

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 1692

(SENATE AUTHORS: OSMEK)		
DATE	D-PG	OFFICIAL STATUS
02/25/2019	527	Introduction and first reading
		Referred to Energy and Utilities Finance and Policy
04/03/2019	2094a	Comm report: To pass as amended and re-refer to Finance

1.1

A bill for an act

1.2

relating to energy; appropriating money for the Department of Commerce and

1.3

Public Utilities Commission; modifying the community solar garden program;

1.4

eliminating the size limitation on hydropower sources that may satisfy the

1.5

renewable energy standard; abolishing the nuclear power plant certificate of need

1.6

prohibition; modifying the commercial PACE program; prohibiting use of funds

1.7

for certain legal proceedings; modifying conservation improvement program

1.8

requirements; amending the renewable development account public utility annual

1.9

contribution; establishing criteria for utility cost recovery of energy storage system

1.10

pilot projects; establishing a grant program to assist public school districts to install

1.11

solar energy systems; establishing an electric vehicle charging station revolving

1.12

loan program; establishing a net zero emissions project; establishing a process to

1.13

compensate businesses for loss of business opportunity; establishing an advisory

1.14

task force on green roofs; requiring a cost-benefit analysis; requiring reports;

1.15

appropriating money; amending Minnesota Statutes 2018, sections 116C.779,

1.16

subdivision 1; 216B.16, by adding a subdivision; 216B.1641; 216B.1691,

1.17

subdivision 1; 216B.241, subdivisions 1c, 1d, 2, 2b, 3, 7; 216B.2422, subdivision

1.18

1, by adding a subdivision; 216B.243, subdivision 3b; 216C.435, subdivisions 3a,

1.19

8; 216C.436, subdivision 4, by adding a subdivision; Laws 2017, chapter 94, article

1.20

10, sections 28; 29; proposing coding for new law in Minnesota Statutes, chapters

1.21

116J; 216B; 216C; repealing Minnesota Statutes 2018, section 216B.241,

1.22

subdivision 1b.

1.23

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

1.24

ARTICLE 1

1.25

APPROPRIATIONS

1.26

Section 1. ENERGY AND UTILITIES APPROPRIATIONS.

1.27

The sums shown in the columns marked "Appropriations" are appropriated to the agencies

1.28

and for the purposes specified in this article. The appropriations are from the general fund,

1.29

or another named fund, and are available for the fiscal years indicated for each purpose.

1.30

The figures "2020" and "2021" used in this article mean that the appropriations listed under

1.31

them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.

2.1 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
 2.2 is fiscal years 2020 and 2021.

2.3		<u>APPROPRIATIONS</u>
2.4		<u>Available for the Year</u>
2.5		<u>Ending June 30</u>
2.6		<u>2020</u> <u>2021</u>

2.7 Sec. 2. **DEPARTMENT OF COMMERCE**

2.8	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>8,401,000</u>	<u>\$</u>	<u>8,401,000</u>
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2.9 **Appropriations by Fund**

2.10		<u>2020</u>	<u>2021</u>
2.11	<u>General</u>	<u>5,285,000</u>	<u>5,285,000</u>
2.12	<u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>
2.13	<u>Petroleum Tank</u>	<u>1,056,000</u>	<u>1,056,000</u>

2.14 The amounts that may be spent for each
 2.15 purpose are specified in the following
 2.16 subdivisions.

2.17 **Subd. 2. Petroleum Tank Release Compensation**
 2.18 **Board**

<u>1,056,000</u>	<u>1,056,000</u>
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2.19 This appropriation is from the petroleum tank
 2.20 fund to account for base adjustments provided
 2.21 in Minnesota Statutes, section 115C.13, the
 2.22 base for the petroleum tank release cleanup
 2.23 fund in fiscal year 2023 is \$0.

