota workers and communities; and

104.25 (2) specify the selection of one or more underwriters of the energy transition bonds.

104.26 Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains
104.27 in effect until the energy transition bonds issued under the financing order and all financing
104.28 costs related to the bonds have been paid in full.

104.29 (b) A financing order remains in effect and unabated notwithstanding the bankruptcy,
104.30 reorganization, or insolvency of the electric utility to which the financing order applies or
104.31 any affiliate, successor, or assignee of the electric utility.

105.1 (c) Subject to judicial review as provided for in section 216B.52, a financing order is
105.2 irrevocable and is not reviewable by future commissions. The commission may not reduce,
105.3 impair, postpone, or terminate energy transition charges approved in a financing order, or
105.4 impair energy transition property or the collection or recovery of energy transition revenue.

105.5 (d) Notwithstanding paragraph (c), the commission may, on the commission's own
105.6 motion or at the request of an electric utility or any other person, commence a proceeding
105.7 and issue a subsequent financing order that provides for refinancing, retiring, or refunding
105.8 energy transition bonds issued under the original financing order if:

105.9 (1) the commission makes all of the findings specified in subdivision 2 with respect to
105.10 the subsequent financing order; and

105.11 (2) the modification contained in the subsequent financing order does not in any way
105.12 impair the covenants and terms of the energy transition bonds to be refinanced, retired, or
105.13 refunded.

105.14 Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b),
105.15 the commission, in exercising the powers and carrying out the duties under this section, is
105.16 prohibited from:

105.17 (1) considering energy transition bonds issued under this section to be debt of the electric
105.18 utility other than for income tax purposes, unless it is necessary to consider the energy
105.19 transition bonds to be debt in order to achieve consistency with prevailing utility debt rating
105.20 methodologies;

105.21 (2) considering the energy transition charges paid under the financing order to be revenue
105.22 of the electric utility;

105.23 (3) considering the energy transition costs or financing costs specified in the financing
105.24 order to be the regulated costs or assets of the electric utility; or

105.25 (4) determining any prudent action taken by an electric utility that is consistent with the
105.26 financing order is unjust or unreasonable.

105.27 (b) Nothing in this subdivision:

105.28 (1) affects the authority of the commission to apply or modify any billing mechanism
105.29 designed to recover energy transition charges;

105.30 (2) prevents or precludes the commission from investigating an electric utility's
105.31 compliance with the terms and conditions of a financing order and requiring compliance
105.32 with the financing order; or

106.1 (3) prevents or precludes the commission from imposing regulatory sanctions against
106.2 an electric utility for failure to comply with the terms and conditions of a financing order
106.3 or the requirements of this section.

106.4 (c) The commission is prohibited from refusing to allow the recovery of any costs
106.5 associated with the retirement or replacement of electric generating facilities by an electric
106.6 utility solely because the electric utility has elected to finance those activities through a
106.7 financing mechanism other than energy transition bonds.

106.8 **Sec. 38. [216B.493] POST-ORDER COMMISSION DUTIES.**

106.9 Subdivision 1. **Financing cost review.** Within 120 days after the date energy transition
106.10 bonds are issued, an electric utility subject to a financing order must file with the commission
106.11 the actual initial and ongoing financing costs, the final structure and pricing of the energy
106.12 transition bonds, and the actual energy transition charge. The commission must review the
106.13 prudence of the electric utility's actions to determine whether the actual financing costs are
106.14 the lowest that could reasonably be achieved given the terms of the financing order and
106.15 market conditions prevailing at the time of the bond's issuance.

106.16 Subd. 2. **Enforcement.** If the commission determines that an electric utility's actions
106.17 under this section are not prudent or are inconsistent with the financing order, the commission
106.18 may apply any remedies available, provided that any remedy applied may not directly or
106.19 indirectly impair the security for the energy transition bonds.

106.20 **Sec. 39. [216B.494] USE OF OUTSIDE EXPERTS.**

106.21 (a) In carrying out the duties under this section, the commission may:

106.22 (1) contract with outside consultants and counsel experienced in securitized electric
106.23 utility customer-backed bond financing similar to energy transition bonds; and

106.24 (2) hire and compensate additional temporary staff as needed.

106.25 Expenses incurred by the commission under this paragraph must be treated as financing
106.26 costs and included in the energy transition charge. The costs incurred under clause (1) are
106.27 not an obligation of the state and are assigned solely to the transaction.

106.28 (b) If a utility's application for a financing order is denied or withdrawn for any reason
106.29 and energy transition bonds are not issued, the commission's costs to retain expert consultants
106.30 under this subdivision must be paid by the applicant utility and are deemed by the commission
106.31 to be a prudent deferred expense eligible for recovery in the utility's future rates.

- 107.1 Sec. 40. [216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.
- 107.2 (a) An electric utility that obtains a financing order and causes energy transition bonds
107.3 to be issued must:
- 107.4 (1) include on each customer's monthly electricity bill:
- 107.5 (i) a statement that a portion of the charges represents energy transition charges approved
107.6 in a financing order;
- 107.7 (ii) the amount and rate of the energy transition charge as a separate line item titled
107.8 "energy transition charge"; and
- 107.9 (iii) if energy transition property has been transferred to an assignee, a statement that
107.10 the assignee is the owner of the rights to energy transition charges and that the electric utility
107.11 or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and
- 107.12 (2) file annually with the commission:
- 107.13 (i) a calculation of the impact that financing the retirement or replacement of electric
107.14 generating facilities has had on customer electricity rates, by customer class; and
- 107.15 (ii) evidence demonstrating that energy transition revenues are applied solely to the
107.16 repayment of energy transition bonds and other financing costs.
- 107.17 (b) Energy transition charges are nonbypassable and must be paid by all existing and
107.18 future customers receiving service from the electric utility or the utility's successors or
107.19 assignees under commission-approved rate schedules or special contracts.
- 107.20 (c) An electric utility's failure to comply with this section does not invalidate, impair,
107.21 or affect any financing order, energy transition property, energy transition charge, or energy
107.22 transition bonds, but does subject the electric utility to penalties under applicable commission
107.23 rules.
- 107.24 Sec. 41. [216B.496] ENERGY TRANSITION PROPERTY.
- 107.25 Subdivision 1. General. (a) Energy transition property is an existing present property
107.26 right or interest in a property right even though the imposition and collection of energy
107.27 transition charges depends on the electric utility's collecting energy transition charges and
107.28 on future electricity consumption. The property right or interest exists regardless of whether
107.29 the revenues or proceeds arising from the energy transition property have been billed, have
107.30 accrued, or have been collected.

108.1 (b) Energy transition property exists until all energy transition bonds issued under a
108.2 financing order are paid in full and all financing costs and other costs of the energy transition
108.3 bonds have been recovered in full.

108.4 (c) All or any portion of energy transition property described in a financing order issued
108.5 to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee
108.6 that is wholly owned, directly or indirectly, by the electric utility and is created for the
108.7 limited purpose of acquiring, owning, or administering energy transition property or issuing
108.8 energy transition bonds as authorized by the financing order. All or any portion of energy
108.9 transition property may be pledged to secure energy transition bonds issued under a financing
108.10 order, amounts payable to financing parties and to counterparties under any ancillary
108.11 agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or
108.12 pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary
108.13 course of business.

108.14 (d) If an electric utility defaults on any required payment of charges arising from energy
108.15 transition property described in a financing order, a court, upon petition by an interested
108.16 party and without limiting any other remedies available to the petitioner, must order the
108.17 sequestration and payment of the revenues arising from the energy transition property to
108.18 the financing parties.

108.19 (e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy
108.20 transition property specified in a financing order issued to an electric utility, and in the
108.21 revenue and collections arising from that property, is not subject to setoff, counterclaim,
108.22 surcharge, or defense by the electric utility or any other person, or in connection with the
108.23 reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

108.24 (f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy,
108.25 or other insolvency proceeding, merger or acquisition, sale, other business combination,
108.26 transfer by operation of law, electric utility restructuring, or otherwise, must perform and
108.27 satisfy all obligations of, and has the same duties and rights under, a financing order as the
108.28 electric utility to which the financing order applies, and must perform the duties and exercise
108.29 the rights in the same manner and to the same extent as the electric utility, including
108.30 collecting and paying to any person entitled to receive revenues, collections, payments, or
108.31 proceeds of energy transition property.

108.32 Subd. 2. Security interests in energy transition property. (a) The creation, perfection,
108.33 and enforcement of any security interest in energy transition property to secure the repayment

109.1 of the principal and interest on energy transition bonds, amounts payable under any ancillary
109.2 agreement, and other financing costs are governed solely by this section.

109.3 (b) A security interest in energy transition property is created, valid, and binding when:

109.4 (1) the financing order that describes the energy transition property is issued;

109.5 (2) a security agreement is executed and delivered; and

109.6 (3) value is received for the energy transition bonds.

109.7 (c) Once a security interest in energy transition property is created, the security interest
109.8 attaches without any physical delivery of collateral or any other act. The lien of the security
109.9 interest is valid, binding, and perfected against all parties having claims of any kind in tort,
109.10 contract, or otherwise against the person granting the security interest, regardless of whether
109.11 the parties have notice of the lien, upon the filing of a financing statement with the secretary
109.12 of state.

109.13 (d) The description or indication of energy transition property in a transfer or security
109.14 agreement and a financing statement is sufficient only if the description or indication refers
109.15 to this section and the financing order creating the energy transition property.

109.16 (e) A security interest in energy transition property is a continuously perfected security
109.17 interest and has priority over any other lien, created by operation of law or otherwise, which
109.18 may subsequently attach to the energy transition property unless the holder of the security
109.19 interest has agreed otherwise in writing.

109.20 (f) The priority of a security interest in energy transition property is not affected by the
109.21 commingling of energy transition property or energy transition revenue with other money.
109.22 An assignee, bondholder, or financing party has a perfected security interest in the amount
109.23 of all energy transition property or energy transition revenue that is pledged to pay energy
109.24 transition bonds, even if the energy transition property or energy transition revenue is
109.25 deposited in a cash or deposit account of the electric utility in which the energy transition
109.26 revenue is commingled with other money. Any other security interest that applies to the
109.27 other money does not apply to the energy transition revenue.

109.28 (g) Neither a subsequent commission order amending a financing order under section
109.29 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a
109.30 financing order under section 216B.492, subdivision 3, affects the validity, perfection, or
109.31 priority of a security interest in or transfer of energy transition property.

109.32 (h) A valid and enforceable security interest in energy transition property is perfected
109.33 only when it has attached and when a financing order has been filed with the secretary of

110.1 state in accordance with procedures the secretary of state may establish. The financing order
110.2 must name the pledgor of the energy transition property as debtor and identify the property.

110.3 Subd. 3. **Sales of energy transition property.** (a) A sale, assignment, or transfer of
110.4 energy transition property is an absolute transfer and true sale of, and not a pledge of or
110.5 secured transaction relating to, the seller's right, title, and interest in, to, and under the energy
110.6 transition property if the documents governing the transaction expressly state that the
110.7 transaction is a sale or other absolute transfer. A transfer of an interest in energy transition
110.8 property may be created when:

110.9 (1) the financing order creating and describing the energy transition property is effective;

110.10 (2) the documents evidencing the transfer of the energy transition property are executed
110.11 and delivered to the assignee; and

110.12 (3) value is received.

110.13 (b) A transfer of an interest in energy transition property must be filed with the secretary
110.14 of state against all third persons and perfected under sections 336.9-301 to 336.9-342,
110.15 including any judicial lien or other lien creditors or any claims of the seller or creditors of
110.16 the seller, other than creditors holding a prior security interest, ownership interest, or
110.17 assignment in the energy transition property previously perfected under this subdivision or
110.18 subdivision 2.

110.19 (c) The characterization of a sale, assignment, or transfer as an absolute transfer and
110.20 true sale, and the corresponding characterization of the property interest of the assignee is
110.21 not affected or impaired by:

110.22 (1) commingling of energy transition revenue with other money;

110.23 (2) the retention by the seller of:

110.24 (i) a partial or residual interest, including an equity interest, in the energy transition
110.25 property, whether direct or indirect, or whether subordinate or otherwise; or

110.26 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed
110.27 on the collection of energy transition revenue;

110.28 (3) any recourse that the purchaser may have against the seller;

110.29 (4) any indemnification rights, obligations, or repurchase rights made or provided by
110.30 the seller;

110.31 (5) an obligation of the seller to collect energy transition revenues on behalf of an
110.32 assignee;

111.1 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other
111.2 purposes;

111.3 (7) any subsequent financing order amending a financing order under section 216B.492,
111.4 subdivision 4, paragraph (d); or

111.5 (8) any application of an adjustment mechanism under section 216B.492, subdivision
111.6 3, paragraph (a), clause (6).

111.7 **Sec. 42. [216B.497] ENERGY TRANSITION BONDS.**

111.8 (a) Banks, trust companies, savings and loan associations, insurance companies, executors,
111.9 administrators, guardians, trustees, and other fiduciaries may legally invest any money
111.10 within the individual's or entity's control in energy transition bonds.

111.11 (b) Energy transition bonds issued under a financing order are not debt of or a pledge
111.12 of the faith and credit or taxing power of the state, any agency of the state, or any political
111.13 subdivision. Holders of energy transition bonds may not have taxes levied by the state or a
111.14 political subdivision in order to pay the principal or interest on energy transition bonds. The
111.15 issuance of energy transition bonds does not directly, indirectly, or contingently obligate
111.16 the state or a political subdivision to levy any tax or make any appropriation to pay principal
111.17 or interest on the energy transition bonds.

111.18 (c) The state pledges to and agrees with holders of energy transition bonds, any assignee,
111.19 and any financing parties that the state must not:

111.20 (1) take or permit any action that impairs the value of energy transition property; or

111.21 (2) reduce, alter, or impair energy transition charges that are imposed, collected, and
111.22 remitted for the benefit of holders of energy transition bonds, any assignee, and any financing
111.23 parties, until any principal, interest, and redemption premium payable on energy transition
111.24 bonds, all financing costs, and all amounts to be paid to an assignee or financing party under
111.25 an ancillary agreement are paid in full.

111.26 (d) A person who issues energy transition bonds may include the pledge specified in
111.27 paragraph (c) in the energy transition bonds, ancillary agreements, and documentation
111.28 related to the issuance and marketing of the energy transition bonds.

112.1 Sec. 43. [216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO
112.2 COMMISSION REGULATION.

112.3 An assignee or financing party that is not already regulated by the commission does not
112.4 become subject to commission regulation solely as a result of engaging in any transaction
112.5 authorized by or described in sections 216B.491 to 216B.499.

112.6 Sec. 44. [216B.499] EFFECT ON OTHER LAWS.

112.7 (a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law
112.8 regarding the attachment, assignment, perfection, effect of perfection, or priority of any
112.9 security interest in or transfer of energy transition property, sections 216B.491 to 216B.499
112.10 govern.

112.11 (b) Nothing in this subdivision precludes an electric utility for which the commission
112.12 has initially issued a financing order from applying to the commission for:

112.13 (1) a subsequent financing order amending the financing order under section 216B.492,
112.14 subdivision 4, paragraph (d); or

112.15 (2) approval to issue energy transition bonds to refund all or a portion of an outstanding
112.16 series of energy transition bonds.

112.17 Sec. 45. [216B.4991] ENERGY WORKER TRANSITION ACCOUNT.

112.18 Subdivision 1. Account established. The energy worker transition account is established
112.19 as a separate account in the special revenue fund in the state treasury. The commissioner
112.20 of employment and economic development must credit to the account appropriations and
112.21 transfers to the account, and payments of proceeds from the sale of bonds realized by an
112.22 electric utility operating under a financing order issued by the commission under section
112.23 216B.492. Earnings, including but not limited to interest, dividends, and any other earnings
112.24 arising from assets of the account, must be credited to the account. Money remaining in the
112.25 account at the end of a fiscal year does not cancel to the general fund but remains in the
112.26 account until expended. The commissioner of employment and economic development must
112.27 manage the account.

112.28 Subd. 2. Expenditures. (a) Money in the account may be used only to provide assistance
112.29 to workers whose employment was terminated by an electric utility that has ceased operation
112.30 and issued bonds under a financing order issued by the Public Utilities Commission under
112.31 section 216B.492. The types of assistance that may be provided from the account are:

- 113.1 (1) transition, support, and training services listed under section 116L.17, subdivision
113.2 4, clauses (1) to (5);
- 113.3 (2) employment and training services, as defined in section 116L.19, subdivision 4;
- 113.4 (3) income maintenance and support services, as defined in section 116L.19, subdivision
113.5 5;
- 113.6 (4) assistance to workers in starting a business, as described in section 116L.17,
113.7 subdivision 11; and
- 113.8 (5) extension of unemployment benefits.
- 113.9 (b) No more than five percent of the money in the account may be used to pay the
113.10 department's costs to administer the account.
- 113.11 (c) The commissioner may make grants to a state or local government unit, nonprofit
113.12 organization, community action agency, business organization or association, or labor
113.13 organization to provide the services allowed under this subdivision. No more than ten percent
113.14 of the money allocated to a grantee may be used to pay administrative costs.

113.15 Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

113.16 Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site
113.17 selection standards and criteria established in this section and in rules adopted by the
113.18 commission. When the commission designates a site, it shall issue a site permit to the
113.19 applicant with any appropriate conditions. The commission shall publish a notice of its
113.20 decision in the State Register within 30 days of issuance of the site permit.

113.21 (b) No route permit shall be issued in violation of the route selection standards and
113.22 criteria established in this section and in rules adopted by the commission. When the
113.23 commission designates a route, it shall issue a permit for the construction of a high-voltage
113.24 transmission line specifying the design, routing, right-of-way preparation, and facility
113.25 construction it deems necessary, and with any other appropriate conditions. The commission
113.26 may order the construction of high-voltage transmission line facilities that are capable of
113.27 expansion in transmission capacity through multiple circuiting or design modifications. The
113.28 commission shall publish a notice of its decision in the State Register within 30 days of
113.29 issuance of the permit.

113.30 (c) The commission shall require as a condition of permit issuance that the recipient of
113.31 a site permit to construct a large electric power generating plant and all of the permit
113.32 recipient's construction contractors and subcontractors on the project pay no less than the

114.1 prevailing wage rate, as defined in section 177.42. The commission shall also require as a
114.2 condition of modifying a site permit for a large electric power generating plant repowering
114.3 project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of
114.4 the site permit and all of the permit recipient's construction contractors and subcontractors
114.5 on the repowering project pay no less than the prevailing wage rate, as defined in section
114.6 177.42.

114.7 (d) The commission may require as a condition of permit issuance that the recipient of
114.8 a site permit to construct a large electric power generating plant and all of the permit
114.9 recipient's construction contractors and subcontractors on the project participate in
114.10 apprenticeship programs that are registered with the Department of Labor and Industry or
114.11 the Office of Apprenticeship of the United States Department of Labor for the relevant work
114.12 on the project. The commission may also require as a condition of modifying a site permit
114.13 for a large electric power generating plant repowering project, as defined in section 216B.243,
114.14 subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit
114.15 recipient's construction contractors and subcontractors on the repowering project participate
114.16 in apprenticeship programs that are registered with the Department of Labor and Industry
114.17 or the Office of Apprenticeship of the United States Department of Labor for the relevant
114.18 work on the project. When deciding whether to require participation in apprenticeship
114.19 programs that are registered with the Department of Labor and Industry or the Office of
114.20 Apprenticeship of the United States Department of Labor under this paragraph, the
114.21 commission shall consider relevant factors, including the direct and indirect economic
114.22 impact as well as the quality, efficiency, and safety of construction on the project.

114.23 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
114.24 initiated at the Public Utilities Commission on or after that date.

114.25 Sec. 47. Minnesota Statutes 2020, section 216F.04, is amended to read:

114.26 **216F.04 SITE PERMIT.**

114.27 (a) No person may construct an LWECs without a site permit issued by the Public
114.28 Utilities Commission.

114.29 (b) Any person seeking to construct an LWECs shall submit an application to the
114.30 commission for a site permit in accordance with this chapter and any rules adopted by the
114.31 commission. The permitted site need not be contiguous land.

115.1 (c) The commission shall make a final decision on an application for a site permit for
115.2 an LWECS within 180 days after acceptance of a complete application by the commission.
115.3 The commission may extend this deadline for cause.

115.4 (d) The commission may place conditions in a permit and may deny, modify, suspend,
115.5 or revoke a permit.

115.6 (e) The commission shall require as a condition of permit issuance that the recipient of
115.7 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and
115.8 all of the permit recipient's construction contractors and subcontractors on the project pay
115.9 no less than the prevailing wage rate, as defined in section 177.42. The commission shall
115.10 also require as a condition of modifying a site permit for an LWECS repowering project as
115.11 defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit
115.12 and all of the permit recipient's construction contractors and subcontractors on the repowering
115.13 project pay no less than the prevailing wage rate, as defined in section 177.42.

115.14 (f) The commission may require as a condition of permit issuance that the recipient of
115.15 a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and
115.16 all of the permit recipient's construction contractors and subcontractors on the project
115.17 participate in apprenticeship programs that are registered with the Department of Labor and
115.18 Industry or the Office of Apprenticeship of the United States Department of Labor for the
115.19 relevant work on the project. The commission may also require as a condition of modifying
115.20 a site permit for an LWECS repowering project as defined in section 216B.243, subdivision
115.21 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's
115.22 construction contractors and subcontractors on the repowering project participate in
115.23 apprenticeship programs that are registered with the Department of Labor and Industry or
115.24 the Office of Apprenticeship of the United States Department of Labor for the relevant work
115.25 on the project. When deciding whether to require participation in apprenticeship programs
115.26 that are registered with the Department of Labor and Industry or the Office of Apprenticeship
115.27 of the United States Department of Labor under this paragraph, the commission shall consider
115.28 relevant factors, including the direct and indirect economic impact as well as the quality,
115.29 efficiency, and safety of construction on the project.

115.30 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
115.31 initiated at the Public Utilities Commission on or after that date.

116.1 Sec. 48. PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF
116.2 NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS
116.3 REDUCTION GOALS.

116.4 By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate
116.5 changes to natural gas utility regulatory and policy structures needed to support the state's
116.6 greenhouse gas emissions reductions goals, including those established in Minnesota Statutes,
116.7 section 216H.02, subdivision 1, and to achieve net zero greenhouse gas emissions by 2050,
116.8 as determined by the Intergovernmental Panel on Climate Change.

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

116.10 Sec. 49. APPROPRIATIONS.

116.11 Subdivision 1. Construction materials; environmental impact study. (a) \$100,000
116.12 in fiscal year 2022 is appropriated from the general fund to the commissioner of
116.13 administration to complete the study required under this section. This is a onetime
116.14 appropriation.

116.15 (b) The commissioner of administration must contract with the Center for Sustainable
116.16 Building Research at the University of Minnesota to examine the feasibility, economic costs,
116.17 and environmental benefits of requiring a bid that proposes to use or construct one or more
116.18 eligible materials in the construction or major renovation of a new state building to include
116.19 a supply-chain specific type III environmental product declaration for each of those materials,
116.20 which information must be taken into consideration in making a contract award. In conducting
116.21 the study, the Center for Sustainable Building Research must examine and evaluate similar
116.22 programs adopted in other states.

116.23 (c) By February 1, 2022, the commissioner of administration must submit the findings
116.24 and recommendations of the study to the chairs and ranking minority members of the senate
116.25 and house of representatives committees with primary jurisdiction over environmental
116.26 policy.

116.27 (d) For purposes of this section, the following terms have the meanings given:

116.28 (1) "eligible materials" means any of the following materials that function as part of a
116.29 structural system or structural assembly:

116.30 (i) concrete, including structural cast in place, shotcrete, and precast;

116.31 (ii) unit masonry;

116.32 (iii) metal of any type; and

117.1 (iv) wood of any type, including but not limited to wood composites and wood-laminated
117.2 products;

117.3 (2) "engineered wood" means a product manufactured by banding or fixing strands,
117.4 particles, fiber, or veneers of boards of wood by means of adhesives, combined with heat
117.5 and pressure, or other methods to form composite material;

117.6 (3) "state building" means a building owned by the state of Minnesota;

117.7 (4) "structural" means a building material or component that supports gravity loads of
117.8 building floors, roofs, or both, and is the primary lateral system resisting wind and earthquake
117.9 loads, including but not limited to shear walls, braced or moment frames, foundations,
117.10 below-grade walls, and floors;

117.11 (5) "supply-chain specific" means an environmental product declaration that includes
117.12 supply-chain specific data for production processes that contribute to 80 percent or more
117.13 of a product's lifecycle global warming potential. For engineered wood products,
117.14 "supply-chain specific" also means an environmental product declaration that reports:

117.15 (i) any chain of custody certification; and

117.16 (ii) the percentage of wood, by volume, used in the product that is sourced:

117.17 (A) by state or province and country;

117.18 (B) by type of owner, whether federal, state, private, or other; and

117.19 (C) with forest management certification; and

117.20 (6) "type III environmental product declaration" means a document verified and registered
117.21 by a third party that contains a life-cycle assessment of the environmental impacts, including
117.22 but not limited to the use of water, land, and energy resources in the manufacturing process,
117.23 of a specific product constructed or manufactured by a specific firm and that meets the
117.24 applicable standards developed and maintained for such assessments by the International
117.25 Organization for Standardization (ISO).

117.26 Subd. 2. **Natural gas innovation plan; implementation.** (a) \$189,000 in fiscal year
117.27 2022 and \$189,000 in fiscal year 2023 are appropriated from the general fund to the
117.28 commissioner of commerce for activities associated with a utility's implementation of a
117.29 natural gas innovation plan under Minnesota Statutes, section 216B.2427.

117.30 (b) \$112,000 in fiscal year 2022 and \$112,000 in fiscal year 2023 are appropriated from
117.31 the general fund to the Public Utilities Commission for the activities associated with a

118.1 utility's implementation of a natural gas innovation plan under Minnesota Statutes, section
118.2 216B.2427.

118.3 Subd. 3. **Energy Transition Office.** Notwithstanding Minnesota Statutes, section
118.4 116C.779, subdivision 1, paragraph (j), \$450,000 in fiscal year 2022 and \$450,000 in fiscal
118.5 year 2023 are appropriated from the renewable development account established in Minnesota
118.6 Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic
118.7 development to operate the Energy Transition Office established under Minnesota Statutes,
118.8 section 116J.5491.

118.9 Subd. 4. **Minnesota Innovation Finance Authority.** Notwithstanding Minnesota
118.10 Statutes, section 116C.779, subdivision 1, paragraph (j), \$10,000,000 in fiscal year 2022 is
118.11 appropriated from the renewable development account established under Minnesota Statutes,
118.12 section 116C.779, subdivision 1, to the commissioner of commerce to transfer to the
118.13 Minnesota Innovation Finance Authority established under Minnesota Statutes, section
118.14 216C.441. This is a onetime appropriation. Of this amount, the Minnesota Innovation Finance
118.15 Authority may obligate up to \$50,000 for start-up expenses, including but not limited to
118.16 expenses incurred prior to incorporation.

118.17 Subd. 5. **Beneficial electrification.** (a) \$30,000 in fiscal year 2022 and \$30,000 in fiscal
118.18 year 2023 are appropriated from the general fund to the commissioner of commerce to
118.19 participate in Public Utilities Commission proceedings regarding utility beneficial
118.20 electrification plans, as described in section 35.

118.21 (b) \$56,000 in fiscal year 2022 and \$28,000 in fiscal year 2023 are appropriated from
118.22 the general fund to the Public Utilities Commission for activities associated with utility
118.23 beneficial electrification plans, as described in section 35.

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

118.25 Sec. 50. **REPEALER.**

118.26 Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.

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

119.1

ARTICLE 3

119.2

CLIMATE CHANGE

119.3

Section 1. **[16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL**

119.4

ANALYSIS.

119.5

Subdivision 1. **Title.** This act may be known and cited as the "Buy Clean and Buy Fair

119.6

Minnesota Act."

119.7

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings

119.8

given.

119.9

(a) "Carbon steel" means steel in which the main alloying element is carbon and whose

119.10

properties are chiefly dependent on the percentage of carbon present.

119.11

(b) "Department" means the Department of Administration.

119.12

(c) "Eligible material category" means:

119.13

(1) carbon steel rebar;

119.14

(2) structural steel;

119.15

(3) photovoltaic devices, as defined in section 216C.06, subdivision 16; or

119.16

(4) an energy storage system, as defined in section 216B.2421, subdivision 1, paragraph

119.17

(f), that is installed as part of an eligible project.

119.18

(d) "Eligible project" means:

119.19

(1) new construction of a state building larger than 50,000 gross square feet of occupied

119.20

or conditioned space; or

119.21

(2) renovation of more than 50,000 gross square feet of occupied or conditioned space

119.22

in a state building whose renovation cost exceeds 50 percent of the building's assessed value.

119.23

(e) "Environmental product declaration" means a supply chain specific type III

119.24

environmental product declaration that:

119.25

(1) contains a lifecycle assessment of the environmental impacts of manufacturing a

119.26

specific product by a specific firm, including the impacts of extracting and producing the

119.27

raw materials and components that compose the product;

119.28

(2) is verified and registered by a third party; and

119.29

(3) meets the applicable standards developed and maintained for such assessments by

119.30

the International Organization for Standardization (ISO).

120.1 (f) "Global warming potential" has the meaning given in section 216H.10, subdivision
120.2 5.

120.3 (g) "Greenhouse gas" has the meaning given to statewide greenhouse gas emissions in
120.4 section 216H.01, subdivision 2.

120.5 (h) "Lifecycle" means an analysis that includes the environmental impacts of all stages
120.6 of a specific product's production, from mining and processing the product's raw materials
120.7 to the process of manufacturing the product.

120.8 (i) "Rebar" means a steel reinforcing bar or rod encased in concrete.

120.9 (j) "State building" means a building whose construction or renovation is funded wholly
120.10 or partially from the proceeds of bonds issued by the state of Minnesota.

120.11 (k) "Structural steel" means steel that is classified by the shapes of its cross-sections,
120.12 such as I, T, and C shapes.

120.13 (l) "Supply chain specific" means an environmental product declaration that includes
120.14 specific data for the production processes of the materials and components composing a
120.15 product that contribute at least 80 percent of the product's lifecycle global warming potential,
120.16 as defined in International Organization for Standardization standard 21930.

120.17 Subd. 3. **Standard; maximum global warming potential.** (a) No later than September
120.18 1, 2022, the commissioner shall establish and publish a maximum acceptable global warming
120.19 potential for each eligible material used in an eligible project, in accordance with the
120.20 following requirements:

120.21 (1) the commissioner shall, after considering nationally or internationally recognized
120.22 databases of environmental product declarations for an eligible material category, establish
120.23 the maximum acceptable global warming potential at the industry average global warming
120.24 potential for that eligible material category; and

120.25 (2) the commissioner may set different maximums for different specific products within
120.26 each eligible material category.

120.27 The global warming potential shall be provided in a manner that is consistent with criteria
120.28 in an environmental product declaration.

120.29 (b) No later than September 1, 2025, and every three years thereafter, the commissioner
120.30 shall review the maximum acceptable global warming potential for each eligible materials
120.31 category and for specific products within an eligible materials category established under
120.32 paragraph (a). The commissioner may adjust those values downward for any eligible material

121.1 category or product to reflect industry improvements if the commissioner, based on the
121.2 process described in paragraph (a), clause (1), determines that the industry average has
121.3 declined. The commissioner must not adjust the maximum acceptable global warming
121.4 potential upward for any eligible material category or product.

121.5 Subd. 4. **Bidding process.** (a) Except as provided in paragraph (c), the department shall
121.6 require in a specification for bids for an eligible project that the global warming potential
121.7 reported by a bidder in the environmental product declaration for any eligible material
121.8 category must not exceed the maximum acceptable global warming potential for that eligible
121.9 material category or product established under subdivision 2. The department may require
121.10 in a specification for bids for an eligible project a global warming potential for any eligible
121.11 material that is lower than the maximum acceptable global warming potential for that
121.12 material established under subdivision 2.

121.13 (b) Except as provided in paragraph (c), a successful bidder for a contract must not use
121.14 or install any eligible material on the project until the commissioner has provided notice to
121.15 the bidder in writing that the commissioner has determined that a supply chain-specific
121.16 environmental product declaration submitted by the bidder for that material meets the
121.17 requirements of this subdivision.

121.18 (c) A bidder may be exempted from the requirements of paragraphs (a) and (b) if the
121.19 commissioner determines that complying with the provisions of paragraph (a) would create
121.20 financial hardship for the bidder. The commissioner shall make a determination of hardship
121.21 if the commissioner finds that:

121.22 (1) the bidder has made a good faith effort to obtain the data required in an environmental
121.23 product declaration; and

121.24 (2) the bidder has provided all the data obtained in pursuit of an environmental product
121.25 declaration to the commissioner; and

121.26 (3) based on a detailed estimate of the costs of obtaining an environmental product
121.27 declaration, and taking into consideration the bidder's annual gross revenues, complying
121.28 with paragraph (a) would cause the bidder financial hardship; or

121.29 (4) complying with paragraph (a) would disrupt the bidder's ability to perform contractual
121.30 obligations.

121.31 Subd. 5. **Pilot program.** (a) No later than July 1, 2022, the department must establish
121.32 a pilot program that seeks to obtain from vendors an estimate of the lifecycle greenhouse
121.33 gas emissions, including greenhouse gas emissions from mining raw materials, of products

122.1 selected by the department from among the products the department procures. The pilot
 122.2 program must encourage but must not require a product vendor to submit the following data
 122.3 for each selected product that represents at least 90 percent of the total cost of the materials
 122.4 or components used in the selected product:

122.5 (1) the quantity of the product purchased by the department;

122.6 (2) a current environmental product declaration for the product;

122.7 (3) the name and location of the product's manufacturer;

122.8 (4) a copy of the product vendor's Supplier Code of Conduct, if any;

122.9 (5) names and locations of the product's actual production facilities; and

122.10 (6) an assessment of employee working conditions at the product's actual production
 122.11 facilities.

122.12 (b) The department must construct a publicly accessible database posted on the
 122.13 department's website containing the data reported under this subdivision. The data must be
 122.14 reported in a manner that precludes, directly, or in combination with other publicly available
 122.15 data, the identification of the product manufacturer.

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

122.17 Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:

122.18 Subdivision 1. **Greenhouse gas emissions-reduction goal.** (a) It is the goal of the state
 122.19 to reduce statewide greenhouse gas emissions across all sectors producing those emissions
 122.20 to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below
 122.21 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050. by at
 122.22 least the following amounts, compared with the level of emissions in 2005:

122.23 (1) 15 percent by 2015;

122.24 (2) 30 percent by 2025;

122.25 (3) 45 percent by 2030; and

122.26 (4) net zero by 2050.

122.27 (b) The levels targets shall be reviewed based on the climate change action plan study,
 122.28 annually by the commissioner of the Pollution Control Agency, taking into account the
 122.29 latest scientific research on the impacts of climate change and strategies to reduce greenhouse
 122.30 gas emissions published by the Intergovernmental Panel on Climate Change. The
 122.31 commissioner shall forward any recommended changes to the targets to the chairs and

123.1 ranking minority members of the senate and house of representatives committees with
123.2 primary jurisdiction over climate change and environmental policy.

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

123.4 Sec. 3. **[239.7912] FUTURE FUELS ACT.**

123.5 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
123.6 the meanings given.

123.7 (b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide
123.8 emissions that have the same global warming potential as one metric ton of another
123.9 greenhouse gas.

123.10 (c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions
123.11 associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide
123.12 equivalent per megajoule of transportation fuel, as calculated by the most recent version of
123.13 Argonne National Laboratory's GREET model and adapted to Minnesota by the department
123.14 through rulemaking or administrative process.

123.15 (d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below
123.16 the clean fuels carbon intensity standard in a given year.

123.17 (e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent,
123.18 and that serves as a quantitative measure of the degree to which a fuel provider's
123.19 transportation fuel volume is lower than the carbon intensity embodied in an applicable
123.20 clean fuels standard.

123.21 (f) "Credit generator" means an entity involved in supplying a clean fuel.

123.22 (g) "Deficit" means a unit of measure (1) equal to one metric ton of carbon dioxide
123.23 equivalent, and (2) that serves as a quantitative measure of the degree to which a fuel
123.24 provider's volume of transportation fuel is greater than the carbon intensity embodied in an
123.25 applicable future fuels standard.

123.26 (h) "Deficit generator" means a fuel provider who generates deficits and who first
123.27 produces or imports a transportation fuel for use in Minnesota.

123.28 (i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from
123.29 all stages of a fuel pathway for a specific transportation fuel.

123.30 (j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's
123.31 production and use, including extraction, processing, transportation, distribution, and
123.32 combustion or use by an end-user.

124.1 (k) "Fuel provider" means an entity that supplies a transportation fuel for use in
124.2 Minnesota.

124.3 (l) "Global warming potential" or "GWP" means a quantitative measure of a greenhouse
124.4 gas emission's potential to contribute to global warming over a 100-year period, expressed
124.5 in terms of the equivalent carbon dioxide emission needed to produce the same 100-year
124.6 warming effect.

124.7 (m) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,
124.8 perfluorocarbons, or sulfur hexafluoride.

124.9 (n) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

124.10 (o) "Relevant petroleum-only portion of transportation fuels" means the component of
124.11 gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

124.12 (p) "Technology provider" means a manufacturer of an end-use consumer technology
124.13 involved in supplying clean fuels.

124.14 (q) "Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended,
124.15 sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited
124.16 to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in
124.17 Minnesota, and (2) meets applicable standards, specifications, and testing requirements
124.18 under this chapter. Transportation fuel includes but is not limited to electricity used as fuel
124.19 in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable
124.20 propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

124.21 Subd. 2. **Clean fuels standard; establishment by rule; goals.** (a) No later than ..., the
124.22 commissioner must begin the process to adopt rules under chapter 14 that implement a clean
124.23 fuels standard and other provisions of this section. The timing requirement to publish a
124.24 notice of intent to adopt rules or notice of hearing under section 14.125 does not apply to
124.25 rules adopted under this subdivision.

124.26 (b) The commissioner must consult with the commissioners of transportation, agriculture,
124.27 and the Pollution Control Agency when developing the rules under this subdivision. The
124.28 commissioner may gather input from stakeholders through various means, including a task
124.29 force, working groups, and public workshops. The commissioner, collaborating with the
124.30 Department of Transportation, may consult with stakeholders, including but not limited to
124.31 fuel providers; consumers; rural, urban, and Tribal communities; agriculture; environmental
124.32 and environmental justice organizations; technology providers; and other businesses.

- 125.1 (c) When developing the rule, the commissioner must endeavor to make available to
125.2 Minnesota a fuel-neutral clean fuels portfolio that:
- 125.3 (1) creates broad rural and urban economic development;
- 125.4 (2) provides benefits for communities, consumers, clean fuel providers, technology
125.5 providers, and feedstock suppliers;
- 125.6 (3) increases energy security from expanded reliance on domestically produced fuels;
- 125.7 (4) supports equitable transportation electrification that benefits all communities and is
125.8 powered primarily with low-carbon and carbon-free electricity;
- 125.9 (5) improves air quality and public health, targeting communities that bear a
125.10 disproportionate health burden from transportation pollution;
- 125.11 (6) supports state solid waste recycling goals by facilitating credit generation from
125.12 renewable natural gas produced from organic waste;
- 125.13 (7) aims to support, through credit generation or other financial means, voluntary
125.14 farmer-led efforts to adopt agricultural practices that benefit soil health and water quality
125.15 while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks;
- 125.16 (8) maximizes benefits to the environment and natural resources, develops safeguards
125.17 and incentives to protect natural lands, and enhances environmental integrity, including
125.18 biodiversity; and
- 125.19 (9) is the result of extensive outreach efforts to stakeholders and communities that bear
125.20 a disproportionate health burden from pollution from transportation or from the production
125.21 and transportation of transportation fuels.
- 125.22 Subd. 3. **Clean fuels standard; establishment.** (a) A clean fuels standard is established
125.23 that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be
125.24 reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In
125.25 consultation with the Pollution Control Agency, Department of Agriculture, and Department
125.26 of Transportation, the commissioner must establish by rule a schedule of annual standards
125.27 that steadily decreases the carbon intensity of transportation fuels.
- 125.28 (b) When determining the schedule of annual standards, the commissioner must consider
125.29 the cost of compliance, the technologies available to a provider to achieve the standard, the
125.30 need to maintain fuel quality and availability, and the policy goals under subdivision 2,
125.31 paragraph (c).

126.1 (c) Nothing in this chapter precludes the department from adopting rules that allow the
126.2 generation of credits associated with electric or alternative transportation fuels or
126.3 infrastructure that existed prior to the effective date of this section or the start date of program
126.4 requirements.

126.5 Subd. 4. **Clean fuels standard; baseline calculation.** The department must calculate
126.6 the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels
126.7 for the 2018 calendar year after reviewing and considering the best available applicable
126.8 scientific data and calculations.

126.9 Subd. 5. **Clean fuels standard; compliance.** A deficit generator may comply with this
126.10 section by:

126.11 (1) producing or importing transportation fuels whose carbon intensity is at or below
126.12 the level of the applicable year's standard; or

126.13 (2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon
126.14 intensity of the deficit generator's transportation fuels exceeding the applicable year's
126.15 standard.

126.16 Subd. 6. **Clean fuel credits.** The commissioner must establish by rule a program for
126.17 tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably
126.18 operate a credit market that may include:

126.19 (1) a market mechanism that allows credits to be traded or banked for future use;

126.20 (2) transaction fees associated with the credit market; and

126.21 (3) procedures to verify the validity of credits and deficits generated by a fuel provider
126.22 under this section.

126.23 Subd. 7. **Fuel pathway and carbon intensity determination.** The commissioner must
126.24 establish a process to determine the carbon intensity of transportation fuels, including but
126.25 not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider.
126.26 Fuel pathways must be calculated using the most recent version of the Argonne National
126.27 Laboratory's GREET model adapted to Minnesota, as determined by the commissioner.
126.28 The fuel pathway determination process must (1) be consistent for all fuel types, (2) be
126.29 science- and engineering-based, and (3) reflect differences in vehicle fuel efficiency and
126.30 drive trains. The commissioner must consult with the Department of Agriculture, Department
126.31 of Transportation, and Pollution Control Agency to determine fuel pathways, and may
126.32 coordinate with third-party entities or other states to review and approve pathways to reduce
126.33 the administrative cost.

127.1 Subd. 8. **Fuel provider reports.** The commissioner must collaborate with the Department
127.2 of Transportation, Department of Agriculture, Pollution Control Agency, and the Public
127.3 Utilities Commission to develop a process, including forms developed by the commissioner,
127.4 for credit and deficit generators to submit required compliance reporting.