2.24	<u>Subd. 3. Telecommunications</u>	<u>3,069,000</u>	<u>3,069,000</u>
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2.25 **Appropriations by Fund**

2.26	<u>General</u>	<u>1,009,000</u>	<u>1,009,000</u>
2.27	<u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>

2.28 \$2,060,000 each year is from the
 2.29 telecommunications access Minnesota fund
 2.30 account in the special revenue fund for the
 2.31 following transfers. This appropriation is
 2.32 added to the department's base.

2.33 (1) \$1,620,000 each year is to the
 2.34 commissioner of human services to
 2.35 supplement the ongoing operational expenses

3.1 of the Commission of Deaf, DeafBlind, and
 3.2 Hard-of-Hearing Minnesotans. This
 3.3 appropriation is available until June 30, 2021,
 3.4 and any unexpended amount on that date must
 3.5 be returned to the telecommunications access
 3.6 Minnesota fund;

3.7 (2) \$290,000 each year is to the chief
 3.8 information officer for the purpose of
 3.9 coordinating technology accessibility and
 3.10 usability;

3.11 (3) \$100,000 each year is to the Legislative
 3.12 Coordinating Commission for captioning of
 3.13 legislative coverage. This transfer is subject
 3.14 to Minnesota Statutes, section 16A.281; and

3.15 (4) \$50,000 each year is to the Office of
 3.16 MN.IT Services for a consolidated access fund
 3.17 to provide grants to other state agencies related
 3.18 to accessibility of their web-based services.

3.19 Subd. 4. **Energy Resources**

4,276,000

4,276,000

3.20 (a) \$150,000 each year is to remediate
 3.21 vermiculate insulation from households that
 3.22 are eligible for weatherization assistance under
 3.23 Minnesota's weatherization assistance program
 3.24 state plan under Minnesota Statutes, section
 3.25 216C.264. Remediation must be done in
 3.26 conjunction with federal weatherization
 3.27 assistance program services.

3.28 (b) \$832,000 each year is for energy regulation
 3.29 and planning unit staff.

3.30 Sec. 3. **PUBLIC UTILITIES COMMISSION**

\$

7,793,000 \$

7,793,000

ARTICLE 2

ENERGY POLICY

Section 1. Minnesota Statutes 2018, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

(a) The public utility subject to section 116C.779 shall file by September 30, ~~2013~~ 2019, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Upon approval of the program required under this section, a program approved under this section before September 30, 2019, must cease operations, except that a community solar garden for which an application is deemed complete under a prior program may continue to operate under that program. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. ~~There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.~~ The public utility must accept qualified proposals for community solar gardens each year in a form and on a schedule specified in the program approved by the commission. The public utility subject to this section may submit qualified proposals to the program.

(b) The public utility must submit evaluations of all qualified proposals to the commission, along with recommendations regarding which qualified proposals should be accepted. The commission must select the qualified proposals the public utility must accept. The qualified proposals with the lowest cost to the public utility's customers must be selected. The total nameplate capacity of qualified proposals selected by the commission must not exceed 25 megawatts per year.

(c) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than one megawatt. When determining the size of a community solar garden under this paragraph, the nameplate capacity of the community solar garden must be combined with the nameplate capacity of any other community solar garden that:

(1) is constructed within the same 12-month period as the community solar garden; and

(2) exhibits characteristics indicating a single development with the community solar garden, including but not limited to ownership structure, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

~~(e)~~ (d) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility located in the same county or a county contiguous to where the facility is located.

~~(d)~~ (e) The public utility must purchase from the community solar garden all energy generated by the community solar garden. The purchase shall be at the rate ~~calculated under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under either section 116C.7792 or section 216C.415~~ proposed in the qualified proposal submitted under paragraph (a). A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill. Notwithstanding any other provision of law, the commission must not increase the rate paid for energy from the community solar garden from the amount contained in the proposal.

~~(e)~~ (f) The commission may approve, disapprove, or modify a community solar garden program. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the public utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

6.1 (6) include a program implementation schedule;

6.2 (7) identify all proposed rules, fees, and charges; ~~and~~

6.3 (8) identify the means by which the program will be promoted;

6.4 (9) certify that the following information is contained in any promotional materials
6.5 developed by the solar garden owner or the utility purchasing the solar garden's generation
6.6 and is provided separately in writing to prospective subscribers at least 15 days prior to the
6.7 date a contract is entered into by the subscriber and the community solar garden owner:

6.8 (i) an estimate of the annual generation of electricity by the community solar garden,
6.9 calculated using the formula developed by the commission under paragraph (l);

6.10 (ii) an estimate of the length of time required to fully recover a subscriber's initial
6.11 lump-sum payments made to the owner of the solar garden prior to the delivery of electricity
6.12 to the subscriber by the solar garden, calculated using the formula developed by the
6.13 commission under paragraph (l); and

6.14 (iii) a commission-approved, standardized method for calculating the effect of future
6.15 electricity prices on community solar garden subscriptions based on the average residential
6.16 customer electric bill;

6.17 (10) require a solar garden owner to provide to prospective subscribers a completed
6.18 community solar garden subscriber disclosure checklist standard form at least 15 days prior
6.19 to the date a contract is entered into by the subscriber and the community solar garden
6.20 owner. The disclosure checklist shall include the following statement, in at least 12 point
6.21 type "utility rates and other federal, state, or local tax subsidies are subject to change. These
6.22 changes cannot be accurately predicted. Projected savings from your solar power subscription
6.23 are, therefore, subject to change;

6.24 (11) certify that the utility and the solar garden owner must submit copies of all marketing
6.25 and promotional material and sample contracts to the commission, and that the materials
6.26 are updated periodically;

6.27 (12) certify that the solar garden owner has placed sufficient financial resources into an
6.28 escrow account in order to reimburse subscribers for any financial losses incurred if the
6.29 project fails to meet the contract provisions;

6.30 (13) provide a mechanism for subscribers to transfer subscriptions to other new or current
6.31 subscribers, or to cancel subscriptions for a full refund;

(14) require a solar garden owner and the utility purchasing electricity generated by the solar garden to forward customer complaints regarding the operation and administration of the solar garden to the commission;

(15) require that the contract between a subscriber and the solar garden owner contains a warranty for a minimum level of electricity to be delivered to the subscriber from the community garden; and

(16) reflect the commission's determination that:

(i) the plan is financially viable; and

(ii) the contract between a subscriber and the solar garden owner is fair, reasonable, and not discriminatory.

~~(f)~~ (g) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (h) Within 180 days of commission approval of a plan under this section, a public utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

(i) The nonprofit partnership established under section 216C.385, must develop a community solar garden subscriber disclosure checklist standard form for use under paragraph (f), clause (10).

(j) The commission shall require a community solar garden developer to submit a registration form. A registration form shall include:

(1) the name, street address, mailing address, electronic mail address, and telephone number of the registrant;

(2) the name and contact information of any registered agency or any person designated by the registrant to receive notices and other communications from the commission;

(3) the name, address, and title of each officer or director;

(4) if the company is publicly traded, the company's most recent annual report filed with the United States Securities and Exchange Commission;

(5) if the company is not publicly traded, the company's current balance sheet;

8.1 (6) a statement describing each jurisdiction where the registrant or its affiliate operates;
8.2 and
8.3 (7) any other information required by the commission.

8.4 The commission may reject an application that does not contain all of the information
8.5 required by this paragraph. The commission must approve or deny any application for
8.6 registration within 30 days of receiving the application. The commission may suspend or
8.7 revoke a registration and impose fees or penalties upon complaint by any interested party
8.8 or upon the commission's own motion after notice and opportunity for hearing. A community
8.9 solar garden developer registered under this paragraph must cooperate with commission
8.10 hearings and proceedings regarding customer complaints. A registered community solar
8.11 garden developer shall keep confidential customer-specific or private information relating
8.12 to the customer's electricity usage, financial situation, credit history, and other
8.13 residence-specific information obtained to implement the subscription contract.