127.5 Subd. 9. **Enforcement.** The commissioner of commerce may enforce this section under
127.6 section 45.027.

127.7 Subd. 10. **Report to legislature.** No later than 48 months after the effective date of a
127.8 rule implementing a clean fuels standard, the commissioner must submit a report detailing
127.9 program implementation to the chairs and ranking minority members of the senate and
127.10 house committees with jurisdiction over transportation and climate change. The commissioner
127.11 must make summary information on the program available to the public.

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

127.13 Sec. 4. **INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE**
127.14 **ACTIVITIES; PLAN.**

127.15 By February 15, 2022, the Climate Change Subcabinet established in Executive Order
127.16 19-37 must provide to the chairs and ranking minority members of the senate and house of
127.17 representatives committees with jurisdiction over climate and energy a preliminary report
127.18 on a Climate Transition Plan for incorporating the statewide greenhouse gas emission
127.19 reduction targets under Minnesota Statutes, section 216H.02, subdivision 1, into all aspects
127.20 of state agency activities, including but not limited to planning, awarding grants, purchasing,
127.21 regulating, funding, and permitting. The preliminary report must identify statutory changes
127.22 required for this purpose. The Pollution Control Agency must collaborate with the
127.23 Department of Administration to estimate greenhouse gas emissions from governmental
127.24 activities. The final Climate Transition Plan is due August 1, 2022, and must identify any
127.25 additional resources required to implement the plan's recommendations.

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

127.27 Sec. 5. **SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.**

127.28 (a) The Board of Regents of the University of Minnesota is requested to conduct a study
127.29 that generates climate model projections for the entire state of Minnesota at a level of detail
127.30 as small as three square miles in area. At a minimum, the study must:

127.31 (1) use resources at the Minnesota Supercomputing Institute to analyze high-performing
127.32 climate models under varying greenhouse gas emissions scenarios and develop a series of

128.1 projections of temperature, precipitation, snow cover, and a variety of other climate
128.2 parameters through the year 2100;

128.3 (2) downscale the climate impact results under clause (1) to areas as small as three square
128.4 miles;

128.5 (3) develop a publicly accessible data portal website to:

128.6 (i) allow other universities, nonprofit organizations, businesses, and government agencies
128.7 to use the model projections; and

128.8 (ii) educate and train users to use the data most effectively; and

128.9 (4) incorporate information on how to use the model results in the University of
128.10 Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate
128.11 Adaptation Partnership.

128.12 (b) In conjunction with the study, the university must conduct at least two "train the
128.13 trainer" workshops for state agencies, municipalities, and other stakeholders to educate
128.14 attendees regarding how to use and interpret the model data as a basis for climate adaptation
128.15 and resilience efforts.

128.16 (c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of
128.17 Minnesota must provide a written report to the chairs and ranking minority members of the
128.18 senate and house of representatives committees with primary jurisdiction over agriculture,
128.19 energy, and environment. The report must document the progress made on the study and
128.20 study results and must note any obstacles encountered that could prevent successful
128.21 completion of the study.

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

128.23 **Sec. 6. APPROPRIATIONS.**

128.24 Subdivision 1. **Buy clean, buy fair.** \$176,000 in fiscal year 2022 and \$40,000 in fiscal
128.25 year 2023 are appropriated from the general fund to the commissioner of administration for
128.26 costs to establish (1) maximum global warming potential standards for certain construction
128.27 materials, and (2) the pilot program for vendors under Minnesota Statutes, section 16B.312.
128.28 The base in fiscal year 2024 is \$40,000 and the base in fiscal year 2025 is \$90,000. The
128.29 base in fiscal year 2026 is \$0.

128.30 Subd. 2. **Clean fuels report.** Notwithstanding Minnesota Statutes, section 116C.779,
128.31 subdivision 1, paragraph (j), \$100,000 in fiscal year 2022 is appropriated from the renewable
128.32 development account established in Minnesota Statutes, section 116C.779, subdivision 1,

129.1 to the commissioner of commerce to pay for costs incurred to create the report under
129.2 Minnesota Statutes, section 239.7912, subdivision 10. The money from this appropriation
129.3 does not cancel but remains available until expended. This is a onetime appropriation.

129.4 Subd. 3. **Small-area climate-model projections.** Notwithstanding Minnesota Statutes,
129.5 section 116C.779, subdivision 1, paragraph (j), \$583,000 in fiscal year 2022 is appropriated
129.6 from the renewable development account established under Minnesota Statutes, section
129.7 116C.779, subdivision 1, to the commissioner of commerce for a grant to the Board of
129.8 Regents of the University of Minnesota to conduct the study requested under section 5 that
129.9 generates climate model projections for the entire state of Minnesota, at a level of detail as
129.10 small as three square miles in area. This is a onetime appropriation.

129.11 Subd. 4. **Climate Transition Plan.** (a) Notwithstanding Minnesota Statutes, section
129.12 116C.779, subdivision 1, paragraph (j):

129.13 (1) \$500,000 in fiscal year 2022 is appropriated from the renewable development account
129.14 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
129.15 the Pollution Control Agency to contract with an independent consultant to produce a plan,
129.16 as directed by the Climate Change Subcabinet, to incorporate the state's greenhouse gas
129.17 emissions reduction targets into all activities of state agencies;

129.18 (2) \$118,000 in fiscal year 2022 is appropriated from the renewable development account
129.19 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
129.20 administration to develop greenhouse gas emissions reduction targets that apply to all state
129.21 agency activities; and

129.22 (3) \$128,000 in fiscal year 2022 is appropriated from the renewable development account
129.23 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
129.24 the Pollution Control Agency for costs associated with managing the contract under clause
129.25 (1), and to assist the Department of Administration to develop greenhouse gas emissions
129.26 reduction targets that apply to all state agency activities.

129.27 (b) All the appropriations in this subdivision are onetime appropriations.

ARTICLE 4

ELECTRIC VEHICLES

129.30 Section 1. Minnesota Statutes 2020, section 16C.135, subdivision 3, is amended to read:

129.31 Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when
129.32 purchasing a motor vehicle for the central motor pool or for use by an agency, the

130.1 commissioner or the agency shall purchase ~~a motor vehicle that is capable of being powered~~
 130.2 ~~by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity~~
 130.3 ~~and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of~~
 130.4 ~~other vehicles and if the vehicle is capable~~ the motor vehicle in conformity with the following
 130.5 hierarchy of preferences:

130.6 (1) an electric vehicle;

130.7 (2) a hybrid electric vehicle;

130.8 (3) a vehicle capable of being powered by cleaner fuels; and

130.9 (4) a vehicle powered by gasoline or diesel fuel.

130.10 (b) The commissioner may only reject a vehicle type that is higher on the hierarchy of
 130.11 preferences if:

130.12 (1) the vehicle type is incapable of carrying out the purpose for which it is purchased;
 130.13 or

130.14 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten
 130.15 percent higher than the next lower preference vehicle type.

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

130.17 Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

130.18 Subdivision 1. **Goals and actions.** Each state department must, whenever legally,
 130.19 technically, and economically feasible, subject to the specific needs of the department and
 130.20 responsible management of agency finances:

130.21 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law
 130.22 enforcement vehicles, are purchased in conformity with the hierarchy of preferences
 130.23 established in section 16C.135, subdivision 3;

130.24 ~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

130.25 ~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles~~
 130.26 ~~per gallon for highway usage, including but not limited to hybrid electric cars and~~
 130.27 ~~hydrogen-powered vehicles; or~~

130.28 ~~(iii) are powered solely by electricity;~~

130.29 (2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and
 130.30 hydrogen from agricultural products; and

131.1 (3) increase its use of web-based Internet applications and other electronic information
131.2 technologies to enhance the access to and delivery of government information and services
131.3 to the public, and reduce the reliance on the department's fleet for the delivery of such
131.4 information and services.

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

131.6 Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to
131.7 read:

131.8 Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed
131.9 under this chapter that operates under an agreement or franchise from a manufacturer and
131.10 sells electric vehicles must maintain at least one employee who is certified as having
131.11 completed a training course offered by a Minnesota motor vehicle dealership association
131.12 that addresses at least the following elements:

131.13 (1) fundamentals of electric vehicles;

131.14 (2) electric vehicle charging options and costs;

131.15 (3) publicly available electric vehicle incentives;

131.16 (4) projected maintenance and fueling costs for electric vehicles;

131.17 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
131.18 vehicles;

131.19 (6) the impacts of Minnesota's cold climate on electric vehicle operation; and

131.20 (7) best practices to sell electric vehicles.

131.21 (b) This subdivision does not apply to a licensed dealer selling new electric vehicles of
131.22 a manufacturer's own brand, but who is not operating under a franchise agreement with the
131.23 manufacturer.

131.24 (c) For the purposes of this section, "electric vehicle" has the meaning given in section
131.25 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

131.26 **EFFECTIVE DATE.** This section is effective January 1, 2022.

131.27 Sec. 4. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

131.28 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
131.29 the meanings given.

132.1 (b) "Battery exchange station" means a physical location deploying equipment that
132.2 enables a used electric vehicle battery to be removed and exchanged for a fresh electric
132.3 vehicle battery.

132.4 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

132.5 (d) "Electric vehicle charging station" means a physical location deploying equipment
132.6 that:

132.7 (1) transfers electricity to an electric vehicle battery; or

132.8 (2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel
132.9 cell to convert the hydrogen to electricity.

132.10 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery
132.11 exchange stations, and any associated machinery, equipment, and infrastructure necessary
132.12 to support the operation of electric vehicles and to make electricity from a public utility's
132.13 electric distribution system available to electric vehicle charging stations or battery exchange
132.14 stations.

132.15 (f) "Electrolysis" means the process of using electricity to split water into hydrogen and
132.16 oxygen.

132.17 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
132.18 electricity through electrochemical reactions.

132.19 (h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

132.20 **Subd. 2. Transportation electrification plan; contents.** (a) By June 1, 2022, and by
132.21 June 1 every three years thereafter, a public utility serving retail electric customers in a city
132.22 of the first class, as defined in section 410.01, must file a transportation electrification plan
132.23 with the commission that is designed to maximize the overall benefits of electrified
132.24 transportation while minimizing overall costs and to promote:

132.25 (1) the purchase of electric vehicles by the public utility's customers; and

132.26 (2) the deployment of electric vehicle infrastructure in the public utility's service territory.

132.27 (b) A transportation electrification plan may include but is not limited to the following
132.28 elements:

132.29 (1) programs to educate and increase the awareness and benefits of electric vehicles and
132.30 electric vehicle charging equipment to potential users and deployers, including individuals,
132.31 electric vehicle dealers, single-family and multifamily housing developers and property
132.32 management companies, and vehicle fleet managers;

133.1 (2) utility investments and incentives to facilitate the deployment of electric vehicles,
133.2 customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure,
133.3 and other electric utility infrastructure;

133.4 (3) research and demonstration projects to publicize and measure the value electric
133.5 vehicles provide to the electric grid;

133.6 (4) rate structures or programs, including time-varying rates and charging optimization
133.7 programs, that encourage electric vehicle charging that optimizes electric grid operation;
133.8 and

133.9 (5) programs to increase access to the benefits of electricity as a transportation fuel by
133.10 low-income customers and communities, including the installation of electric vehicle
133.11 infrastructure in neighborhoods with a high proportion of low- or moderate-income
133.12 households, the deployment of electric vehicle infrastructure in community-based locations
133.13 or multifamily residences, car share programs, and electrification of public transit vehicles.

133.14 (c) A public utility must give priority under this section to making investments in
133.15 communities whose governing body has enacted a resolution or goal supporting electric
133.16 vehicle adoption.

133.17 (d) A public utility must work with local communities to identify suitable high-density
133.18 locations, consistent with a community's local development plans, where electric vehicle
133.19 infrastructure may be strategically deployed.

133.20 **Subd. 3. Transportation electrification plan; review and implementation.** The
133.21 commission must review a transportation electrification plan filed under this section within
133.22 180 days of receiving the plan. The commission may approve, modify, or reject a
133.23 transportation electrification plan. When reviewing a public utility's transportation
133.24 electrification plan, the commission must consider whether the programs and expenditures:

133.25 (1) improve electric grid operation and the integration of renewable energy sources;

133.26 (2) increase access to the benefits of electricity as a transportation fuel in low-income
133.27 and rural communities;

133.28 (3) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and
133.29 emissions of other air pollutants that impair the environment and public health;

133.30 (4) stimulate private capital investment and the creation of skilled jobs as a consequence
133.31 of widespread electric vehicle deployment;

133.32 (5) educate potential customers about the benefits of electric vehicles;

134.1 (6) support increased consumer choice with respect to electrical vehicle charging options
134.2 and related infrastructure; and

134.3 (7) are transparent and incorporate sufficient and frequent public reporting of program
134.4 activities to facilitate changes in program design and commission policy with respect to
134.5 electric vehicles.

134.6 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the
134.7 commission may approve, with respect to any prudent and reasonable investment made by
134.8 a public utility to administer and implement a transportation electrification plan approved
134.9 under subdivision 3:

134.10 (1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

134.11 (2) performance-based incentives; or

134.12 (3) placing the investment, including rebates, in the public utility's rate base and allowing
134.13 the public utility to earn a rate of return on the investment at (i) the public utility's average
134.14 weighted cost of capital, including the rate of return on equity, approved by the commission
134.15 in the public utility's most recent general rate case, or (ii) another rate determined by the
134.16 commission.

134.17 (b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the
134.18 commission must approve recovery costs for expenses reasonably incurred by a public
134.19 utility to provide public advertisement as part of a transportation electrification plan approved
134.20 by the commission under subdivision 3.

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

134.22 Sec. 5. **[216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

134.23 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
134.24 the meanings given them.

134.25 (b) "Battery exchange station" means a physical location where equipment is deployed
134.26 that enables a used electric vehicle battery to be exchanged for a fully charged battery.

134.27 (c) "Electric school bus" means an electric vehicle that is a school bus.

134.28 (d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

134.29 (e) "Electric vehicle charging station" means a physical location deploying equipment
134.30 that delivers electricity to a battery in an electric vehicle.

135.1 (f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery
135.2 exchange stations, and any other infrastructure necessary to make electricity from a public
135.3 utility's electric distribution system available to electric vehicle charging stations or battery
135.4 exchange stations.

135.5 (g) "Poor air quality" means:

135.6 (1) ambient air levels that air monitoring data reveals approach or exceed state or federal
135.7 air quality standards or chronic health inhalation risk benchmarks for any of the following
135.8 pollutants:

135.9 (i) total suspended particulates;

135.10 (ii) particulate matter less than ten microns wide (PM-10);

135.11 (iii) particulate matter less than 2.5 microns wide (PM-2.5);

135.12 (iv) sulfur dioxide; or

135.13 (v) nitrogen dioxide; or

135.14 (2) levels of asthma among children that significantly exceed the statewide average.

135.15 (h) "School bus" has the meaning given in section 169.011, subdivision 71.

135.16 Subd. 2. **Program.** (a) A public utility may file with the commission a program to
135.17 promote deployment of electric school buses.

135.18 (b) The program may include but is not limited to the following elements:

135.19 (1) a school district may purchase one or more electric school buses;

135.20 (2) the public utility may provide a rebate to the school district for the incremental cost
135.21 the school district incurs to purchase one or more electric school buses compared with
135.22 fossil-fuel-powered school buses;

135.23 (3) at the request of a school district, the public utility may deploy on the school district's
135.24 real property electric vehicle infrastructure required for charging electric school buses;

135.25 (4) for any electric school bus purchased by a school district with a rebate provided by
135.26 the public utility, the school district must enter into a contract with the public utility under
135.27 which the school district:

135.28 (i) accepts any and all liability for operation of the electric school bus;

135.29 (ii) accepts responsibility to maintain and repair the electric school bus; and

136.1 (iii) must allow the public utility the option to own the electric school bus's battery at
136.2 the time the battery is retired from the electric school bus; and

136.3 (5) in collaboration with a school district, prioritize the deployment of electric school
136.4 buses in areas of the school district that suffer from poor air quality.

136.5 Subd. 3. **Program review and implementation.** The commission must approve, modify,
136.6 or reject a proposal for a program filed under this section within 180 days of the date the
136.7 proposal is received, based on the proposal's likelihood to, through prudent and reasonable
136.8 utility investments:

136.9 (1) accelerate deployment of electric school buses in the public utility's service territory,
136.10 particularly in areas with poor air quality; and

136.11 (2) reduce emissions of greenhouse gases and particulates compared to those produced
136.12 by fossil-fuel-powered school buses.

136.13 Subd. 4. **Cost recovery.** (a) The commission may allow any prudent and reasonable
136.14 investment made by a public utility on electric vehicle infrastructure installed on a school
136.15 district's real property, or a rebate provided under subdivision 2, to be placed in the public
136.16 utility's rate base and earn a rate of return as determined by the commission.

136.17 (b) Notwithstanding any other provision of this chapter, the commission may approve
136.18 a tariff mechanism for the automatic annual adjustment of charges for prudent and reasonable
136.19 investments made by a public utility to implement and administer a program approved by
136.20 the commission under subdivision 3.

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

136.22 Sec. 6. **[216C.401] ELECTRIC VEHICLE REBATES.**

136.23 Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the
136.24 terms in this subdivision have the meanings given.

136.25 (b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle
136.26 license under chapter 168 and:

136.27 (1) regularly engages in the business of manufacturing or selling, purchasing, and
136.28 generally dealing in new and unused motor vehicles;

136.29 (2) has an established place of business to sell, trade, and display new and unused motor
136.30 vehicles; and

136.31 (3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

137.1 (c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011,
137.2 subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision
137.3 26a, paragraph (a). Electric vehicle does not include a plug-in hybrid electric vehicle, as
137.4 defined in section 169.011, subdivision 54a.

137.5 (d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements
137.6 of subdivision 2, paragraph (a).

137.7 (e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements
137.8 of subdivision 2, paragraph (c).

137.9 (f) "Lease" means a business transaction under which a dealer furnishes an eligible
137.10 electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences
137.11 of ownership transferred, other than the right to use the vehicle for a term of at least 24
137.12 months.

137.13 (g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

137.14 (h) "New eligible electric vehicle" means an eligible electric vehicle that has not been
137.15 registered in any state.

137.16 Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this
137.17 section if the vehicle meets all of the following conditions, and, if applicable, one of the
137.18 conditions of paragraph (b):

137.19 (1) has not been previously owned or has been returned to a dealer before the purchaser
137.20 or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

137.21 (2) has not been modified from the original manufacturer's specifications;

137.22 (3) has a base manufacturer's suggested retail price that does not exceed \$50,000;

137.23 (4) is purchased or leased after the effective date of this act for use by the purchaser and
137.24 not for resale; and

137.25 (5) is purchased or leased from a dealer or directly from an original equipment
137.26 manufacturer that does not have licensed franchised dealers in Minnesota.

137.27 (b) A new electric vehicle is eligible for a rebate under this section if, in addition to
137.28 meeting all of the conditions of paragraph (a), it also meets one or more of the following
137.29 conditions, if applicable:

137.30 (1) is used by a dealer as a floor model or test drive vehicle and has not been previously
137.31 registered in Minnesota or any other state; or

138.1 (2) is returned to a dealer by a purchaser or lessee within two weeks of purchase or
138.2 leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

138.3 (c) A used electric vehicle is eligible for an electric vehicle rebate under this section if
138.4 the electric vehicle has previously been owned in this state or another state and has not been
138.5 modified from the original manufacturer's specifications.

138.6 Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible
138.7 new or used electric vehicle is eligible for a rebate under this section if the purchaser or
138.8 lessee:

138.9 (1) is one of the following:

138.10 (i) a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),
138.11 when the electric vehicle is purchased or leased;

138.12 (ii) a business that has a valid address in Minnesota from which business is conducted;

138.13 (iii) a nonprofit corporation incorporated under chapter 317A; or

138.14 (iv) a political subdivision of the state;

138.15 (2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
138.16 from Minnesota; and

138.17 (3) registers the electric vehicle in Minnesota.

138.18 Subd. 4. **Rebate amounts.** (a) A \$2,000 rebate may be issued under this section to an
138.19 eligible purchaser to purchase or lease an eligible new electric vehicle.

138.20 (b) A \$500 rebate may be issued under this section to an eligible purchaser or lessee of
138.21 an eligible used electric vehicle.

138.22 (c) A purchaser or lessee whose household income at the time the eligible electric vehicle
138.23 is purchased or leased is less than 150 percent of the current federal poverty guidelines
138.24 established by the Department of Health and Human Services is eligible for a rebate in
138.25 addition to a rebate under paragraph (a) or (b), as applicable, of \$500 to purchase or lease
138.26 an eligible new electric vehicle and \$100 to purchase or lease an eligible used electric
138.27 vehicle.

138.28 Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

138.29 (1) no more than one rebate per resident per household; and

138.30 (2) no more than one rebate per business entity per year.

139.1 Subd. 6. **Program administration.** (a) Rebate applications under this section must be
139.2 filed with the commissioner on a form developed by the commissioner.

139.3 (b) The commissioner must develop administrative procedures governing the application
139.4 and rebate award process. Applications must be reviewed and rebates awarded by the
139.5 commissioner on a first-come, first-served basis.

139.6 (c) The commissioner must, in coordination with dealers and other state agencies as
139.7 applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or
139.8 lessee at the point of sale so that the rebate amount may be subtracted from the selling price
139.9 of the eligible electric vehicle.

139.10 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or
139.11 restrict program eligibility based on fund availability or other factors.

139.12 Subd. 7. **Expiration.** This section expires June 30, 2025.

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

139.14 Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION**
139.15 **OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

139.16 Subdivision 1. **Establishment.** A grant program is established in the Department of
139.17 Commerce to award grants to dealers to offset the costs of obtaining the necessary training
139.18 and equipment that is required by electric vehicle manufacturers in order to certify a dealer
139.19 to sell electric vehicles produced by the manufacturer.