8.14 ~~(h)~~ (k) For the purposes of this section, the following terms have the meanings given:

8.15 (1) "subscriber" means a retail customer of a public utility who owns one or more
8.16 subscriptions of a community solar garden facility interconnected with that public utility;
8.17 and

8.18 (2) "subscription" means a contract between a subscriber and the owner of a solar garden;
8.19 and

8.20 (3) "qualified proposal" means a proposal that meets the requirements of the community
8.21 solar garden program approved by the commission and that:

8.22 (i) provides evidence the proposer is able to construct, own, and operate the community
8.23 solar garden for its proposed life;

8.24 (ii) delivers at least 60 percent of the energy generated by the community solar garden
8.25 facility to residential customers;

8.26 (iii) includes a plan to seek low-income residential customers in the community solar
8.27 garden;

8.28 (iv) provides a firm rate that customers of the public utility must pay for energy from
8.29 the community solar garden for the life of the community solar garden; and

8.30 (v) describes any benefits the community solar garden provides to the public utility, the
8.31 public utility's customers, the electric utility grid, the environment, and Minnesota.

9.1 (l) By July 30, 2019, the commission must develop a formula to be used by all solar
9.2 garden owners to estimate the annual amount of electricity generated by the solar garden.

9.3 (m) By July 30, 2019, the commission must develop a formula used by all solar garden
9.4 owners to estimate the length of time required to fully recover a subscriber's lump-sum
9.5 payments made to the solar garden owner prior to the delivery of electricity to the subscriber
9.6 by the solar garden.

9.7 **EFFECTIVE DATE.** This section is effective the day following final enactment and
9.8 applies to any plan submitted to the commission for approval on or after that date.

9.9 Sec. 2. Minnesota Statutes 2018, section 216B.1691, subdivision 1, is amended to read:

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

9.13 (1) solar;

9.14 (2) wind;

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

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

9.18 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester
9.19 system; the predominantly organic components of wastewater effluent, sludge, or related
9.20 by-products from publicly owned treatment works, but not including incineration of
9.21 wastewater sludge to produce electricity; and an energy recovery facility used to capture
9.22 the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal
9.23 solid waste as a primary fuel.

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

9.26 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
9.27 an electric utility to retail customers of the electric utility or to a distribution utility for
9.28 distribution to the retail customers of the distribution utility. "Total retail electric sales"
9.29 does not include the sale of hydroelectricity supplied by a federal power marketing
9.30 administration or other federal agency, regardless of whether the sales are directly to a
9.31 distribution utility or are made to a generation and transmission utility and pooled for further
9.32 allocation to a distribution utility.

10.1 Sec. 3. Minnesota Statutes 2018, section 216B.243, subdivision 3b, is amended to read:

10.2 Subd. 3b. ~~Nuclear power plant; new construction prohibited; relicensing~~ **Additional**
10.3 **storage of spent nuclear fuel.** ~~(a) The commission may not issue a certificate of need for~~
10.4 ~~the construction of a new nuclear-powered electric generating plant.~~

10.5 ~~(b)~~ Any certificate of need for additional storage of spent nuclear fuel for a facility
10.6 seeking a license extension shall address the impacts of continued operations over the period
10.7 for which approval is sought.

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

10.9 Sec. 4. Minnesota Statutes 2018, section 216C.435, subdivision 3a, is amended to read:

10.10 Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements"
10.11 mean:

10.12 (1) any new construction, renovation, or retrofitting of: ~~(i)~~ qualifying commercial real
10.13 property to improve energy efficiency that is permanently affixed to the property, results
10.14 in a net reduction in energy consumption without altering the principal source of energy,
10.15 and has been identified in an energy audit as repaying the purchase and installation costs
10.16 in 20 years or less, based on the amount of future energy saved and estimated future energy
10.17 prices; ~~or~~

10.18 ~~(ii)~~ (2) any renovation or retrofitting of qualifying residential real property that is
10.19 permanently affixed to the property and is eligible to receive an incentive through a program
10.20 offered by the electric or natural gas utility that provides service under section 216B.241
10.21 to the property or is otherwise determined to be a cost-effective energy improvement by
10.22 the commissioner under section 216B.241, subdivision 1d, paragraph (a);

10.23 ~~(2)~~ (3) permanent installation of new or upgraded electrical circuits and related equipment
10.24 to enable electrical vehicle charging; or

10.25 ~~(3)~~ (4) a solar voltaic or solar thermal energy system attached to, installed within, or
10.26 proximate to a building that generates electrical or thermal energy from a renewable energy
10.27 source that has been identified in an energy audit or renewable energy system feasibility
10.28 study as repaying their purchase and installation costs in 20 years or less, based on the
10.29 amount of future energy saved and estimated future energy prices.

11.1 Sec. 5. Minnesota Statutes 2018, section 216C.435, subdivision 8, is amended to read:

11.2 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
11.3 means a multifamily residential dwelling, or a commercial or industrial building, that the
11.4 implementing entity has determined, after review of an energy audit or renewable energy
11.5 system feasibility study, can be benefited by installation of cost-effective energy
11.6 improvements. Qualifying commercial real property includes new construction.

11.7 Sec. 6. Minnesota Statutes 2018, section 216C.436, subdivision 4, is amended to read:

11.8 Subd. 4. **Financing terms.** Financing provided under this section must have:

11.9 (1) a cost-weighted average maturity not exceeding the useful life of the energy
11.10 improvements installed, as determined by the implementing entity, but in no event may a
11.11 term exceed 20 years;

11.12 (2) a principal amount not to exceed the lesser of:

11.13 (i) the greater of 20 percent of the assessed value of the real property on which the
11.14 improvements are to be installed or 20 percent of the real property's appraised value, accepted
11.15 or approved by the mortgage lender; or

11.16 (ii) the actual cost of installing the energy improvements, including the costs of necessary
11.17 equipment, materials, and labor, the costs of each related energy audit or renewable energy
11.18 system feasibility study, and the cost of verification of installation; and

11.19 (3) an interest rate sufficient to pay the financing costs of the program, including the
11.20 issuance of bonds and any financing delinquencies.

11.21 Sec. 7. Minnesota Statutes 2018, section 216C.436, is amended by adding a subdivision
11.22 to read:

11.23 Subd. 10. **Improvements; real property or fixture.** A cost-effective energy improvement
11.24 financed under a PACE loan program, including all equipment purchased in whole or in
11.25 part with loan proceeds under a loan program, is deemed real property or a fixture attached
11.26 to the real property.

12.1 Sec. 8. Laws 2017, chapter 94, article 10, section 28, is amended to read:

12.2 Sec. 28. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR**
12.3 **THERMAL REBATES.**

12.4 (a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner
12.5 of a solar thermal system whose application was approved by the commissioner of commerce
12.6 after the effective date of this act.

12.7 (b) Unspent money remaining in the account established under Minnesota Statutes 2014,
12.8 section 216C.416, as of July 2, 2017, must be transferred to the ~~C-LEAF~~ renewable
12.9 development account established under Minnesota Statutes 2016, section 116C.779,
12.10 subdivision 1.

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

12.12 Sec. 9. Laws 2017, chapter 94, article 10, section 29, is amended to read:

12.13 Sec. 29. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF**
12.14 **UNEXPENDED GRANT FUNDS.**

12.15 (a) No later than 30 days after the effective date of this section, the utility subject to
12.16 Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person
12.17 who received a grant funded from the renewable development account previously established
12.18 under that subdivision:

12.19 (1) after January 1, 2012; and

12.20 (2) before January 1, 2012, if the funded project remains incomplete as of the effective
12.21 date of this section.

12.22 The notice must contain the provisions of this section and instructions directing grant
12.23 recipients how unexpended funds can be transferred to the ~~clean energy advancement fund~~
12.24 renewable development account.