139.20 Subd. 2. **Application.** An application for a grant under this section must be made to the
139.21 commissioner on a form developed by the commissioner. The commissioner must develop
139.22 administrative procedures and processes to review applications and award grants under this
139.23 section.

139.24 Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must
139.25 be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise
139.26 from a manufacturer of electric vehicles.

139.27 Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this
139.28 section must be used only to reimburse:

139.29 (1) a dealer for the reasonable costs to obtain training and certification for the dealer's
139.30 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

140.1 (2) a dealer for the reasonable costs to purchase and install equipment to service and
140.2 repair electric vehicles, as required by the electric vehicle manufacturer that awarded the
140.3 franchise to the dealer; and

140.4 (3) the department for the reasonable costs to administer this section.

140.5 Subd. 5. **Limitation.** A grant awarded under this section to a single dealer must not
140.6 exceed \$40,000.

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

140.8 Sec. 8. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN**
140.9 **STATE AND REGIONAL PARKS.**

140.10 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
140.11 the meanings given.

140.12 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers
140.13 direct current electricity directly to an electric vehicle's battery.

140.14 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
140.15 subdivision 26a.

140.16 (d) "Electric vehicle charging station" means infrastructure that connects an electric
140.17 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

140.18 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers
140.19 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts
140.20 alternating current to direct current to recharge an electric vehicle battery.

140.21 Subd. 2. **Program.** The commissioner of natural resources, in consultation with the
140.22 commissioners of the Pollution Control Agency, administration, and commerce, must
140.23 develop and fund the installation of a network of electric vehicle charging stations in
140.24 Minnesota state parks located within the retail electric service area of a public utility subject
140.25 to Minnesota Statutes, section 116C.779, subdivision 1. The commissioners must issue a
140.26 request for proposals to entities that have experience installing, owning, operating, and
140.27 maintaining electric vehicle charging stations. The request for proposal must establish
140.28 technical specifications that electric vehicle charging stations are required to meet and must
140.29 request responders to address:

140.30 (1) the optimal number and location of charging stations installed in a given state park;

141.1 (2) alternative arrangements that may be made to allocate responsibility for electric
141.2 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
141.3 procedures; and

141.4 (3) any other issues deemed relevant by the commissioners.

141.5 Subd. 3. **Deployment; regional parks.** The commissioner of natural resources may
141.6 allocate a portion of the appropriation under this section to install electric vehicle charging
141.7 stations in regional parks located within the retail electric service area of a public utility
141.8 that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

141.10 Sec. 9. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT**
141.11 **COUNTY GOVERNMENT CENTERS.**

141.12 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
141.13 the meanings given.

141.14 (b) "DC Fast charger" means electric vehicle charging station equipment that transfers
141.15 direct current electricity directly to an electric vehicle's battery.

141.16 (c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011,
141.17 subdivision 26a.

141.18 (d) "Electric vehicle charging station" means infrastructure that connects an electric
141.19 vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

141.20 (e) "Level 2 charger" means electric vehicle charging station equipment that transfers
141.21 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts
141.22 alternating current to direct current to recharge an electric vehicle battery.

141.23 Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation
141.24 of a network of electric vehicle charging stations in public parking facilities at county
141.25 government centers located in Minnesota. The commissioner must issue a request for
141.26 proposals to entities that have experience installing, owning, operating, and maintaining
141.27 electric vehicle charging stations. The request for proposal must establish technical
141.28 specifications that electric vehicle charging stations are required to meet and must request
141.29 responders to address:

141.30 (1) the optimal number and location of charging stations installed at each county
141.31 government center;

142.1 (2) alternative arrangements that may be made to allocate responsibility for electric
142.2 vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
142.3 procedures;

142.4 (3) software used to allow payment for electricity consumed at the charging stations;
142.5 and

142.6 (4) any other issues deemed relevant by the commissioner.

142.7 Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership
142.8 of electric vehicle charging stations receiving funding under this section and installed at the
142.9 county government center.

142.10 (b) A county may enter into agreements to (1) wholly or partially own, operate, or
142.11 maintain an electric vehicle charging system receiving funding under this section and
142.12 installed at the county government center, or (2) receive reports on the electric vehicle
142.13 charging system operations.

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

142.15 **Sec. 10. METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

142.16 Beginning on the effective date of this act, any bus purchased by the Metropolitan
142.17 Council for Metro Transit bus service must operate solely on electricity provided by
142.18 rechargeable on-board batteries. The appropriation in section 11, subdivision 8, must be
142.19 used to pay the incremental cost of buses that operate solely on electricity provided by
142.20 rechargeable on-board batteries over the cost of diesel-operated buses that are otherwise
142.21 comparable in size, features, and performance.

142.22 **EFFECTIVE DATE.** This section is effective the day following final enactment and
142.23 expires the day after the appropriation under section 11, subdivision 8, has been spent or is
142.24 canceled.

142.25 **Sec. 11. APPROPRIATIONS.**

142.26 Subdivision 1. **Electric vehicle rebates; Xcel service area.** Notwithstanding Minnesota
142.27 Statutes, section 116C.779, subdivision 1, paragraph (j), \$9,000,000 in fiscal year 2022 and
142.28 \$8,000,000 in fiscal year 2023 are appropriated from the renewable development account
142.29 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
142.30 to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes,
142.31 section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers

143.1 located within the retail electric service area of the public utility that is subject to Minnesota
143.2 Statutes, section 116C.779. These are onetime appropriations.

143.3 Subd. 2. **Electric vehicle rebates; non-Xcel service area.** \$2,500,000 in fiscal year
143.4 2022 is appropriated from the general fund to the commissioner of commerce to award
143.5 rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section
143.6 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers located
143.7 outside the retail electric service area of the public utility that is subject to Minnesota Statutes,
143.8 section 116C.779. This is a onetime appropriation.

143.9 Subd. 3. **Auto dealer grants; Xcel service area.** Notwithstanding Minnesota Statutes,
143.10 section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated
143.11 from the renewable development account under Minnesota Statutes, section 116C.779,
143.12 subdivision 1, to the commissioner of commerce to award grants under Minnesota Statutes,
143.13 section 216C.402, to automobile dealers seeking certification from an electric vehicle
143.14 manufacturer to sell electric vehicles. Rebates must be awarded under this paragraph only
143.15 to eligible dealers located within the retail electric service area of the public utility that is
143.16 subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation.

143.17 Subd. 4. **Auto dealer grants; non-Xcel service area.** \$500,000 in fiscal year 2022 is
143.18 appropriated from the general fund to the commissioner of commerce to award grants under
143.19 Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell
143.20 electric vehicles. Rebates must be awarded under this paragraph only to eligible dealers
143.21 located outside the retail electric service area of the public utility that is subject to Minnesota
143.22 Statutes, section 116C.779. This is a onetime appropriation.

143.23 Subd. 5. **Electric school buses.** (a) Notwithstanding Minnesota Statutes, section
143.24 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated from
143.25 the renewable development account established under Minnesota Statutes, section 116C.779,
143.26 subdivision 1, to the commissioner of commerce to purchase electric school buses under
143.27 Minnesota Statutes, section 216B.1616. This is a onetime appropriation.

143.28 (b) \$30,000 in fiscal year 2022 and \$30,000 in fiscal year 2023 are appropriated from
143.29 the general fund to the commissioner of commerce for activities associated with the electric
143.30 school bus deployment program under Minnesota Statutes, section 216B.161. These are
143.31 onetime appropriations.

143.32 (c) \$28,000 in fiscal year 2022 and \$28,000 in fiscal year 2023 are appropriated from
143.33 the general fund to the Public Utilities Commission for activities associated with the electric

144.1 school bus deployment program under Minnesota Statutes, section 216B.161. These are
144.2 onetime appropriations.

144.3 Subd. 6. **Charging stations; parks.** Notwithstanding Minnesota Statutes, section
144.4 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 and \$59,000 in fiscal
144.5 year 2023 are appropriated from the renewable development account established in Minnesota
144.6 Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to
144.7 the commissioner of natural resources to install electric vehicle charging stations in state
144.8 and regional parks located in a county some portion of which is within the retail electric
144.9 service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision
144.10 1, as described in section 8.

144.11 Subd. 7. **Charging stations; counties.** Notwithstanding Minnesota Statutes, section
144.12 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated from
144.13 the renewable development account established in Minnesota Statutes, section 116C.779,
144.14 subdivision 1, to the commissioner of commerce to install electric vehicle charging stations
144.15 in parking facilities at county government centers located in a county some portion of which
144.16 is within the retail electric service area of the public utility subject to Minnesota Statutes,
144.17 section 116C.779, subdivision 1, as described in section 9. This is a onetime appropriation.

144.18 Subd. 8. **Electric buses; Metropolitan Council.** Notwithstanding Minnesota Statutes,
144.19 section 116C.779, subdivision 1, paragraph (j), \$5,000,000 in fiscal year 2022 is appropriated
144.20 from the renewable development account under Minnesota Statutes, section 116C.779,
144.21 subdivision 1, to the commissioner of commerce for transfer to the Metropolitan Council
144.22 to defray the cost of purchasing electric buses, as described in section 10. This appropriation
144.23 does not cancel and is available until there is insufficient money remaining to completely
144.24 defray the cost of purchasing one additional electric bus, as described in section 10. Any
144.25 remaining money cancels back to the renewable development account under Minnesota
144.26 Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.

144.27

ARTICLE 5

144.28

SOLAR ENERGY

144.29 Section 1. Minnesota Statutes 2020, section 216B.164, is amended by adding a subdivision
144.30 to read:

144.31 Subd. 12. **Customer's access to electricity usage data.** A utility shall provide a
144.32 customer's electricity usage data to the customer within ten days of receipt of a request from
144.33 the customer that is accompanied by evidence that the energy usage data is relevant to the

145.1 interconnection of a qualifying facility on behalf of the customer. For the purposes of this
145.2 subdivision, "electricity usage data" includes but is not limited to the total amount of
145.3 electricity used by a customer monthly, usage by time period if the customer operates under
145.4 a tariff where costs vary by time-of-use, and usage data that is used to calculate a customer's
145.5 demand charge.

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

145.7 Sec. 2. Minnesota Statutes 2020, section 216B.1641, is amended to read:

145.8 **216B.1641 COMMUNITY SOLAR GARDEN.**

145.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
145.10 the meanings given.

145.11 (b) "Subscribed energy" means electricity generated by the community solar garden that
145.12 is attributable to a subscriber's subscription.

145.13 (c) "Subscriber" means a retail customer who owns one or more subscriptions of a
145.14 community solar garden interconnected with the retail customer's utility.

145.15 (d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

145.16 Subd. 2. **Solar garden; project requirements.** (a) The public utility subject to section
145.17 116C.779 shall file by September 30, 2013, a plan with the commission to operate a
145.18 community solar garden program which shall begin operations within 90 days after
145.19 commission approval of the plan. Other public utilities may file an application at their
145.20 election. The community solar garden program must be designed to offset the energy use
145.21 of not less than five subscribers in each community solar garden facility of which no single
145.22 subscriber has more than a 40 percent interest. The owner of the community solar garden
145.23 may be a public utility or any other entity or organization that contracts to sell the output
145.24 from the community solar garden to the utility under section 216B.164. There shall be no
145.25 limitation on the number or cumulative generating capacity of community solar garden
145.26 facilities other than the limitations imposed under section 216B.164, subdivision 4c, or
145.27 other limitations provided in law or regulations.

145.28 (b) A solar garden is a facility that generates electricity by means of a ground-mounted
145.29 or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
145.30 electricity generated in proportion to the size of their subscription. The solar garden must
145.31 have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription
145.32 shall be sized to represent at least 200 watts of the community solar garden's generating
145.33 capacity and to supply, when combined with other distributed generation resources serving

146.1 the premises, no more than 120 percent of the average annual consumption of electricity
146.2 by each subscriber at the premises to which the subscription is attributed.

146.3 (c) The solar generation facility must be located in the service territory of the public
146.4 utility filing the plan. Subscribers must be retail customers of the public utility and, unless
146.5 the facility has a minimum setback of 100 feet from the nearest residential property, must
146.6 be located in the same county or a county contiguous to where the facility is located.

146.7 (d) The public utility must purchase from the community solar garden all energy generated
146.8 by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the
146.9 most recent three-year average of the rate calculated under section 216B.164, subdivision
146.10 10, or, until that rate for the public utility has been approved by the commission, the
146.11 applicable retail rate. A solar garden is eligible for any incentive programs offered under
146.12 section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on
146.13 the subscriber's bill.

146.14 **Subd. 3. Solar garden plan; requirements; nonutility status.** ~~(e)~~ (a) The commission
146.15 may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan
146.16 approved by the commission must:

146.17 (1) reasonably allow for the creation, financing, and accessibility of community solar
146.18 gardens;

146.19 (2) establish uniform standards, fees, and processes for the interconnection of community
146.20 solar garden facilities that allow the utility to recover reasonable interconnection costs for
146.21 each community solar garden;

146.22 (3) not apply different requirements to utility and nonutility community solar garden
146.23 facilities;

146.24 (4) be consistent with the public interest;

146.25 (5) identify the information that must be provided to potential subscribers to ensure fair
146.26 disclosure of future costs and benefits of subscriptions;

146.27 (6) include a program implementation schedule;

146.28 (7) identify all proposed rules, fees, and charges; ~~and~~

146.29 (8) identify the means by which the program will be promoted;

146.30 (9) require that residential subscribers have a right to cancel a community solar garden
146.31 subscription within three business days, as provided under section 325G.07;

147.1 (10) require that the following information is provided by the solar garden owner in
 147.2 writing to any prospective subscriber asked to make a prepayment to the solar garden owner
 147.3 prior to the delivery of subscribed energy by the solar garden:

147.4 (i) an estimate of the annual generation of subscribed energy, based on the methodology
 147.5 approved by the commission; and

147.6 (ii) an estimate of the length of time required to fully recover a subscriber's prepayments
 147.7 made to the owner of the solar garden prior to the delivery of subscribed energy, calculated
 147.8 using the formula developed by the commission under paragraph (d); and

147.9 (11) require new residential subscription agreements that require a prepayment to allow
 147.10 the subscriber to transfer the subscription to other new or current subscribers, or to cancel
 147.11 the subscription, on commercially reasonable terms; and

147.12 (12) require an owner of a solar garden to submit a report that meets the requirements
 147.13 of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

147.14 ~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a
 147.15 community solar garden facility shall be considered a utility solely as a result of their
 147.16 participation in the community solar garden facility.

147.17 ~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility
 147.18 shall begin crediting subscriber accounts for each community solar garden facility in its
 147.19 service territory, and shall file with the commissioner of commerce a description of its
 147.20 crediting system.

147.21 ~~(h) For the purposes of this section, the following terms have the meanings given:~~

147.22 ~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions~~
 147.23 ~~of a community solar garden facility interconnected with that utility; and~~

147.24 ~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

147.25 **Subd. 4. Community access project; eligibility.** (a) An owner of a community solar
 147.26 garden may apply to the utility to be designated as a community access project at any time:

147.27 (1) before the owner makes an initial payment under an interconnection agreement
 147.28 entered into with a public utility; or

147.29 (2) if the owner made an initial payment under an interconnection agreement between
 147.30 January 1, 2021, and the effective date of this act, before commercial operation begins.

147.31 (b) The utility must designate a solar garden as a community access project if the owner
 147.32 of a solar garden commits in writing to meet the following conditions:

148.1 (1) at least 50 percent of the solar garden's generating capacity is subscribed by residential
148.2 customers;

148.3 (2) the contract between the owner of the solar garden and the public utility that purchases
148.4 the garden's electricity, and any agreement between the utility or owner of the solar garden
148.5 and subscribers, states that the owner of the solar garden does not discriminate against or
148.6 screen subscribers based on income or credit score and that any customer of a utility with
148.7 a community solar garden plan approved by the commission under subdivision 3 is eligible
148.8 to become a subscriber;

148.9 (3) the solar garden is operated by an entity that maintains a physical address in Minnesota
148.10 and has designated a contact person in Minnesota who responds to subscriber inquiries; and

148.11 (4) the agreement between the owner of the solar garden and subscribers states that the
148.12 owner must adequately publicize and convene at least one meeting annually to provide an
148.13 opportunity for subscribers to pose questions to the manager or owner.

148.14 Subd. 5. **Community access project; financial arrangements.** (a) If a solar garden is
148.15 approved by the utility as a community access project:

148.16 (1) the public utility purchasing the electricity generated by the community access project
148.17 may charge the owner of the community access project no more than one cent per watt
148.18 alternating current based on the solar garden's generating capacity for any refundable deposit
148.19 the utility requires of a solar garden during the application process;

148.20 (2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all
148.21 energy generated by the community access project at the retail rate; and

148.22 (3) all renewable energy credits generated by the community access project belong to
148.23 subscribers unless the operator:

148.24 (i) contracts to:

148.25 (A) sell the credits to a third party; or

148.26 (B) sell or transfer the credits to the utility; and

148.27 (ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a
148.28 subscription.

148.29 (b) If at any time after commercial operation begins a solar garden approved by the
148.30 utility as a community access project fails to meet the conditions under subdivision 4, the
148.31 solar garden is no longer subject to the provisions of this subdivision and subdivision 6,

149.1 and must operate under the program rules established by the commission for a solar garden
149.2 that does not qualify as a community access project.

149.3 (c) An owner of a solar garden whose designation as a community access project is
149.4 revoked under this subdivision may reapply to the commission at any time to have the
149.5 designation as a community access project reinstated under subdivision 4.

149.6 Subd. 6. **Community access project; reporting.** The owner of a community access
149.7 project must include the following information in an annual report to the community access
149.8 project subscribers and the utility:

149.9 (1) a description of the process by which subscribers can provide input to solar garden
149.10 policy and decision making;

149.11 (2) the amount of revenues received by the solar garden in the previous year that were
149.12 allocated to categories that include but are not limited to operating costs, debt service, profits
149.13 distributed to subscribers, and profits distributed to others; and

149.14 (3) an estimate of the proportion of low- and moderate-income subscribers, and a
149.15 description of one or more of the following methods used to make the estimate:

149.16 (i) evidence provided by a subscriber that the subscriber or a member of the subscriber's
149.17 household receives assistance from any of the following sources:

149.18 (A) the federal Low-Income Home Energy Assistance Program;

149.19 (B) federal Section 8 housing assistance;

149.20 (C) medical assistance;

149.21 (D) the federal Supplemental Nutrition Assistance Program; or

149.22 (E) the federal National School Lunch Program;

149.23 (ii) characterization of the census tract where the subscriber resides as low- or
149.24 moderate-income by the Federal Financial Institutions Examination Council; or

149.25 (iii) other methods approved by the commission.

149.26 Subd. 7. **Commission order.** Within 180 days of the effective date of this section, the
149.27 commission must issue an order addressing the requirements of this section.

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

150.1 **Sec. 3. [216C.375] SOLAR FOR SCHOOLS PROGRAM.**

150.2 **Subdivision 1. Definitions.** (a) For the purposes of this section and section 216C.376,
150.3 the following terms have the meanings given.

150.4 (b) "Developer" means an entity that installs a solar energy system on a school building
150.5 that has been awarded a grant under this section.

150.6 (c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

150.7 (d) "School" means a school that operates as part of an independent or special school
150.8 district.

150.9 (e) "School district" means an independent or special school district.

150.10 (f) "Solar energy system" means photovoltaic or solar thermal devices.

150.11 **Subd. 2. Establishment; purpose.** A solar for schools program is established in the
150.12 Department of Commerce. The purpose of the program is to (1) provide grants to stimulate
150.13 the installation of solar energy systems on or adjacent to school buildings by reducing the
150.14 cost, and (2) enable schools to use the solar energy system as a teaching tool that can be
150.15 integrated into the school's curriculum.

150.16 **Subd. 3. Establishment of account.** (a) A solar for schools program account is
150.17 established in the special revenue fund. Money received from the general fund must be
150.18 transferred to the commissioner of commerce and credited to the account. Money deposited
150.19 in the account remains in the account until expended and does not cancel to the general
150.20 fund.

150.21 (b) When a grant is awarded under this section, the commissioner must reserve the grant
150.22 amount in the account.

150.23 **Subd. 4. Expenditures.** (a) Money in the account must be used only:

150.24 (1) to award grants under this section; and

150.25 (2) to pay the reasonable costs incurred by the department to administer this section.

150.26 (b) Grant awards made with money in the account must be used only for grants for solar
150.27 energy systems installed on or adjacent to school buildings receiving retail electric service
150.28 from a utility that is not subject to section 116C.779, subdivision 1.

150.29 **Subd. 5. Eligible system.** (a) A grant may be awarded to a school under this section
150.30 only if the solar energy system that is the subject of the grant:

151.1 (1) is installed on or adjacent to the school building that consumes the electricity generated
151.2 by the solar energy system, on property within the service territory of the utility currently
151.3 providing electric service to the school building; and

151.4 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
151.5 estimated annual electricity consumption of the school building at which the solar energy
151.6 system is installed.

151.7 (b) A school district that receives a rebate or other financial incentive under section
151.8 216B.241 for a solar energy system and that demonstrates considerable need for financial
151.9 assistance, as determined by the commissioner, is eligible for a grant under this section for
151.10 the same solar energy system.

151.11 Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals
151.12 to utilities, schools, and developers who may wish to apply for a grant under this section
151.13 on behalf of a school.