12.25 (b) A recipient of a grant from the renewable development account previously established
12.26 under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after
12.27 receiving the notice required under paragraph (a), transfer any grant funds that remain
12.28 unexpended as of the effective date of this section to the ~~clean energy advancement fund~~
12.29 renewable development account if, by that effective date, all of the following conditions
12.30 are met:

12.31 (1) the grant was awarded more than five years before the effective date of this section;

13.1 (2) the grant recipient has failed to obtain control of the site on which the project is to
13.2 be constructed;

13.3 (3) the grant recipient has failed to secure all necessary permits or approvals from any
13.4 unit of government with respect to the project; and

13.5 (4) construction of the project has not begun.

13.6 (c) A recipient of a grant from the renewable development account previously established
13.7 under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds
13.8 that remain unexpended five years after the grant funds are received by the grant recipient
13.9 if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant
13.10 recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary
13.11 of the receipt of the grant funds.

13.12 (d) A person who transfers funds to the ~~clean energy advancement fund~~ renewable
13.13 development account under this section is eligible to apply for funding from the ~~clean energy~~
13.14 ~~advancement fund~~ renewable development account.

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

13.16 Sec. 10. **DEPARTMENT OF COMMERCE; USE OF APPROPRIATIONS;**
13.17 **PROHIBITION.**

13.18 The commissioner of commerce is prohibited from using appropriations to the Department
13.19 of Commerce to fund any activities related to, or supporting the preparation or filing of, an
13.20 appeal of a Public Utilities Commission order issuing a certificate of need in Docket No.
13.21 PL-9/CN-14-916 to the court of appeals or supreme court.

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

13.23 **ARTICLE 3**

13.24 **CONSERVATION IMPROVEMENT PROGRAMS**

13.25 Section 1. **[216B.2402] CONSERVATION IMPROVEMENT PROGRAMS FOR**
13.26 **CONSUMER-OWNED UTILITIES.**

13.27 Subdivision 1. **Definitions.** For the purpose of this section, the terms defined in this
13.28 subdivision have the meanings given to them:

13.29 (a) "Consumer-owned utility" means a municipal gas utility, a municipal electric utility,
13.30 or a cooperative electric association.

14.1 (b) "Cumulative lifetime savings" means the total electric energy or natural gas savings
14.2 in a given year from energy conservation improvements installed that year or in previous
14.3 years that are still operational and providing savings in that year because the measures have
14.4 not reached the end of their useful lives.

14.5 (c) "Efficient electrification or conversion improvement" means a project that (1) results
14.6 in converting a customer from use of a fuel to the use of electric energy or natural gas sold
14.7 at retail by a utility subject to this section, resulting in a net increase of the use of electric
14.8 energy or natural gas and a net decrease in energy consumption overall on a fuel-neutral
14.9 basis, and (2) otherwise meets the criteria established in subdivision 7. An efficient
14.10 electrification improvement requires the installation of equipment that utilizes electric energy
14.11 or natural gas, resulting in a reduction or elimination of use of the previous fuel.

14.12 (d) "Electric utility infrastructure projects" means projects owned by a consumer-owned
14.13 utility that replace or modify existing electric utility infrastructure, including utility-owned
14.14 buildings, if the replacement or modification conserves energy or uses energy more
14.15 efficiently.

14.16 (e) "Energy conservation" means an action that results in a net reduction in electric
14.17 energy or natural gas consumption.

14.18 (f) "Energy conservation improvement" means a project that results in energy efficiency
14.19 or energy conservation. Energy conservation improvement may include waste heat that is
14.20 recovered and converted into electricity, but does not include electric utility infrastructure
14.21 projects approved by the commission under section 216B.1636. Energy conservation
14.22 improvement includes waste heat recovered and used as thermal energy.

14.23 (g) "Energy efficiency" means measures or programs, including energy conservation
14.24 measures or programs, that target consumer behavior, equipment, processes, or devices
14.25 designed to produce either an absolute decrease in consumption of electric energy or natural
14.26 gas or a decrease in consumption of electric energy or natural gas on a per unit of production
14.27 basis, without a reduction in the quality level of service provided to the energy consumer.

14.28 (h) "Fuel" means energy consumed by a retail utility customer. Fuel includes electricity,
14.29 propane, natural gas, heating oil, gasoline, or diesel fuel.

14.30 (i) "Fuel neutral" means an approach that compares the use of various fuels for a given
14.31 end use, using a common metric.

14.32 (j) "Gross annual retail energy sales" means the total annual sale of electric energy, as
14.33 determined by the percentage of renewable and hydroelectric sources compared to

15.1 nonrenewable sources identified in the portfolio of the utility's electricity provider, to all
15.2 retail customers in a utility's or association's Minnesota service territory or, natural gas
15.3 throughput to all retail customers, including natural gas transportation customers, on a
15.4 utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

15.5 (1) gas sales to:

15.6 (i) a large energy facility;

15.7 (ii) a large customer facility whose natural gas utility has been exempted by the
15.8 commissioner under subdivision 13, with respect to natural gas sales made to the large
15.9 customer facility; and

15.10 (iii) a commercial gas customer facility whose natural gas utility has been exempted by
15.11 the commissioner under subdivision 13, with respect to natural gas sales made to the
15.12 commercial gas customer facility;

15.13 (2) electric sales to a large customer facility whose electric utility has been exempted
15.14 by the commissioner under subdivision 13, with respect to electric sales made to the large
15.15 facility; and

15.16 (3) increased electric or natural gas sales from efficient electrification or conversion
15.17 caused by a utility program.

15.18 (k) "Large customer facility" means all buildings, structures, equipment, and installations
15.19 at a single site that collectively (1) impose a peak electrical demand on an electric utility's
15.20 system of at least 20,000 kilowatts, measured in the same way as the utility that serves the
15.21 customer facility measures electric demand for billing purposes, or (2) consume at least
15.22 500,000,000 cubic feet of natural gas annually. When calculating peak electrical demand,
15.23 a large customer facility may include demand offset by on-site cogeneration facilities and,
15.24 if engaged in mineral extraction, may aggregate peak energy demand from the large customer
15.25 facility's mining processing operations.

15.26 (l) "Large energy facility" has the meaning given it in section 216B.2421, subdivision
15.27 2, clause (1).

15.28 (m) "Load management" means an activity, service, or technology to change the timing
15.29 or the efficiency of a customer's use of energy that allows a utility or a customer to respond
15.30 to local and regional energy system conditions, or to reduce peak demand for electric energy
15.31 or natural gas. Load management that reduces overall energy use is also energy conservation.

15.32 (n) "Low-income programs" means energy conservation improvement programs that
15.33 directly serve the needs of low-income persons, including low-income renters and entities

that serve low-income customers. "Low-income" is defined as 60 percent of state median income, notwithstanding the criteria established in subdivision 5, paragraph (e). Multifamily buildings of five units or more that are rented by low-income persons are eligible to be served through low-income programs, which may include the upgrading of appliances, heating and air conditioning equipment, and building envelope improvements.

(o) "Member" has the meaning given to it in section 308B.005, subdivision 15.

(p) "Qualifying utility" means a utility that supplies energy to a customer that enables the customer to qualify as a large customer facility.

(q) "Source energy" means the total amount of fuel required for a given purpose, considering energy losses in the production, transmission, and delivery of that energy.

(r) "Waste heat recovered and used as thermal energy" means capturing heat energy that would be exhausted or dissipated to the environment from machinery, buildings, or industrial processes, and productively using the recovered thermal energy where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(s) "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. 2. **Applicability.** This section 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.

Subd. 3. **Savings goal.** (a) Each individual consumer-owned utility subject to this section has an annual energy savings goal equivalent to 1.5 percent of gross annual retail energy sales.