151.14 (b) A utility or developer must submit an application to the commissioner on behalf of
151.15 a school on a form prescribed by the commissioner. The form must include, at a minimum,
151.16 the following information:

151.17 (1) the capacity of the proposed solar energy system and the amount of electricity that
151.18 is expected to be generated;

151.19 (2) the current energy demand of the school building on which the solar energy generating
151.20 system is to be installed, and information regarding any distributed energy resource, including
151.21 subscription to a community solar garden, that currently provides electricity to the school
151.22 building;

151.23 (3) a description of any solar thermal devices proposed as part of the solar energy system;

151.24 (4) the total cost to purchase and install the solar energy system and the solar energy
151.25 system's life-cycle cost, including removal and disposal at the end of the system's life;

151.26 (5) a copy of the proposed contract agreement between the school and the utility or
151.27 developer that includes provisions addressing responsibility for maintenance of the solar
151.28 energy system;

151.29 (6) the school's plan to make the solar energy system serve as a visible learning tool for
151.30 students, teachers, and visitors to the school, including how the solar energy system may
151.31 be integrated into the school's curriculum and provisions for real-time monitoring of the
151.32 solar energy system performance for display in a prominent location in the school or
151.33 on-demand in the classroom;

152.1 (7) information that demonstrates the school district's level of need for financial assistance
152.2 available under this section;

152.3 (8) information that demonstrates the school's readiness to implement the project,
152.4 including but not limited to the availability of the site on which the solar energy system is
152.5 to be installed and the level of the school's engagement with the utility providing electric
152.6 service to the school building on which the solar energy system is to be installed on issues
152.7 relevant to the implementation of the project, including metering and other issues;

152.8 (9) with respect to the installation and operation of the solar energy system, the
152.9 willingness and ability of the developer or the utility to:

152.10 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
152.11 subdivision 6; and

152.12 (ii) adhere to the provisions of section 177.43;

152.13 (10) how the developer or utility plans to reduce the school's initial capital expense to
152.14 purchase and install the solar energy system, and to provide financial benefits to the school
152.15 from the utilization of federal and state tax credits, utility incentives, and other financial
152.16 incentives; and

152.17 (11) any other information deemed relevant by the commissioner.

152.18 (c) The commissioner must administer an open application process under this section
152.19 at least twice annually.

152.20 (d) The commissioner must develop administrative procedures governing the application
152.21 and grant award process.

152.22 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
152.23 a grant under this section shall provide the commissioner information regarding energy
152.24 conservation measures implemented at the school building at which the solar energy system
152.25 is installed. The commissioner may make recommendations to the school regarding
152.26 cost-effective conservation measures it can implement and may provide technical assistance
152.27 and direct the school to available financial assistance programs.

152.28 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
152.29 schools to develop and execute projects under this section.

152.30 Subd. 9. **Grant payments.** The commissioner must award a grant from the account
152.31 established under subdivision 3 to a school for the necessary costs associated with the

153.1 purchase and installation of a solar energy system. The amount of the grant must be based
153.2 on the commissioner's assessment of the school's need for financial assistance.

153.3 Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to
153.4 schools under this section may be awarded to schools where the proportion of students
153.5 eligible for free and reduced-price lunch under the National School Lunch Program is less
153.6 than 50 percent.

153.7 (b) No more than ten percent of the total amount of grants awarded under this section
153.8 may be awarded to schools that are part of the same school district.

153.9 Subd. 11. **Application deadline.** No application may be submitted under this section
153.10 after December 31, 2025.

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

153.12 Sec. 4. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**
153.13 **SERVICE TERRITORY.**

153.14 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must
153.15 operate a program to develop and to supplement with additional funding financial
153.16 arrangements that enable schools to install and operate solar energy systems that can be
153.17 used as teaching tools and integrated into the school curriculum.

153.18 Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for
153.19 the solar for schools program with the commissioner. The plan must contain, at a minimum,
153.20 the following elements:

153.21 (1) a description of how the public utility proposes to utilize funds appropriated to the
153.22 program to assist schools to install solar energy systems;

153.23 (2) an estimate of the amount of financial assistance that the public utility proposes to
153.24 provide to a school, on a per kilowatt-hour produced basis, and the length of time the public
153.25 utility estimates financial assistance is provided to a school;

153.26 (3) administrative procedures governing the application and financial benefit award
153.27 process, and the costs the public utility is projected to incur to administer the program;

153.28 (4) the public utility's proposed process for periodic reevaluation and modification of
153.29 the program; and

153.30 (5) any additional information required by the commissioner.

154.1 (b) The public utility may not implement the program until the commissioner approves
154.2 the public utility's plan submitted under this subdivision. The commissioner may modify a
154.3 plan, and no later than December 31, 2021, the commissioner must approve a plan and the
154.4 financial incentives the plan provides the public utility if the commissioner determines both
154.5 are in the public interest. Any proposed modifications to the plan approved under this
154.6 subdivision must be approved by the commissioner.

154.7 Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits
154.8 under this section if the solar energy system meets all of the following conditions:

154.9 (1) the solar energy system must be located on or adjacent to a school building receiving
154.10 retail electric service from the public utility and completely located within the public utility's
154.11 electric service territory, provided that any land situated between the school building and
154.12 the site where the solar energy system is installed is owned by the school district in which
154.13 the school building operates; and

154.14 (2) the total aggregate nameplate capacity of all distributed generation serving the school
154.15 building, including any subscriptions to a community solar garden under section 216B.1641,
154.16 does not exceed the lesser of one megawatt alternating current or 120 percent of the average
154.17 annual electric energy consumption of the school building.

154.18 Subd. 4. **Application process.** (a) A school seeking financial assistance under this section
154.19 must submit an application to the public utility, including a plan for how the school uses
154.20 the solar energy system as a visible learning tool for students, teachers, and visitors to the
154.21 school, and how the solar energy system may be integrated into the school's curriculum.

154.22 (b) The public utility must award financial assistance under this section on a first-come,
154.23 first-served basis.

154.24 (c) The public utility must discontinue accepting applications under this section after
154.25 all funds appropriated to the program are allocated to program participants, including funds
154.26 from canceled projects.

154.27 Subd. 5. **Benefits information.** Before signing an agreement with the public utility to
154.28 receive financial assistance under this section, a school must obtain from the developer and
154.29 provide to the public utility information the developer shared with potential investors in the
154.30 project regarding future financial benefits to be realized from installation of a solar energy
154.31 system at the school and potential financial risks.

155.1 Subd. 6. **Cost recovery; renewable energy credits.** (a) Payments by the public utility
155.2 to a school receiving financial assistance under this section are fully recoverable by the
155.3 public utility through the public utility's fuel clause adjustment.

155.4 (b) The renewable energy credits associated with the electricity generated by a solar
155.5 energy system receiving financial assistance under this section are the property of the public
155.6 utility that is subject to this section.

155.7 Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided
155.8 by the public utility to schools under this section may be provided to schools where the
155.9 proportion of students eligible for free and reduced-price lunch under the National School
155.10 Lunch Program is less than 50 percent.

155.11 (b) No more than ten percent of the total amount of financial assistance provided by the
155.12 public utility to schools under this section may be provided to schools that are part of the
155.13 same school district.

155.14 Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
155.15 schools to develop and execute projects under this section.

155.16 Subd. 9. **Application deadline.** No application may be submitted under this section
155.17 after December 31, 2025.

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

155.19 Sec. 5. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

155.20 Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a
155.21 set of devices whose primary purpose is to produce electricity by means of any combination
155.22 of collecting, transferring, or converting solar-generated energy, and may include
155.23 transmission lines designed for and capable of operating at 100 kilovolts or less that
155.24 interconnect a solar energy generating system with a high voltage transmission line.

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

155.26 Sec. 6. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY**
155.27 **SYSTEMS PROHIBITED.**

155.28 Subdivision 1. **General rule.** A private entity must not prohibit or refuse to permit
155.29 installation, maintenance, or use of a roof-mounted solar energy system by the owner of a
155.30 single-family dwelling, notwithstanding any covenant, restriction, or condition contained
155.31 in a deed, security instrument, homeowners association document, or any other instrument

156.1 affecting the transfer, sale of, or an interest in real property, except as provided in this
156.2 section.

156.3 Subd. 2. **Applicability.** This section applies to single-family detached dwellings whose
156.4 owner is the sole owner of the entire building in which the dwelling is located and who is
156.5 solely responsible for the maintenance, repair, replacement, and insurance of the entire
156.6 building.

156.7 Subd. 3. **Definitions.** (a) The definitions in this subdivision apply to this section.

156.8 (b) "Private entity" means a homeowners association, community association, or other
156.9 association that is subject to a homeowners association document.

156.10 (c) "Homeowners association document" means a document containing the declaration,
156.11 articles of incorporation, bylaws, or rules and regulations of:

156.12 (1) a common interest community, as defined in section 515B.1-103, regardless of
156.13 whether the common interest community is subject to chapter 515B; and

156.14 (2) a residential community that is not a common interest community.

156.15 (d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

156.16 Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from
156.17 requiring that:

156.18 (1) a licensed contractor install a solar energy system;

156.19 (2) a roof-mounted solar energy system not extend above the peak of a pitched roof or
156.20 beyond the edge of the roof;

156.21 (3) the owner or installer of a solar energy system indemnify or reimburse the private
156.22 entity or the private entity's members for loss or damage caused by the installation,
156.23 maintenance, use, repair, or removal of a solar energy system;

156.24 (4) the owner and each successive owner of a solar energy system list the private entity
156.25 as a certificate holder on the homeowner's insurance policy; or

156.26 (5) the owner and each successive owner of a solar energy system be responsible for
156.27 removing the system if reasonably necessary for the repair, maintenance, or replacement
156.28 of common elements or limited common elements, as defined in section 515B.1-103.

156.29 (b) A private entity may impose other reasonable restrictions on the installation,
156.30 maintenance, or use of solar energy systems, provided that those restrictions do not decrease
156.31 the projected generation of energy by a solar energy system by more than 20 percent or

157.1 increase the solar energy system's cost by more than (1) 20 percent for a solar water heater,
157.2 or (2) \$2,000 for a solar photovoltaic system, compared with the generation of energy and
157.3 the cost of labor and materials certified by the designer or installer of the solar energy system
157.4 as originally proposed without the restrictions. A private entity may obtain an alternative
157.5 bid and design from a solar energy system designer or installer for the purposes of this
157.6 paragraph.

157.7 (c) A solar energy system must meet applicable standards and requirements imposed by
157.8 the state and by governmental units, as defined in section 462.384.

157.9 (d) A solar energy system for heating water must be certified by the Solar Rating
157.10 Certification Corporation (SRCC) or an equivalent certification agency. A solar energy
157.11 system for producing electricity must meet all applicable safety and performance standards
157.12 established by the National Electrical Code, the Institute of Electrical and Electronics
157.13 Engineers and accredited testing laboratories including but not limited to Underwriters
157.14 Laboratories and, where applicable, rules of the Public Utilities Commission regarding
157.15 safety and reliability.

157.16 (e) If approval by a private entity is required to install or use a solar energy system, the
157.17 application for approval must be processed and approved in the same manner as an
157.18 application for approval of an architectural modification to the property, and must not be
157.19 willfully avoided or delayed.

157.20 (f) An application for approval must be made in writing and must contain certification
157.21 that the applicant meets any conditions required by a private entity under this subdivision.
157.22 An application must include a copy of the interconnection application submitted to the
157.23 applicable electric utility.

157.24 (g) A private entity shall approve or deny an application in writing. If an application is
157.25 not denied in writing within 60 days from the date of receipt of the application, the application
157.26 is deemed approved unless the delay is the result of a reasonable request for additional
157.27 information. If a private entity receives an incomplete application that it determines prevents
157.28 it from reaching a decision to approve or disapprove the application, a new 60-day limit
157.29 begins only if the private entity sends written notice to the applicant, within 15 business
157.30 days of receiving the incomplete application, informing the applicant what additional
157.31 information is required.

158.1 Sec. 7. Minnesota Statutes 2020, section 515.07, is amended to read:

158.2 **515.07 COMPLIANCE WITH COVENANTS, BYLAWS, AND RULES.**

158.3 Each apartment owner shall comply strictly with the bylaws and with the administrative
158.4 rules adopted pursuant thereto, as either of the same may be lawfully amended from time
158.5 to time, and with the covenants, conditions, and restrictions set forth in the declaration or
158.6 in the owner's deed to the apartment. Failure to comply with any of the same shall be ground
158.7 for an action to recover sums due, for damages or injunctive relief or both maintainable by
158.8 the manager or board of directors on behalf of the association of apartment owners or, in a
158.9 proper case, by an aggrieved apartment owner. This chapter is subject to ~~section~~ sections
158.10 500.215 and 500.216.

158.11 Sec. 8. Minnesota Statutes 2020, section 515B.2-103, is amended to read:

158.12 **515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND**
158.13 **BYLAWS.**

158.14 (a) All provisions of the declaration and bylaws are severable.

158.15 (b) The rule against perpetuities may not be applied to defeat any provision of the
158.16 declaration or this chapter, or any instrument executed pursuant to the declaration or this
158.17 chapter.

158.18 (c) In the event of a conflict between the provisions of the declaration and the bylaws,
158.19 the declaration prevails except to the extent that the declaration is inconsistent with this
158.20 chapter.

158.21 (d) The declaration and bylaws must comply with ~~section~~ sections 500.215 and 500.216.

158.22 Sec. 9. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

158.23 **515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

158.24 (a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions
158.25 of the declaration or bylaws, the association shall have the power to:

158.26 (1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
158.27 incorporation, bylaws and declaration, as follows: (i) regulating the use of the common
158.28 elements; (ii) regulating the use of the units, and conduct of unit occupants, which may
158.29 jeopardize the health, safety or welfare of other occupants, which involves noise or other
158.30 disturbing activity, or which may damage the common elements or other units; (iii) regulating
158.31 or prohibiting animals; (iv) regulating changes in the appearance of the common elements

159.1 and conduct which may damage the common interest community; (v) regulating the exterior
159.2 appearance of the common interest community, including, for example, balconies and patios,
159.3 window treatments, and signs and other displays, regardless of whether inside a unit; (vi)
159.4 implementing the articles of incorporation, declaration and bylaws, and exercising the
159.5 powers granted by this section; and (vii) otherwise facilitating the operation of the common
159.6 interest community;

159.7 (2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
159.8 collect assessments for common expenses from unit owners;

159.9 (3) hire and discharge managing agents and other employees, agents, and independent
159.10 contractors;

159.11 (4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
159.12 own name on behalf of itself or two or more unit owners on matters affecting the common
159.13 elements or other matters affecting the common interest community or, (ii) with the consent
159.14 of the owners of the affected units on matters affecting only those units;

159.15 (5) make contracts and incur liabilities;

159.16 (6) regulate the use, maintenance, repair, replacement, and modification of the common
159.17 elements and the units;

159.18 (7) cause improvements to be made as a part of the common elements, and, in the case
159.19 of a cooperative, the units;

159.20 (8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
159.21 real estate or personal property, but (i) common elements in a condominium or planned
159.22 community may be conveyed or subjected to a security interest only pursuant to section
159.23 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
159.24 may be subjected to a security interest, only pursuant to section 515B.3-112;

159.25 (9) grant or amend easements for public utilities, public rights-of-way or other public
159.26 purposes, and cable television or other communications, through, over or under the common
159.27 elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
159.28 by the declaration; and, subject to approval by a vote of unit owners other than declarant
159.29 or its affiliates, grant or amend other easements, leases, and licenses through, over or under
159.30 the common elements;

159.31 (10) impose and receive any payments, fees, or charges for the use, rental, or operation
159.32 of the common elements, other than limited common elements, and for services provided
159.33 to unit owners;

160.1 (11) impose interest and late charges for late payment of assessments and, after notice
160.2 and an opportunity to be heard before the board or a committee appointed by it, levy
160.3 reasonable fines for violations of the declaration, bylaws, and rules and regulations of the
160.4 association;

160.5 (12) impose reasonable charges for the review, preparation and recordation of
160.6 amendments to the declaration, resale certificates required by section 515B.4-107, statements
160.7 of unpaid assessments, or furnishing copies of association records;

160.8 (13) provide for the indemnification of its officers and directors, and maintain directors'
160.9 and officers' liability insurance;

160.10 (14) provide for reasonable procedures governing the conduct of meetings and election
160.11 of directors;

160.12 (15) exercise any other powers conferred by law, or by the declaration, articles of
160.13 incorporation or bylaws; and

160.14 (16) exercise any other powers necessary and proper for the governance and operation
160.15 of the association.

160.16 (b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations
160.17 on the power of the association to deal with the declarant which are more restrictive than
160.18 the limitations imposed on the power of the association to deal with other persons.

160.19 (c) Notwithstanding subsection (a), powers exercised under this section must comply
160.20 with ~~section~~ sections 500.215 and 500.216.

160.21 (d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the
160.22 association, before instituting litigation or arbitration involving construction defect claims
160.23 against a development party, shall:

160.24 (1) mail or deliver written notice of the anticipated commencement of the action to each
160.25 unit owner at the addresses, if any, established for notices to owners in the declaration and,
160.26 if the declaration does not state how notices are to be given to owners, to the owner's last
160.27 known address. The notice shall specify the nature of the construction defect claims to be
160.28 alleged, the relief sought, and the manner in which the association proposes to fund the cost
160.29 of pursuing the construction defect claims; and

160.30 (2) obtain the approval of owners of units to which a majority of the total votes in the
160.31 association are allocated. Votes allocated to units owned by the declarant, an affiliate of the
160.32 declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale
160.33 are excluded. The association may obtain the required approval by a vote at an annual or

161.1 special meeting of the members or, if authorized by the statute under which the association
161.2 is created and taken in compliance with that statute, by a vote of the members taken by
161.3 electronic means or mailed ballots. If the association holds a meeting and voting by electronic
161.4 means or mailed ballots is authorized by that statute, the association shall also provide for
161.5 voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means
161.6 or mailed ballots, except that the votes must be used in combination with the vote taken at
161.7 a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered
161.8 for purposes of determining whether a quorum was present. Proxies may not be used for a
161.9 vote taken under this paragraph unless the unit owner executes the proxy after receipt of
161.10 the notice required under subsection (d)(1) and the proxy expressly references this notice.

161.11 (e) The association may intervene in a litigation or arbitration involving a construction
161.12 defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party
161.13 claim before complying with subsections (d)(1) and (d)(2) but the association's complaint
161.14 in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without
161.15 prejudice unless the association has complied with the requirements of subsection (d) within
161.16 90 days of the association's commencement of the complaint in an intervention or the
161.17 assertion of the counterclaim, crossclaim, or third-party claim.

161.18 **Sec. 10. PHOTOVOLTAIC DEMAND CREDIT RIDER.**

161.19 By October 1, 2021, an investor-owned utility that has not already done so must submit
161.20 to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all
161.21 demand metered customers with solar photovoltaic systems greater than 40 kilowatts
161.22 alternating current for the demand charge overbilling that occurs. The utility may submit
161.23 to the commission multiple options to calculate reimbursement for demand charge overbilling.
161.24 At least one submission must use a capacity value stack methodology. The commission is
161.25 prohibited from approving a photovoltaic demand credit rider unless the rider allows
161.26 stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The
161.27 commission must approve the photovoltaic demand credit rider by June 30, 2022.

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

161.29 **Sec. 11. SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME**
161.30 **FARMLAND.**

161.31 (a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400,
161.32 subpart 4, to allow the siting of a solar energy generating system on prime farmland that
161.33 meets any of the following conditions:

162.1 (1) the site has been identified as a sensitive groundwater area by the Department of
162.2 Natural Resources under Minnesota Statutes, section 103H.101;

162.3 (2) the owner of the solar energy generating system has entered into an agreement with
162.4 the Board of Soil and Water Resources committing the owner to comply with the provisions
162.5 of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation
162.6 and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to
162.7 the board every three years on progress made toward establishing beneficial habitat; or

162.8 (3) the solar energy generating system is colocated with and does not disrupt the operation
162.9 of agricultural uses, including but not limited to grazing and harvesting forage.

162.10 (b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting
162.11 rules under this section.

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

162.13 Sec. 12. **DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT**
162.14 **PROGRAM.**

162.15 The Department of Administration shall not extend the term of its current on-site solar
162.16 photovoltaic master contract, but shall instead, no later than February 1, 2022, announce
162.17 an open request for proposals for a new statewide on-site solar photovoltaic master contract
162.18 to allow additional applicants to submit proposals to enable their participation in the state's
162.19 solar master contract program.

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

162.21 Sec. 13. **APPROPRIATIONS.**

162.22 Subdivision 1. **Solar on schools; non-Xcel service territory.** \$1,737,000 in fiscal year
162.23 2022 is appropriated from the general fund to the commissioner of commerce to provide
162.24 financial assistance to schools to purchase and install solar energy generating systems under
162.25 Minnesota Statutes, section 216C.375. This appropriation remains available until expended
162.26 and does not cancel to the general fund. This appropriation must be expended on schools
162.27 located outside the electric service territory of the public utility that is subject to Minnesota
162.28 Statutes, section 116C.779. The base in fiscal year 2024 is \$388,000.

162.29 Subd. 2. **Solar on schools; Xcel service territory.** Notwithstanding Minnesota Statutes,
162.30 section 116C.779, subdivision 1, paragraph (j), \$5,000,000 in fiscal year 2022 and \$5,000,000
162.31 in fiscal year 2023 are appropriated from the renewable development account established
162.32 in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce

163.1 to provide financial assistance to schools to purchase and install solar energy generating
163.2 systems under Minnesota Statutes, section 216C.376. This appropriation remains available
163.3 until expended and does not cancel to the renewable development account. This appropriation
163.4 must be expended on schools located within the electric service territory of the public utility
163.5 that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

163.6 Subd. 3. **Solar devices; state parks.** Notwithstanding Minnesota Statutes, section
163.7 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2022 is appropriated from
163.8 the renewable development account established in Minnesota Statutes, section 116C.779,
163.9 subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural
163.10 resources to install solar photovoltaic devices in state parks located within the retail electric
163.11 service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision
163.12 1. This appropriation is available until June 30, 2023. This is a onetime appropriation.

163.13 Subd. 4. **Solar devices; state buildings.** (a) Notwithstanding Minnesota Statutes, section
163.14 116C.779, subdivision 1, paragraph (j), \$4,000,000 in fiscal year 2022 is appropriated from
163.15 the renewable development account established in Minnesota Statutes, section 116C.779,
163.16 subdivision 1, to the commissioner of commerce for transfer to the commissioner of
163.17 administration to install solar photovoltaic devices on state-owned buildings that are located
163.18 within the retail electric service area of the public utility subject to Minnesota Statutes,
163.19 section 116C.779, subdivision 1.

163.20 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph
163.21 (j), \$59,000 in fiscal year 2022 and \$38,000 in fiscal year 2023 are appropriated from the
163.22 renewable development account to the commissioner of administration for costs to administer
163.23 the installation of solar photovoltaic devices on state-owned buildings that are located within
163.24 the retail electric service area of the public utility subject to Minnesota Statutes, section
163.25 116C.779, subdivision 1.

163.26 Subd. 5. **Solar on prime farmland.** (a) Notwithstanding Minnesota Statutes, section
163.27 116C.779, subdivision 1, paragraph (j), \$14,000 in fiscal year 2022 and \$14,000 in fiscal
163.28 year 2023 are appropriated from the renewable development account established under
163.29 Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for
163.30 transfer to the Board of Water and Soil Resources for activities associated with installing
163.31 solar energy generating systems on prime farmland, as described in section 6.

163.32 (b) \$46,000 in fiscal year 2022 is appropriated from the general fund to the Public
163.33 Utilities Commission for activities associated with installing solar energy systems on prime
163.34 farmland, as described in section 6. This is a onetime appropriation.

164.1 Subd. 6. **Mountain Iron solar plant expansion.** Notwithstanding Minnesota Statutes,
164.2 section 116C.779, subdivision 1, paragraph (j), \$5,500,000 in fiscal year 2021 is appropriated
164.3 from the renewable development account established in Minnesota Statutes, section
164.4 116C.779, subdivision 1, to the commissioner of employment and economic development
164.5 for a grant to the Mountain Iron Economic Development Authority to expand a city-owned
164.6 solar module manufacturing plant building in the city's Renewable Energy Industrial Park.
164.7 This is a onetime appropriation. Any unexpended funds remaining as of June 30, 2022,
164.8 must be returned to the renewable development account under Minnesota Statutes, section
164.9 116C.779, subdivision 1.

164.10 Subd. 7. **Northfield distribution system upgrades.** Notwithstanding Minnesota Statutes,
164.11 section 116C. 779, subdivision 1, paragraph (j), \$550,000 in fiscal year 2022 is appropriated
164.12 from the renewable development account established in Minnesota Statutes, section
164.13 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility
164.14 that is subject to Minnesota Statutes, section 116C.779, subdivision 1, to upgrade the utility's
164.15 distribution system in and bordering on the city of Northfield to enable the interconnection
164.16 of additional customer-sited solar deployment. No later than October 15, 2021, the public
164.17 utility that is to receive the transferred funds must submit a report to the commissioner of
164.18 commerce, the Public Utilities Commission, and to the chairs and ranking minority members
164.19 of the senate and house of representatives committees with jurisdiction over energy policy
164.20 and finance describing how the utility proposes to utilize the transfer made under this
164.21 subdivision, including the specific locations identified for additional equipment installation,
164.22 the nature of the equipment, and the amount of incremental capacity that results from the
164.23 installation of the equipment. The commissioner must not transfer the funds appropriated
164.24 under this subdivision to the public utility until the commissioner and the Public Utilities
164.25 Commission have reviewed and approved the report.

164.26

ARTICLE 6

164.27

MISCELLANEOUS

164.28 Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:

164.29 Subdivision 1. **Response to releases.** The commissioner may take any environmental
164.30 response action, including emergency action, related to a release or threatened release of a
164.31 hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility
164.32 that the commissioner deems reasonable and necessary to protect the public health or welfare
164.33 or the environment under the standards required in sections 115B.01 to 115B.20. The
164.34 commissioner may undertake studies necessary to determine reasonable and necessary

165.1 environmental response actions at individual facilities. The commissioner may develop
165.2 general work plans for environmental studies, presumptive remedies, and generic remedial
165.3 designs for facilities with similar characteristics, as well as implement reuse and
165.4 redevelopment strategies. Prior to selecting environmental response actions for a facility,
165.5 the commissioner shall hold at least one public informational meeting near the facility and
165.6 provide for receiving and responding to comments related to the selection. The commissioner
165.7 shall design, implement, and provide oversight consistent with the actions selected under
165.8 this subdivision.

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

165.10 Sec. 2. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

165.11 Subdivision 1. **Renewable development account.** (a) The renewable development
165.12 account is established as a separate account in the special revenue fund in the state treasury.
165.13 Appropriations and transfers to the account shall be credited to the account. Earnings, such
165.14 as interest, dividends, and any other earnings arising from assets of the account, shall be
165.15 credited to the account. Funds remaining in the account at the end of a fiscal year are not
165.16 canceled to the general fund but remain in the account until expended. The account shall
165.17 be administered by the commissioner of management and budget as provided under this
165.18 section.

165.19 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
165.20 plant must transfer all funds in the renewable development account previously established
165.21 under this subdivision and managed by the public utility to the renewable development
165.22 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
165.23 that have not yet been expended and unencumbered funds required to be paid in calendar
165.24 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
165.25 to transfer under this paragraph.

165.26 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
165.27 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
165.28 plant must transfer to the renewable development account \$500,000 each year for each dry
165.29 cask containing spent fuel that is located at the Prairie Island power plant for each year the
165.30 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
165.31 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
165.32 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
165.33 part of a year.

166.1 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
166.2 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
166.3 plant must transfer to the renewable development account \$350,000 each year for each dry
166.4 cask containing spent fuel that is located at the Monticello nuclear power plant for each
166.5 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
166.6 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
166.7 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
166.8 any part of a year.

166.9 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
166.10 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
166.11 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

166.12 (f) If the commission approves a new or amended power purchase agreement, the
166.13 termination of a power purchase agreement, or the purchase and closure of a facility under
166.14 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
166.15 the public utility subject to this section shall enter into a contract with the city in which the
166.16 poultry litter plant is located to provide grants to the city for the purposes of economic
166.17 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
166.18 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
166.19 by the public utility from funds withheld from the transfer to the renewable development
166.20 account, as provided in paragraphs (b) and (e).

166.21 (g) If the commission approves a new or amended power purchase agreement, or the
166.22 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
166.23 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
166.24 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
166.25 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
166.26 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
166.27 30 days after the commission approves the new or amended power purchase agreement, or
166.28 the termination of the power purchase agreement, and on each June 1 thereafter through
166.29 2021, to assist the transition required by the new, amended, or terminated power purchase
166.30 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
166.31 to the renewable development account as provided in paragraphs (b) and (e).

166.32 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
166.33 and (g) is limited to the amount deposited into the renewable development account, and its
166.34 predecessor, the renewable development account, established under this section, that was

167.1 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
167.2 10.

167.3 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
167.4 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
167.5 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
167.6 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
167.7 in which the commission finds, by the preponderance of the evidence, that the public utility
167.8 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
167.9 permanent or interim storage site out of the state. This determination shall be made at least
167.10 every two years.

167.11 (j) Funds in the account may be expended only for any of the following purposes:

167.12 (1) to stimulate research and development of renewable electric energy technologies;

167.13 (2) to encourage grid modernization, including, but not limited to, projects that implement
167.14 electricity storage, load control, and smart meter technology; and

167.15 (3) to stimulate other innovative energy projects that reduce demand and increase system
167.16 efficiency and flexibility.

167.17 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
167.18 from the utility that owns a nuclear-powered electric generating plant in this state or the
167.19 Prairie Island Indian community or its members.

167.20 The utility that owns a nuclear generating plant is eligible to apply for grants under this
167.21 subdivision.

167.22 (k) For the purposes of paragraph (j), the following terms have the meanings given:

167.23 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
167.24 (c), clauses (1), (2), (4), and (5); and

167.25 (2) "grid modernization" means:

167.26 (i) enhancing the reliability of the electrical grid;

167.27 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
167.28 and

167.29 (iii) increasing energy conservation opportunities by facilitating communication between
167.30 the utility and its customers through the use of two-way meters, control technologies, energy
167.31 storage and microgrids, technologies to enable demand response, and other innovative
167.32 technologies.

168.1 (l) A renewable development account advisory group that includes, among others,
168.2 representatives of the public utility and its ratepayers, and includes at least one representative
168.3 of the Prairie Island Indian community appointed by that community's Tribal council, shall
168.4 develop recommendations on account expenditures. The advisory group must design a
168.5 request for proposal and evaluate projects submitted in response to a request for proposals.
168.6 The advisory group must utilize an independent third-party expert to evaluate proposals
168.7 submitted in response to a request for proposal, including all proposals made by the public
168.8 utility. A request for proposal for research and development under paragraph (j), clause (1),
168.9 may be limited to or include a request to higher education institutions located in Minnesota
168.10 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
168.11 projects may include a provision that exempts the projects from the third-party expert review
168.12 and instead provides for project evaluation and selection by a merit peer review grant system.
168.13 In the process of determining request for proposal scope and subject and in evaluating
168.14 responses to request for proposals, the advisory group must strongly consider, where
168.15 reasonable;

168.16 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;
168.17 and

168.18 (2) the proposer's commitment to increasing the diversity of the proposer's workforce
168.19 and vendors.

168.20 (m) The advisory group shall submit funding recommendations to the public utility,
168.21 which has full and sole authority to determine which expenditures shall be submitted by
168.22 the advisory group to the legislature. The commission may approve proposed expenditures,
168.23 may disapprove proposed expenditures that it finds not to be in compliance with this
168.24 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
168.25 modify proposed expenditures. The commission shall, by order, submit its funding
168.26 recommendations to the legislature as provided under paragraph (n).

168.27 (n) The commission shall present its recommended appropriations from the account to
168.28 the senate and house of representatives committees with jurisdiction over energy policy and
168.29 finance annually by February 15 following any year in which the commission has acted on
168.30 recommendations submitted by the advisory group and the public utility. Expenditures from
168.31 the account must be appropriated by law. In enacting appropriations from the account, the
168.32 legislature:

168.33 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
168.34 a project recommended by the commission; and

169.1 (2) may not appropriate money for a project the commission has not recommended
169.2 funding.

169.3 (o) A request for proposal for renewable energy generation projects must, when feasible
169.4 and reasonable, give preference to projects that are most cost-effective for a particular energy
169.5 source.

169.6 (p) The advisory group must annually, by February 15, report to the chairs and ranking
169.7 minority members of the legislative committees with jurisdiction over energy policy on
169.8 projects funded by the account for the prior year and all previous years. The report must,
169.9 to the extent possible and reasonable, itemize the actual and projected financial benefit to
169.10 the public utility's ratepayers of each project.

169.11 (q) By February 1, 2018, and each February 1 thereafter, the commissioner of
169.12 management and budget shall submit a written report regarding the availability of funds in
169.13 and obligations of the account to the chairs and ranking minority members of the senate
169.14 and house committees with jurisdiction over energy policy and finance, the public utility,
169.15 and the advisory group.

169.16 (r) A project receiving funds from the account must produce a written final report that
169.17 includes sufficient detail for technical readers and a clearly written summary for nontechnical
169.18 readers. The report must include an evaluation of the project's financial, environmental, and
169.19 other benefits to the state and the public utility's ratepayers. A project receiving funds from
169.20 the account must submit a report that meets the requirements of section 216C.51, subdivisions
169.21 3 and 4, each year the project funded by the account is in progress.

169.22 (s) Final reports, any mid-project status reports, and renewable development account
169.23 financial reports must be posted online on a public website designated by the commissioner
169.24 of commerce.

169.25 (t) All final reports must acknowledge that the project was made possible in whole or
169.26 part by the Minnesota renewable development account, noting that the account is financed
169.27 by the public utility's ratepayers.

169.28 (u) Of the amount in the renewable development account, priority must be given to
169.29 making the payments required under section 216C.417.

169.30 Sec. 3. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

169.31 Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them
169.32 in this subdivision.

170.1 (b) "Cold weather period" means the period from October ~~15~~ 1 through April ~~15~~ 30 of
170.2 the following year.

170.3 (c) "Customer" means a residential customer of a utility.

170.4 (d) "Disconnection" means the involuntary loss of utility heating service as a result of
170.5 a physical act by a utility to discontinue service. Disconnection includes installation of a
170.6 service or load limiter or any device that limits or interrupts utility service in any way.

170.7 (e) "Household income" means the combined income, as defined in section 290A.03,
170.8 subdivision 3, of all residents of the customer's household, computed on an annual basis.
170.9 Household income does not include any amount received for energy assistance.

170.10 (f) "Reasonably timely payment" means payment within five working days of agreed-upon
170.11 due dates.

170.12 (g) "Reconnection" means the restoration of utility heating service after it has been
170.13 disconnected.

170.14 (h) "Summary of rights and responsibilities" means a commission-approved notice that
170.15 contains, at a minimum, the following:

170.16 (1) an explanation of the provisions of subdivision 5;

170.17 (2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

170.18 (3) a third-party notice;

170.19 (4) ways to avoid disconnection;

170.20 (5) information regarding payment agreements;

170.21 (6) an explanation of the customer's right to appeal a determination of income by the
170.22 utility and the right to appeal if the utility and the customer cannot arrive at a mutually
170.23 acceptable payment agreement; and

170.24 (7) a list of names and telephone numbers for county and local energy assistance and
170.25 weatherization providers in each county served by the utility.

170.26 (i) "Third-party notice" means a commission-approved notice containing, at a minimum,
170.27 the following information:

170.28 (1) a statement that the utility will send a copy of any future notice of proposed
170.29 disconnection of utility heating service to a third party designated by the residential customer;

170.30 (2) instructions on how to request this service; and

171.1 (3) a statement that the residential customer should contact the person the customer
171.2 intends to designate as the third-party contact before providing the utility with the party's
171.3 name.

171.4 (j) "Utility" means a public utility as defined in section 216B.02, and a cooperative
171.5 electric association electing to be a public utility under section 216B.026. Utility also means
171.6 a municipally owned gas or electric utility for nonresident consumers of the municipally
171.7 owned utility and a cooperative electric association when a complaint in connection with
171.8 utility heating service during the cold weather period is filed under section 216B.17,
171.9 subdivision 6 or 6a.

171.10 (k) "Utility heating service" means natural gas or electricity used as a primary heating
171.11 source, including electricity service necessary to operate gas heating equipment, for the
171.12 customer's primary residence.

171.13 (l) "Working days" means Mondays through Fridays, excluding legal holidays. The day
171.14 of receipt of a personally served notice and the day of mailing of a notice shall not be counted
171.15 in calculating working days.

171.16 Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

171.17 Subd. 3. **Utility obligations before cold weather period.** Each year, between ~~September~~
171.18 ~~1~~ August 15 and October ~~15~~ 1, each utility must provide all customers, personally, by first
171.19 class mail, or electronically for those requesting electronic billing, a summary of rights and
171.20 responsibilities. The summary must also be provided to all new residential customers when
171.21 service is initiated.

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

171.23 Sec. 5. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

171.24 Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or
171.25 a cooperative electric association must not disconnect and must reconnect the utility service
171.26 of a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30 if the
171.27 disconnection affects the primary heat source for the residential unit and all of the following
171.28 conditions are met:

171.29 (1) The household income of the customer is at or below 50 percent of the state median
171.30 household income. A municipal utility or cooperative electric association utility may (i)
171.31 verify income on forms it provides or (ii) obtain verification of income from the local energy
171.32 assistance provider. A customer is deemed to meet the income requirements of this clause

172.1 if the customer receives any form of public assistance, including energy assistance, that
172.2 uses an income eligibility threshold set at or below 50 percent of the state median household
172.3 income.

172.4 (2) A customer enters into and makes reasonably timely payments under a payment
172.5 agreement that considers the financial resources of the household.

172.6 (3) A customer receives referrals to energy assistance, weatherization, conservation, or
172.7 other programs likely to reduce the customer's energy bills.

172.8 (b) A municipal utility or a cooperative electric association must, between August 15
172.9 and October ~~15~~ 1 each year, notify all residential customers of the provisions of this section.

172.10 Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

172.11 Subd. 2. **Notice to residential customer facing disconnection.** Before disconnecting
172.12 service to a residential customer during the period between October ~~15~~ 1 and April ~~15~~ 30,
172.13 a municipal utility or cooperative electric association must provide the following information
172.14 to a customer:

172.15 (1) a notice of proposed disconnection;

172.16 (2) a statement explaining the customer's rights and responsibilities;

172.17 (3) a list of local energy assistance providers;

172.18 (4) forms on which to declare inability to pay; and

172.19 (5) a statement explaining available time payment plans and other opportunities to secure
172.20 continued utility service.

172.21 Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

172.22 Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be
172.23 involuntarily disconnected between October ~~15~~ 1 and April ~~15~~ 30 for failure to comply with
172.24 subdivision 1, the disconnection must not occur:

172.25 (1) on a Friday, unless the customer declines to enter into a payment agreement offered
172.26 that day in person or via personal contact by telephone by a municipal utility or cooperative
172.27 electric association;

172.28 (2) on a weekend, holiday, or the day before a holiday;

172.29 (3) when utility offices are closed; or

173.1 (4) after the close of business on a day when disconnection is permitted, unless a field
173.2 representative of a municipal utility or cooperative electric association who is authorized
173.3 to enter into a payment agreement, accept payment, and continue service, offers a payment
173.4 agreement to the customer.

173.5 Further, the disconnection must not occur until at least 20 days after the notice required
173.6 in subdivision 2 has been mailed to the customer or 15 days after the notice has been
173.7 personally delivered to the customer.

173.8 (b) If a customer does not respond to a disconnection notice, the customer must not be
173.9 disconnected until the utility investigates whether the residential unit is actually occupied.
173.10 If the unit is found to be occupied, the utility must immediately inform the occupant of the
173.11 provisions of this section. If the unit is unoccupied, the utility must give seven days' written
173.12 notice of the proposed disconnection to the local energy assistance provider before making
173.13 a disconnection.

173.14 (c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection,
173.15 as provided by the utility's established appeal procedure, the utility must not disconnect
173.16 until the appeal is resolved.

173.17 Sec. 8. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

173.18 Subd. 4. **Purchases; wheeling; costs.** (a) Except as otherwise provided in paragraph
173.19 (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or
173.20 more as well as qualifying facilities as defined in subdivision 3 and net metered facilities
173.21 under subdivision 3a, if interconnected to a cooperative electric association or municipal
173.22 utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect
173.23 to be governed by its provisions.

173.24 (b) The utility to which the qualifying facility is interconnected shall purchase all energy
173.25 and capacity made available by the qualifying facility. The qualifying facility shall be paid
173.26 the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the
173.27 commission, or as determined through competitive bidding approved by the commission.
173.28 ~~The full avoided capacity and energy costs to be paid a qualifying facility that generates~~
173.29 ~~electric power by means of a renewable energy source are the utility's least cost renewable~~
173.30 ~~energy facility or the bid of a competing supplier of a least cost renewable energy facility,~~
173.31 ~~whichever is lower, unless the commission's resource plan order, under section 216B.2422,~~
173.32 ~~subdivision 2, provides that the use of a renewable resource to meet the identified capacity~~
173.33 ~~need is not in the public interest.~~

174.1 (c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at
174.2 the qualifying facility's or the utility's request, provide wheeling or exchange agreements
174.3 wherever practicable to sell the qualifying facility's output to any other Minnesota utility
174.4 having generation expansion anticipated or planned for the ensuing ten years. The
174.5 commission shall establish the methods and procedures to insure that except for reasonable
174.6 wheeling charges and line losses, the qualifying facility receives the full avoided energy
174.7 and capacity costs of the utility ultimately receiving the output.

174.8 (d) The commission shall set rates for electricity generated by renewable energy.

174.9 Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
174.10 to read:

174.11 Subd. 5b. Definitions. (a) For the purposes of subdivision 5c, the following terms have
174.12 the meanings given.

174.13 (b) "Agreement period" means the period beginning January 1, 2023, and ending
174.14 December 31, 2024.

174.15 (c) "Ash" means all species of the genus *Fraxinus*.

174.16 (d) "Cogeneration facility" means the St. Paul district heating and cooling system
174.17 cogeneration facility that uses waste wood as the facility's primary fuel source, provides
174.18 thermal energy to St. Paul, and sells electricity to a public utility through a power purchase
174.19 agreement approved by the Public Utilities Commission.

174.20 (e) "Department" means the Department of Agriculture.

174.21 (f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrilus planipennis*
174.22 Fairmaire, in any stage of development.

174.23 (g) "Renewable energy technology" has the meaning given to "eligible energy technology"
174.24 in section 216B.1691, subdivision 1.

174.25 (h) "St. Paul district heating and cooling system" means a system of boilers, distribution
174.26 pipes, and other equipment that provides energy for heating and cooling in St. Paul, and
174.27 includes the cogeneration facility.

174.28 (i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash
174.29 chips and mulch.

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

175.1 Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
175.2 to read:

175.3 Subd. 5c. **New power purchase agreement.** (a) No later than August 1, 2021, a public
175.4 utility subject to subdivision 5 and the cogeneration facility may file a proposal with the
175.5 commission to enter into a power purchase agreement that governs the public utility's
175.6 purchase of electricity generated by the cogeneration facility. The power purchase agreement
175.7 may extend no later than December 31, 2024, and must not be extended beyond that date
175.8 except as provided in paragraph (f).

175.9 (b) The commission is prohibited from approving a new power purchase agreement filed
175.10 under this subdivision that does not meet all of the following conditions:

175.11 (1) the cogeneration facility agrees that any waste wood from ash trees removed from
175.12 Minnesota counties that have been designated as quarantined areas in Section IV of the
175.13 Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of
175.14 agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization
175.15 as biomass fuel by the cogeneration facility must be accompanied by evidence:

175.16 (i) demonstrating that the transport of biomass fuel from processed waste wood from
175.17 ash trees to the cogeneration facility complies with the department's regulatory requirements
175.18 under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist
175.19 of:

175.20 (A) a certificate authorized or prepared by the commissioner of agriculture or an employee
175.21 of the Animal and Plant Health Inspection Service of the United States Department of
175.22 Agriculture verifying compliance; or

175.23 (B) shipping documents demonstrating compliance; or

175.24 (ii) certifying that the waste wood from ash trees has been chipped to one inch or less
175.25 in two dimensions, and was chipped within the county from which the ash trees were
175.26 originally removed;

175.27 (2) the price per megawatt hour of electricity paid by the public utility demonstrates
175.28 significant savings compared to the existing power purchase agreement, with a price that
175.29 does not exceed \$98 per megawatt hour;

175.30 (3) the proposal includes a proposal to the commission for one or more electrification
175.31 projects that result in the St. Paul district heating and cooling system being powered by
175.32 electricity generated from renewable energy technologies. The plan must evaluate
175.33 electrification at three or more levels from ten to 100 percent, including 100 percent of the

176.1 energy used by the St. Paul district heating and cooling system to be implemented by
176.2 December 31, 2027. The proposal may also evaluate alternative dates for implementation.
176.3 For each level of electrification analyzed, the proposal must contain:

176.4 (i) a description of the alternative electrification technologies evaluated and whose
176.5 implementation is proposed as part of the electrification project;

176.6 (ii) an estimate of the cost of the electrification project to the public utility, the impact
176.7 on the monthly energy bills of the public utility's Minnesota customers, and the impact on
176.8 the monthly energy bills of St. Paul district heating and cooling system customers;

176.9 (iii) an estimate of the reduction in greenhouse gas emissions resulting from the
176.10 electrification project, including greenhouse gas emissions associated with the transportation
176.11 of waste wood;

176.12 (iv) estimated impacts on the operations of the St. Paul district heating and cooling
176.13 system; and

176.14 (v) a timeline for the electrification project; and

176.15 (4) the power purchase agreement provides a net benefit to the utility customers or the
176.16 state.

176.17 (c) The commission may approve, or approve as modified, a proposed electrification
176.18 project that meets the requirements of this subdivision if it finds the electrification project
176.19 is in the public interest, or the commission may reject the project if it finds that the project
176.20 is not in the public interest. When determining whether an electrification project is in the
176.21 public interest, the commission may consider the effects of the electrification project on air
176.22 emissions from the St. Paul district heating and cooling system and how the emissions
176.23 impact the environment and residents of affected neighborhoods.

176.24 (d) During the agreement period, the cogeneration facility must attempt to obtain funding
176.25 to reduce the cost of generating electricity and enable the facility to continue to operate
176.26 beyond the agreement period to address the removal of ash trees, as described in paragraph
176.27 (b), clause (1), without any subsidy or contribution from any power purchase agreement
176.28 after December 31, 2024. The cogeneration facility must submit periodic reports to the
176.29 commission regarding the efforts made under this paragraph.

176.30 (e) Upon approval of the new power purchase agreement, the commission must require
176.31 periodic reporting regarding progress toward development of a proposal for an electrification
176.32 project.

177.1 (f) The commission is prohibited from approving either an extension of an existing
177.2 power purchase agreement or a new power purchase agreement that operates after the
177.3 agreement period unless it approves an electrification project. Nothing in this section requires
177.4 any utility to enter into a power purchase agreement with the cogeneration facility after
177.5 December 31, 2024.

177.6 (g) Upon approval of an electrification project, the commission must require periodic
177.7 reporting regarding the progress toward implementation of the electrification project.

177.8 (h) If the commission approves the proposal submitted under paragraph (b), clause (3),
177.9 the commission may allow the public utility to recover prudently incurred costs net of
177.10 revenues resulting from the electrification project through an automatic cost recovery
177.11 mechanism that allows for cost recovery outside of a general rate case. The cost recovery
177.12 mechanism approved by the commission must:

177.13 (1) allow a reasonable return on the capital invested in the electrification project by the
177.14 public utility, as determined by the commission; and

177.15 (2) recover costs only from the public utility's Minnesota electric service customers.

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

177.17 Sec. 11. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

177.18 Subd. 8. **Exemptions.** (a) This section does not apply to:

177.19 (1) cogeneration or small power production facilities as defined in the Federal Power
177.20 Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and
177.21 paragraph (18), subparagraph (A), and having a combined capacity at a single site of less
177.22 than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
177.23 any case where the commission has determined after being advised by the attorney general
177.24 that its application has been preempted by federal law;

177.25 (2) a high-voltage transmission line proposed primarily to distribute electricity to serve
177.26 the demand of a single customer at a single location, unless the applicant opts to request
177.27 that the commission determine need under this section or section 216B.2425;

177.28 (3) the upgrade to a higher voltage of an existing transmission line that serves the demand
177.29 of a single customer that primarily uses existing rights-of-way, unless the applicant opts to
177.30 request that the commission determine need under this section or section 216B.2425;

177.31 (4) a high-voltage transmission line of one mile or less required to connect a new or
177.32 upgraded substation to an existing, new, or upgraded high-voltage transmission line;

178.1 (5) conversion of the fuel source of an existing electric generating plant to using natural
178.2 gas;

178.3 (6) the modification of an existing electric generating plant to increase efficiency, as
178.4 long as the capacity of the plant is not increased more than ten percent or more than 100
178.5 megawatts, whichever is greater;

178.6 (7) a large wind energy conversion system, as defined in section 216F.01, subdivision
178.7 2, or a solar electric energy generation facility system, as defined in section 216E.01,
178.8 subdivision 9a, if the system or facility is owned and operated by an independent power
178.9 producer and the electric output of the system or facility;

178.10 (i) is not sold to an entity that provides retail service in Minnesota or wholesale electric
178.11 service to another entity in Minnesota other than an entity that is a federally recognized
178.12 regional transmission organization or independent system operator; or

178.13 (ii) is sold to an entity that provides retail service in Minnesota or wholesale electric
178.14 service to another entity in Minnesota other than an entity that is a federally recognized
178.15 regional transmission organization or independent system operator, provided that the system
178.16 represents solar or wind capacity that the entity purchasing the system's electric output was
178.17 ordered by the commission to develop in the entity's most recent integrated resource plan
178.18 approved under section 216B.2422; or

178.19 (8) a large wind energy conversion system, as defined in section 216F.01, subdivision
178.20 2, or a solar energy generating large energy facility, as defined in section 216B.2421,
178.21 subdivision 2, engaging in a repowering project that:

178.22 (i) will not result in the facility exceeding the nameplate capacity under its most recent
178.23 interconnection agreement; or

178.24 (ii) will result in the facility exceeding the nameplate capacity under its most recent
178.25 interconnection agreement, provided that the Midcontinent Independent System Operator
178.26 has provided a signed generator interconnection agreement that reflects the expected net
178.27 power increase.

178.28 (b) For the purpose of this subdivision, "repowering project" means:

178.29 (1) modifying a large wind energy conversion system or a solar energy generating large
178.30 energy facility to increase its efficiency without increasing its nameplate capacity;

178.31 (2) replacing turbines in a large wind energy conversion system without increasing the
178.32 nameplate capacity of the system; or

179.1 (3) increasing the nameplate capacity of a large wind energy conversion system.

179.2 Sec. 12. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

179.3 Subd. 3b. **Assessment for department regional and national duties.** In addition to
179.4 other assessments in subdivision 3, the department may assess up to \$500,000 per fiscal
179.5 year for performing its duties under section 216A.07, subdivision 3a. The amount in this
179.6 subdivision shall be assessed to energy utilities in proportion to their respective gross
179.7 operating revenues from retail sales of gas or electric service within the state during the last
179.8 calendar year and shall be deposited into an account in the special revenue fund and is
179.9 appropriated to the commissioner of commerce for the purposes of section 216A.07,
179.10 subdivision 3a. An assessment made under this subdivision is not subject to the cap on
179.11 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
179.12 an "energy utility" means public utilities, generation and transmission cooperative electric
179.13 associations, and municipal power agencies providing natural gas or electric service in the
179.14 state. ~~This subdivision expires June 30, 2021.~~

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

179.16 Sec. 13. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

179.17 **Subdivision 1. Definitions.** (a) For the purposes of this section, the following terms have
179.18 the meaning given.

179.19 (b) "Participant" means a person who meets the requirements of subdivision 2 and who:

179.20 (1) files comments or appears in a commission proceeding, other than public hearings,
179.21 concerning one or more public utilities; or

179.22 (2) is permitted by the commission to intervene in a commission proceeding concerning
179.23 one or more public utilities; and

179.24 (3) files a request for compensation under this section.

179.25 (c) "Proceeding" means an undertaking of the commission in which it seeks to resolve
179.26 an issue affecting one or more public utilities and which results in a commission order.

179.27 (d) "Public utility" has the meaning given in section 216B.02, subdivision 4.

179.28 **Subd. 2. Participants; eligibility.** Any of the following participants is eligible to receive
179.29 compensation under this section:

179.30 (1) a nonprofit organization that is:

180.1 (i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue
180.2 Code;

180.3 (ii) incorporated in Minnesota; and

180.4 (iii) governed under chapter 317A;

180.5 (2) a Tribal government of a federally recognized Indian Tribe that is located in
180.6 Minnesota; or

180.7 (3) a Minnesota resident, except that an individual who owns a for-profit business that
180.8 has earned revenue from a Minnesota utility in the past two years is not eligible for
180.9 compensation.

180.10 Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to
180.11 compensate all or part of an eligible participant's reasonable costs of participation in a
180.12 proceeding that comes before the commission when the commission finds that the participant
180.13 has materially assisted the commission's deliberation.

180.14 (b) In determining whether a participant has materially assisted the commission's
180.15 deliberation, the commission must find that:

180.16 (1) the participant made a unique contribution to the record and represented an interest
180.17 that would not otherwise have been adequately represented;

180.18 (2) the evidence or arguments presented or the positions taken by the participant were
180.19 an important factor in producing a fair decision;

180.20 (3) the participant's position promoted a public purpose or policy;

180.21 (4) the evidence presented, arguments made, issues raised, or positions taken by the
180.22 participant would not otherwise have been a part of the record;

180.23 (5) the participant was active in any stakeholder process made part of the proceeding;
180.24 and

180.25 (6) the proceeding resulted in a commission order that adopted, in whole or in part, a
180.26 position advocated by the participant.

180.27 (c) In reviewing a compensation request, the commission must consider whether the
180.28 costs presented in the participant's claim are reasonable.

180.29 Subd. 4. **Compensation; amount.** (a) Compensation must not exceed \$50,000 for a
180.30 single participant in any proceeding, except that:

181.1 (1) if a proceeding extends longer than 12 months, a participant may request compensation
181.2 of up to \$50,000 for costs incurred in each calendar year; and

181.3 (2) in a general rate case proceeding under section 216B.16 or an integrated resource
181.4 plan proceeding under section 216B.2422, the maximum single participant compensation
181.5 must not exceed \$75,000.

181.6 (b) A single participant must not be granted more than \$200,000 under this section in a
181.7 single calendar year.

181.8 (c) Compensation requests from joint participants must be presented as a single request.

181.9 (d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar
181.10 year, require a single public utility to pay aggregate compensation under this section that
181.11 exceeds the following amounts:

181.12 (1) \$100,000, for a public utility with up to \$300,000,000 annual gross operating revenue
181.13 in Minnesota;

181.14 (2) \$275,000, for a public utility with more than \$300,000,000 but less than \$900,000,000
181.15 annual gross operating revenue in Minnesota;

181.16 (3) \$375,000, for a public utility with more than \$900,000,000 but less than
181.17 \$2,000,000,000 annual gross operating revenue in Minnesota; and

181.18 (4) \$1,250,000, for a public utility with more than \$2,000,000,000 annual gross operating
181.19 revenue in Minnesota.

181.20 (e) When requests for compensation from any public utility approach the limits established
181.21 in paragraph (d), the commission may prioritize requests from participants that received
181.22 less than \$150,000 in total compensation during the previous two years.

181.23 Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a
181.24 request and an affidavit of service with the commission, and serve a copy of the request on
181.25 each party to the proceeding. The request must be filed no more than 30 days after the later
181.26 of: (1) the expiration of the period within which a petition for rehearing, amendment,
181.27 vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues
181.28 an order following rehearing, amendment, vacation, reconsideration, or reargument.

181.29 (b) A compensation request must include:

181.30 (1) the name and address of the participant or nonprofit organization the participant is
181.31 representing;

181.32 (2) evidence of the organization's nonprofit, tax-exempt status;

182.1 (3) the name and docket number of the proceeding for which compensation is requested;

182.2 (4) a list of actual annual revenue secured and expenses incurred for participation in
182.3 commission proceedings separately for the preceding and current year, and projected revenue,
182.4 revenue sources, and expenses for participation in commission proceedings for the current
182.5 year;

182.6 (5) amounts of compensation awarded to the participant under this section during the
182.7 current year and any pending requests for compensation, by docket;

182.8 (6) an itemization of the participant's costs, including hours worked and associated hourly
182.9 rates for each individual contributing to the participation, not including overhead costs,
182.10 participant revenues for the proceeding, and the total compensation request; and

182.11 (7) a narrative describing the unique contribution made to the proceeding by the
182.12 participant.

182.13 (c) A participant shall comply with reasonable requests for information by the commission
182.14 and other participants. A participant shall reply to information requests within ten calendar
182.15 days of the date the request is received, unless this would place an extreme hardship upon
182.16 the replying participant. The replying participant must provide a copy of the information
182.17 to any other participant or interested person upon request. Disputes regarding information
182.18 requests may be resolved by the commission.

182.19 (d) Within 30 days after service of the request for compensation, a party may file a
182.20 response, together with an affidavit of service, with the commission. A copy of the response
182.21 must be served on the requesting participant and all other parties to the proceeding.

182.22 (e) Within 15 days after the response is filed, the participant may file a reply with the
182.23 commission. A copy of the reply and an affidavit of service must be served on all other
182.24 parties to the proceeding.

182.25 (f) If additional costs are incurred by a participant as a result of additional proceedings
182.26 following the commission's initial order, the participant may file an amended request within
182.27 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an
182.28 amended request.

182.29 (g) The commission must issue a decision on participant compensation within 60 days
182.30 of the date a request for compensation is filed by a participant.

182.31 (h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to
182.32 60 days upon the request of a participant or on the commission's own initiative, if applicable.

183.1 (i) A participant may request reconsideration of the commission's compensation decision
183.2 within 30 days of the decision date.

183.3 Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment
183.4 of participant compensation, the public utility that was the subject of the proceeding must
183.5 pay the compensation to the participant and file proof of payment with the commission
183.6 within 30 days after the later of: (1) the expiration of the period within which a petition for
183.7 reconsideration of the commission's compensation decision must be filed; or (2) the date
183.8 the commission issues an order following reconsideration of the commission's order on
183.9 participant compensation.

183.10 (b) If the commission issues an order requiring payment of participant compensation in
183.11 a proceeding involving multiple public utilities, the commission shall apportion costs among
183.12 the public utilities in proportion to each public utility's annual revenue.

183.13 (c) The commission may issue orders necessary to allow a public utility to recover the
183.14 costs of participant compensation on a timely basis.

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

183.16 Sec. 14. **[216C.51] UTILITY DIVERSITY REPORTING.**

183.17 Subdivision 1. **Policy.** It is the policy of this state to encourage each utility that serves
183.18 Minnesota residents to focus on and improve the diversity of the utility's workforce and
183.19 suppliers.

183.20 Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the
183.21 meanings given.

183.22 (b) "Certification" means official recognition by a governmental unit that a business is
183.23 a preferred vendor as a result of the characteristics of the business owner or owners or the
183.24 location of the business.

183.25 (c) "Utility" has the meaning given in section 216C.06, subdivision 18.

183.26 Subd. 3. **Annual report.** (a) Beginning March 15, 2022, and each March 15 thereafter,
183.27 each utility authorized to do business in Minnesota must file an annual diversity report to
183.28 the commissioner on:

183.29 (1) the utility's goals and efforts to increase diversity in the workplace, including current
183.30 workforce representation numbers and percentages; and

183.31 (2) all procurement goals and actual spending for female-owned, minority-owned,
183.32 veteran-owned, and small business enterprises during the previous calendar year.

184.1 (b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the
184.2 total work performed by the utility submitting the report. The actual spending for
184.3 female-owned, minority-owned, veteran-owned, and small business enterprises must also
184.4 be expressed as a percentage of the total work performed by the utility submitting the report.

184.5 Subd. 4. **Report elements.** Each utility required to report under this section must include
184.6 the following in the annual report:

184.7 (1) an explanation of the plan to increase diversity in the utility's workforce and suppliers
184.8 during the next year;

184.9 (2) an explanation of the plan to increase the goals;

184.10 (3) an explanation of the challenges faced to increase workforce and supplier diversity,
184.11 including suggestions regarding actions the department could take to help identify potential
184.12 employees and vendors;

184.13 (4) a list of the certifications the company recognizes;

184.14 (5) a point of contact for a potential employee or vendor that wishes to work for or do
184.15 business with the utility; and

184.16 (6) a list of successful actions taken to increase workforce and supplier diversity, in
184.17 order to encourage other companies to emulate best practices.

184.18 Subd. 5. **State data.** Each annual report must include as much state-specific data as
184.19 possible. If the submitting utility does not submit state-specific data, the utility must include
184.20 any relevant national data the utility possesses, explain why the utility could not submit
184.21 state-specific data, and explain how the utility intends to include state-specific data in future
184.22 reports, if possible.

184.23 Subd. 6. **Publication; retention.** The department must publish an annual report on the
184.24 department's website and must maintain each annual report for at least five years.

184.25 Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

184.26 **Subd. 7. Considerations in designating sites and routes.** (a) The commission's site
184.27 and route permit determinations must be guided by the state's goals to conserve resources,
184.28 minimize environmental impacts, minimize human settlement and other land use conflicts,
184.29 and ensure the state's electric energy security through efficient, cost-effective power supply
184.30 and electric transmission infrastructure.

184.31 (b) To facilitate the study, research, evaluation, and designation of sites and routes, the
184.32 commission shall be guided by, but not limited to, the following considerations:

- 185.1 (1) evaluation of research and investigations relating to the effects on land, water and
185.2 air resources of large electric power generating plants and high-voltage transmission lines
185.3 and the effects of water and air discharges and electric and magnetic fields resulting from
185.4 such facilities on public health and welfare, vegetation, animals, materials and aesthetic
185.5 values, including baseline studies, predictive modeling, and evaluation of new or improved
185.6 methods for minimizing adverse impacts of water and air discharges and other matters
185.7 pertaining to the effects of power plants on the water and air environment;
- 185.8 (2) environmental evaluation of sites and routes proposed for future development and
185.9 expansion and their relationship to the land, water, air and human resources of the state;
- 185.10 (3) evaluation of the effects of new electric power generation and transmission
185.11 technologies and systems related to power plants designed to minimize adverse environmental
185.12 effects;
- 185.13 (4) evaluation of the potential for beneficial uses of waste energy from proposed large
185.14 electric power generating plants;
- 185.15 (5) analysis of the direct and indirect economic impact of proposed sites and routes
185.16 including, but not limited to, productive agricultural land lost or impaired;
- 185.17 (6) evaluation of adverse direct and indirect environmental effects that cannot be avoided
185.18 should the proposed site and route be accepted;
- 185.19 (7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant
185.20 to subdivisions 1 and 2;
- 185.21 (8) evaluation of potential routes that would use or parallel existing railroad and highway
185.22 rights-of-way;
- 185.23 (9) evaluation of governmental survey lines and other natural division lines of agricultural
185.24 land so as to minimize interference with agricultural operations;
- 185.25 (10) evaluation of the future needs for additional high-voltage transmission lines in the
185.26 same general area as any proposed route, and the advisability of ordering the construction
185.27 of structures capable of expansion in transmission capacity through multiple circuiting or
185.28 design modifications;
- 185.29 (11) evaluation of irreversible and irretrievable commitments of resources should the
185.30 proposed site or route be approved; ~~and~~
- 185.31 (12) when appropriate, consideration of problems raised by other state and federal
185.32 agencies and local entities;

186.1 (13) evaluation of the benefits of the proposed facility with respect to the protection and
186.2 enhancement of environmental quality, and to the reliability of state and regional energy
186.3 supplies; and

186.4 (14) evaluation of the proposed project's impact on socioeconomic factors.

186.5 (c) If the commission's rules are substantially similar to existing regulations of a federal
186.6 agency to which the utility in the state is subject, the federal regulations must be applied by
186.7 the commission.

186.8 (d) No site or route shall be designated which violates state agency rules.

186.9 (e) The commission must make specific findings that it has considered locating a route
186.10 for a high-voltage transmission line on an existing high-voltage transmission route and the
186.11 use of parallel existing highway right-of-way and, to the extent those are not used for the
186.12 route, the commission must state the reasons.

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

186.14 Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

186.15 Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to
186.16 the following projects:

186.17 (1) large electric power generating plants with a capacity of less than 80 megawatts;

186.18 (2) large electric power generating plants that are fueled by natural gas;

186.19 (3) high-voltage transmission lines of between 100 and 200 kilovolts;

186.20 (4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles
186.21 in length in Minnesota;

186.22 (5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of
186.23 the distance of the line in Minnesota will be located along existing high-voltage transmission
186.24 line right-of-way;

186.25 (6) a high-voltage transmission line service extension to a single customer between 200
186.26 and 300 kilovolts and less than ten miles in length;

186.27 (7) a high-voltage transmission line rerouting to serve the demand of a single customer
186.28 when the rerouted line will be located at least 80 percent on property owned or controlled
186.29 by the customer or the owner of the transmission line; and

186.30 (8) large electric power generating plants that are powered by solar energy.

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

187.2 Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

187.3 **216F.012 SIZE ELECTION.**

187.4 (a) A wind energy conversion system of less than 25 megawatts of nameplate capacity
187.5 as determined under section 216F.011 is a small wind energy conversion system if, by July
187.6 1, 2009, the owner so elects in writing and submits a completed application for zoning
187.7 approval and the written election to the county or counties in which the project is proposed
187.8 to be located. The owner must notify the Public Utilities Commission of the election at the
187.9 time the owner submits the election to the county.

187.10 (b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate
187.11 capacity exceeding five megawatts that is proposed to be located wholly or partially within
187.12 a wind access buffer adjacent to state lands that are part of the outdoor recreation system,
187.13 as enumerated in section 86A.05, is a large wind energy conversion system. The Department
187.14 of Natural Resources shall negotiate in good faith with a system owner regarding siting and
187.15 may support the system owner in seeking a variance from the system setback requirements
187.16 if it determines that a variance is in the public interest.

187.17 ~~(e) The Public Utilities Commission shall issue an annual report to the chairs and ranking~~
187.18 ~~minority members of the house of representatives and senate committees with primary~~
187.19 ~~jurisdiction over energy policy and natural resource policy regarding any variances applied~~
187.20 ~~for and not granted for systems subject to paragraph (b).~~

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

187.22 Sec. 18. **[216F.084] WIND TURBINE LIGHTING SYSTEMS.**

187.23 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
187.24 the meanings given.

187.25 (b) "Duration" means the length of time during which the lights of a wind turbine lighting
187.26 system are lit.

187.27 (c) "Intensity" means the brightness of a wind turbine lighting system's lights.

187.28 (d) "Light-mitigating technology" means a sensor-based system that reduces the duration
187.29 or intensity of wind turbine lighting systems by:

187.30 (1) using radio frequency or other sensors to detect aircraft approaching one or more
187.31 wind turbines, or detecting visibility conditions at turbine sites; and

188.1 (2) automatically activating appropriate obstruction lights until the lights are no longer
188.2 needed by the aircraft and are turned off or dimmed.

188.3 A light-mitigating technology may include an audio feature that transmits an audible warning
188.4 message to provide a pilot additional information regarding a wind turbine the aircraft is
188.5 approaching.

188.6 (e) "Repowering project" has the meaning given in section 216B.243, subdivision 8,
188.7 paragraph (b).

188.8 (f) "Wind turbine lighting system" means a system of lights installed on an LWECS that
188.9 meets the applicable Federal Aviation Administration requirements.

188.10 Subd. 2. **Application.** This section applies to an LWECS issued a site permit or site
188.11 permit amendment, including a site permit amendment for an LWECS repowering project,
188.12 by the commission under section 216F.04 or by a county under section 216F.08, provided
188.13 that the application for a site permit or permit amendment is filed after July 1, 2021.

188.14 Subd. 3. **Required lighting system.** (a) An LWECS subject to this section must be
188.15 equipped with a light-mitigating technology that meets the requirements established in
188.16 Chapter 14 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction
188.17 Marking and Lighting, as updated, unless the Federal Aviation Administration, after
188.18 reviewing the LWECS site plan, rejects the use of the light-mitigating technology for the
188.19 LWECS. A light-mitigating technology installed on a wind turbine in Minnesota must be
188.20 purchased from a vendor approved by the Federal Aviation Administration.

188.21 (b) If the Federal Aviation Administration, after reviewing the LWECS site plan, rejects
188.22 the use of a light-mitigating technology for the LWECS under paragraph (a), the LWECS
188.23 must be equipped with a wind turbine lighting system that minimizes the duration or intensity
188.24 of the lighting system while maintaining full compliance with the lighting standards
188.25 established in Chapter 13 of the Federal Aviation Administration's Advisory Circular
188.26 70/760-1, Obstruction Marking and Lighting, as updated.

188.27 Subd. 4. **Exemptions.** (a) The Public Utilities Commission or a county that has assumed
188.28 permitting authority under section 216F.08 must grant an owner of an LWECS an exemption
188.29 from subdivision 3, paragraph (a), if the Federal Aviation Administration denies the owner's
188.30 application to equip an LWECS with a light-mitigating technology.

188.31 (b) The Public Utilities Commission or a county that has assumed permitting authority
188.32 under section 216F.08 must grant an owner of an LWECS an exemption from or an extension

189.1 of time to comply with subdivision 3, paragraph (a), if after notice and public hearing the
189.2 owner of the LWECS demonstrates to the satisfaction of the commission or county that:

189.3 (1) equipping an LWECS with a light-mitigating technology is technically infeasible;

189.4 (2) equipping an LWECS with a light-mitigating technology imposes a significant
189.5 financial burden on the permittee; or

189.6 (3) a vendor approved by the Federal Aviation Administration cannot deliver a
189.7 light-mitigating technology to the LWECS owner in a reasonable amount of time.

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

189.9 Sec. 19. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF**
189.10 **COMMERCE SUPPORT.**

189.11 (a) The Department of Commerce must provide technical support and subject matter
189.12 expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in
189.13 Minnesota to establish and operate a Tribal advocacy council on energy.

189.14 (b) When requested by a Tribal advocacy council on energy, the Department of Commerce
189.15 must assist the council to:

189.16 (1) assess and evaluate common Tribal energy issues, including:

189.17 (i) identifying and prioritizing energy issues;

189.18 (ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

189.19 (iii) assisting decision making with respect to resolving energy issues;

189.20 (2) develop new statewide energy policies or proposed legislation, including:

189.21 (i) organizing stakeholder meetings;

189.22 (ii) gathering input and other relevant information;

189.23 (iii) assisting with policy proposal development, evaluation, and decision making; and

189.24 (iv) helping facilitate actions taken to submit, and obtain approval for or have enacted,
189.25 policies or legislation approved by the council;

189.26 (3) make efforts to raise awareness of and provide educational opportunities with respect
189.27 to Tribal energy issues among Tribal members by:

189.28 (i) identifying information resources;

190.1 (ii) gathering feedback on issues and topics the council identifies as areas of interest;
190.2 and

190.3 (iii) identifying topics for and helping to facilitate educational forums; and

190.4 (4) identify, evaluate, disseminate, and implement successful energy-related practices.

190.5 (c) Nothing in this section requires or otherwise obligates the 11 federally recognized
190.6 Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it
190.7 require or obligate a federally recognized Indian Tribe in Minnesota to participate in or
190.8 implement a decision or support an effort made by a Tribal advocacy council on energy.

190.9 (d) Any support provided by the Department of Commerce to a Tribal advocacy council
190.10 on energy under this section must be provided only upon request of the council and is limited
190.11 to issues and areas where the Department of Commerce's expertise and assistance is
190.12 requested.

190.13 **Sec. 20. PILOT PROJECT; REPORTING REQUIREMENTS.**

190.14 Upon completion of the solar energy pilot project described in section 21, subdivision
190.15 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the
190.16 Pollution Control Agency, in cooperation with the electric cooperative association operating
190.17 the pilot project, must report to the chairs and ranking minority members of the legislative
190.18 committees with jurisdiction over capital investment, energy, and environment on the
190.19 following:

190.20 (1) project accomplishments and milestones, including any project growth, developments,
190.21 or agreements that resulted from the project;

190.22 (2) challenges or barriers faced during development or after completion of the project;

190.23 (3) project financials, including expenses, utility agreements, and project viability; and

190.24 (4) replicability of the pilot project to other future closed landfill projects.

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

190.26 **Sec. 21. APPROPRIATIONS.**

190.27 Subdivision 1. **Microgrid research and application.** (a) Notwithstanding Minnesota
190.28 Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,400,000 in fiscal year 2022 and
190.29 \$1,200,000 in fiscal year 2023 are appropriated from the renewable development account
190.30 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
190.31 commerce for transfer to the University of St. Thomas Center for Microgrid Research for

191.1 the purposes of paragraph (b). The base in fiscal year 2024 is \$1,000,000, and the base in
191.2 fiscal year 2025 is \$400,000. The base in fiscal year 2026 is \$400,000.

191.3 (b) The appropriations in this section must be used by the University of St. Thomas
191.4 Center for Microgrid Research to:

191.5 (1) increase the center's capacity to provide industry partners opportunities to test
191.6 near-commercial microgrid products on a real-world scale and to multiply opportunities for
191.7 innovative research;

191.8 (2) procure advanced equipment and controls to enable the extension of the university's
191.9 microgrid to additional buildings; and

191.10 (3) expand (i) hands-on educational opportunities to better understand the operations of
191.11 microgrids to undergraduate and graduate electrical engineering students, and (ii) partnerships
191.12 with community colleges.

191.13 Subd. 2. **Clean energy training; pilot project.** (a) Notwithstanding Minnesota Statutes,
191.14 section 116C.779, subdivision 1, paragraph (j), \$2,500,000 in fiscal year 2022 is appropriated
191.15 from the renewable development account to the commissioner of employment and economic
191.16 development for a grant to Northgate Development, LLC, for a pilot project to provide
191.17 training pathways into careers in clean energy for students and young adults in underserved
191.18 communities. Any unexpended funds remaining at the end of the biennium cancel to the
191.19 renewable development account. This is a onetime appropriation.

191.20 (b) The pilot project must develop skills among program participants, short of the level
191.21 required for licensing under Minnesota Statutes, chapter 326B, that are relevant to the design,
191.22 construction, operation, or maintenance of:

191.23 (1) systems producing solar or wind energy;

191.24 (2) improvements in energy efficiency, as defined in Minnesota Statutes, section
191.25 216B.241, subdivision 1;

191.26 (3) energy storage systems connected to renewable energy facilities, including battery
191.27 technology;

191.28 (4) infrastructure for charging all-electric or electric hybrid vehicles; or

191.29 (5) grid technologies that manage load and provide services to the distribution grid that
191.30 reduce energy consumption or shift demand to off-peak periods.

192.1 (c) Training must be designed to create pathways to a postsecondary degree, industry
192.2 certification, or to a registered apprenticeship program under chapter 178 that is related to
192.3 the fields in paragraph (b) and then to stable career employment at a living wage.

192.4 (d) Training must be provided at a location that is accessible by public transportation
192.5 and must prioritize the inclusion of communities of color, indigenous people, and low-income
192.6 individuals.

192.7 (e) Grant funds may be used for all expenses related to the training program, including
192.8 curriculum, instructors, equipment, materials, and leasing and improving space for use by
192.9 the program.

192.10 (f) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate
192.11 Development, LLC, shall submit an annual report to the commissioner of employment and
192.12 economic development that must include, at a minimum, information on:

192.13 (1) program expenditures, including but not limited to amounts spent on curriculum,
192.14 instructors, equipment, materials, and leasing and improving space for use by the program;

192.15 (2) other public or private funding sources, including in-kind donations, supporting the
192.16 pilot program;

192.17 (3) the number of program participants;

192.18 (4) demographic information on program participants including but not limited to race,
192.19 age, gender, and income; and

192.20 (5) the number of program participants placed in a postsecondary program, industry
192.21 certification program, or registered apprenticeship program under Minnesota Statutes,
192.22 chapter 178.

192.23 **Subd. 3. Landfill bond prepayment; solar pilot project.** (a) Notwithstanding Minnesota
192.24 Statutes, section 116C.779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2022 is
192.25 appropriated from the renewable development account established under Minnesota Statutes,
192.26 section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the
192.27 commissioner of management and budget to prepay and defease any outstanding general
192.28 obligation bonds used to acquire property, finance improvements and betterments, or pay
192.29 any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may
192.30 be deposited, invested, and applied to accomplish the purposes of this section as provided
192.31 in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment
192.32 and defeasance of all associated debt on the real property and improvements, all conditions
192.33 set forth in Minnesota Statutes, section 16A.695, subdivision 3, are deemed to have been

193.1 satisfied and the real property and improvements no longer constitute state bond financed
193.2 property under Minnesota Statutes, section 16A.695. This is a onetime appropriation. Any
193.3 funds appropriated under this section that remain unexpended after the purposes in this
193.4 paragraph have been met cancel to the renewable development account.

193.5 (b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution
193.6 Control Agency may take actions and execute agreements to facilitate the beneficial reuse
193.7 of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a
193.8 solar energy generating system, as defined in Minnesota Statutes, section 216E.01,
193.9 subdivision 9a, as a pilot project at the closed landfill to be owned and operated by a
193.10 cooperative electric association that has more than 130,000 customers in Minnesota. The
193.11 appropriation in paragraph (a) must not be used to finance the pilot project, procure land
193.12 rights, or to manage the solar energy generating system.

193.13 Subd. 4. **Participant compensation.** (a) \$30,000 in fiscal year 2022 and \$30,000 in
193.14 fiscal year 2023 are appropriated from the general fund to the commissioner of commerce
193.15 to address participant compensation issues in Public Utilities Commission proceedings, as
193.16 described in Minnesota Statutes, section 216B.631.

193.17 (b) \$28,000 in fiscal year 2022 and \$28,000 in fiscal year 2023 are appropriated from
193.18 the general fund to the Public Utilities Commission to address participant compensation
193.19 issues under Minnesota Statutes, section 216B.631.

193.20 Subd. 5. **Commerce department; Energy Resources Division.** \$3,493,000 in fiscal
193.21 year 2022 and \$3,547,000 in fiscal year 2023 are appropriated from the general fund to the
193.22 commissioner of commerce for general operating activities of the Energy Resources Division.

193.23 Subd. 6. **Weatherization; vermiculite remediation.** \$150,000 in fiscal year 2022 and
193.24 \$150,000 in fiscal year 2023 are appropriated from the general fund to the commissioner
193.25 of commerce to remediate vermiculite insulation from households that are eligible for
193.26 weatherization assistance under Minnesota's weatherization assistance program state plan
193.27 under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with
193.28 federal weatherization assistance program services.

193.29 Subd. 7. **Energy regulation and planning.** \$851,000 in fiscal year 2022 and \$870,000
193.30 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce
193.31 for activities of the energy regulation and planning unit staff.

193.32 Subd. 8. **"Made in Minnesota" administration.** Notwithstanding Minnesota Statutes,
193.33 section 116C. 779, subdivision 1, paragraph (j), \$100,000 in fiscal year 2022 and \$100,000
193.34 in fiscal year 2023 are appropriated from the renewable development account established

194.1 in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
194.2 to administer the "Made in Minnesota" solar energy production incentive program under
194.3 Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the
194.4 renewable development account at the end of the biennium.

194.5 Subd. 9. **Grant cycle; proposal evaluation.** \$500,000 in fiscal year 2022 and \$500,000
194.6 in fiscal year 2023 are appropriated from the renewable development account established
194.7 in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
194.8 for costs associated with any third-party expert evaluation of a proposal submitted in response
194.9 to a request for proposal to the renewable development advisory group under Minnesota
194.10 Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation
194.11 may be expended or retained by the commissioner of commerce. Any funds appropriated
194.12 under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable
194.13 development account.

194.14 Subd. 10. **Petroleum Tank Release Compensation Board.** \$1,056,000 in fiscal year
194.15 2022 and \$1,056,000 in fiscal year 2023 are appropriated from the petroleum tank fund to
194.16 the Petroleum Tank Release Compensation Board for its operations.

194.17 Subd. 11. **Public Utilities Commission.** \$8,073,000 in fiscal year 2022 and \$8,202,000
194.18 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission
194.19 for its general operations.

194.20 Sec. 22. **REPEALER.**

194.21 (a) Minnesota Statutes 2020, sections 115C.13; and 216B.16, subdivision 10, are repealed.

194.22 (b) Laws 2017, chapter 5, section 1, is repealed.

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

115C.13 REPEALER.

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, 2022.

216B.16 RATE CHANGE; PROCEDURE; HEARING.

Subd. 10. **Intervenor compensation.** (a) A nonprofit organization or an individual granted formal intervenor status by the commission is eligible to receive compensation.

(b) The commission may order a utility to compensate all or part of an eligible intervenor's reasonable costs of participation in a general rate case that comes before the commission when the commission finds that the intervenor has materially assisted the commission's deliberation and when a lack of compensation would present financial hardship to the intervenor. Compensation may not exceed \$50,000 for a single intervenor in any proceeding. For the purpose of this subdivision, "materially assisted" means that the intervenor's participation and presentation was useful and seriously considered, or otherwise substantially contributed to the commission's deliberations in the proceeding.

(c) In determining whether an intervenor has materially assisted the commission's deliberation, the commission must consider, among other factors, whether:

(1) the intervenor represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the intervenor were an important factor in producing a fair decision;

(3) the intervenor's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the intervenor would not have been a part of the record without the intervenor's participation; and

(5) the administrative law judge or the commission adopted, in whole or in part, a position advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to the intervenor, the commission must consider:

(1) whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys and expert witnesses and other reasonable costs; and

(2) the ratio between the costs of intervention and the intervenor's unrestricted funds.

(e) An intervenor seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed 30 days after the later of (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(f) The compensation request must include:

(1) the name and address of the intervenor or representative of the nonprofit organization the intervenor is representing;

(2) proof of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenues and expenses of the organization the intervenor is representing for the preceding year and projected revenues, revenue sources, and expenses for the current year;

(5) the organization's balance sheet for the preceding year and a current monthly balance sheet;

(6) an itemization of intervenor costs and the total compensation request; and

(7) a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

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(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(i) If additional costs are incurred as a result of additional proceedings following the commission's initial order, the intervenor may file an amended request within 30 days after the commission issues an amended order. Paragraphs (e) to (h) apply to an amended request.

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor, and file with the commission proof of payment, within 30 days after the later of (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed or (2) the date the commission issues an order following reconsideration of its order on intervenor compensation.

216B.1691 RENEWABLE ENERGY OBJECTIVES.

Subd. 2. **Eligible energy objectives.** Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that commencing in 2005, at least one percent of the electric utility's total retail electric sales to retail customers in Minnesota is generated by eligible energy technologies and seven percent of the electric utility's total retail electric sales to retail customers in Minnesota by 2010 is generated by eligible energy technologies.

216B.241 ENERGY CONSERVATION IMPROVEMENT.

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

(b) "Commissioner" means the commissioner of commerce.

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

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(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(o) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Subd. 1b. Conservation improvement by cooperative association or municipality. (a) This subdivision applies to:

(1) a cooperative electric association that provides retail service to more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

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(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities may be used to meet 50 percent of the conservation investment and spending requirements of this subdivision.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) Each municipality or cooperative shall file energy conservation improvement plans by June 1 on a schedule determined by order of the commissioner, but at least every three years. Plans received by June 1 must be approved or approved as modified by the commissioner by December 1 of the same year. The municipality or cooperative shall provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost-effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department. The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities.

(h) The commissioner shall consider and may require a utility, association, or other entity providing energy efficiency and conservation services under this section to undertake a program suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization.

Subd. 2c. Performance incentives. By December 31, 2008, the commission shall review any incentive plan for energy conservation improvement it has approved under section 216B.16, subdivision 6c, and adjust the utility performance incentives to recognize making progress toward and meeting the energy-savings goals established in subdivision 1c.

Subd. 4. Federal law prohibitions. If investments by public utilities in energy conservation improvements are in any manner prohibited or restricted by federal law and there is a provision under which the prohibition or restriction may be waived, then the commission, the governor, or any other necessary state agency or officer shall take all necessary and appropriate steps to secure a waiver with respect to those public utility investments in energy conservation improvements included in this section.

Subd. 10. Waste heat recovery; thermal energy distribution. Demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to be counted towards a utility's natural gas or electric energy savings goals, subject to department approval.

Laws 2017, chapter 5, section 1

Section 1. NATURAL GAS COMBINED CYCLE ELECTRIC GENERATION PLANT.

(a) Notwithstanding Minnesota Statutes, section 216B.243 and Minnesota Statutes, chapter 216E, a public utility may, at its sole discretion, construct, own, and operate a natural gas combined cycle electric generation plant as the utility proposed to the Public Utilities Commission in docket number E-002/RP-15-21, or as revised by the utility and approved by the Public Utilities Commission in the latest resource plan filed after the effective date of this section, provided that the plant is located on property in Sherburne County, Minnesota, already owned by the public utility, and will be constructed after January 1, 2018.

(b) Reasonable and prudently incurred costs and investments by a public utility under this section may be recovered pursuant to the provisions of Minnesota Statutes, section 216B.16.

(c) No less than 20 months prior to the start of construction, a public utility intending to construct a plant under this section shall file with the commission an evaluation of the utility's forecasted costs prepared by an independent evaluator and may ask the commission to establish a sliding scale rate of return mechanism for this capital investment to provide an incentive for the utility to complete the project at or under the forecasted costs.