(b) A consumer-owned utility's savings goal is satisfied when the consumer-owned utility achieves a savings equivalent of at least three-quarters of one percent of the consumer-owned utility's gross annual retail energy sales from energy conservation improvements, and up to three-quarters of one percent from the following utility activities:

(1) energy savings from additional energy conservation improvements;

17.1 (2) electric utility infrastructure projects;

17.2 (3) net energy savings from efficient electrification and conversion improvements that
17.3 meet the criteria under subdivision 8; or

17.4 (4) CIP solar rebates that meet the criteria provided under subdivision 9.

17.5 (c) The energy savings goals specified must be calculated based on the most recent
17.6 three-year, weather-normalized average. When determining compliance with this subdivision,
17.7 a consumer-owned utility may elect to average annual energy savings over a period not to
17.8 exceed five years, as specified in the plan filed under subdivision 4. A consumer-owned
17.9 utility that uses annual plans may carry forward for up to five years any energy savings
17.10 exceeding 1.5 percent in a single year.

17.11 (d) Nothing in this subdivision limits a utility's ability to report and recognize savings
17.12 in excess of three-quarters of one percent of the utility's gross annual retail energy sales
17.13 generated under paragraph (b), clauses (1), (2), and (3), provided the utility has satisfied
17.14 the three-quarters of one percent savings required under paragraph (b).

17.15 (e) A consumer-owned utility subject to this section is not required to make energy
17.16 conservation improvements that are not cost-effective, even if the improvement is necessary
17.17 to attain the energy savings goal.

17.18 (f) A consumer-owned utility may request that the commissioner adjust its annual energy
17.19 savings goal based on its historical conservation investment experience, customer class
17.20 makeup, load growth, a conservation potential study, impact on utility revenue that threatens
17.21 necessary system investment, or other factors the commissioner and consumer-owned utility
17.22 determines warrants an adjustment. The commissioner must adjust the savings goal to a
17.23 level the commissioner determines is supported by the record.

17.24 Subd. 4. **Consumer-owned utility; energy conservation and optimization plans.** (a)
17.25 By June 1, 2021, each consumer-owned utility must file an energy conservation and
17.26 optimization plan with the commissioner. The plan must identify and outline the utility's
17.27 intended conservation improvement program, efficient electrification or conversion
17.28 improvement plans, load management plans, and other processes and programs to achieve
17.29 the energy savings goal. The plan may cover a period of time not to exceed five years. For
17.30 plans with a duration greater than one year, the consumer-owned utility's plan may include
17.31 years where the consumer-owned utility may not achieve the annual savings goal, provided
17.32 the total savings at the end of the plan meets, at a minimum, the otherwise applicable annual
17.33 savings goal for the utility. Beginning June 1, 2022, and each June 1 thereafter, each
17.34 consumer-owned utility must file an annual update identifying the status of, including total

expenditures and investments made to date, and any intended changes to its multiyear plan filed under this subdivision. For consumer-owned utilities whose plans were completed the prior June 1, a summary of the plan's result must be filed. A summary for a completed plan's result must also be filed. The summary for a completed plan must include: (1) the total savings achieved under the plan; (2) a breakdown of total expenditures and investments made; and (3) a brief discussion regarding where the utility achieved the greatest savings and, if areas exist where savings were less than anticipated under the plan, where the shortage occurred and what the suspected reason for the shortage is. For consumer-owned utilities that fall short of the total applicable savings goal, the final report or update on that plan must indicate where the actual savings differed from anticipated savings, any known reasons for the shortfall, and any identified changes that utility will make in future plans filed under this subdivision to reach the identified savings goal. A consumer-owned utility must file a new plan under this paragraph by June 1 of the year following the completion of the consumer-owned utility's most recently completed plan.

(b) Energy savings from electric utility infrastructure projects or waste heat recovery converted into electricity projects that may count as energy savings may be included in a plan submitted under paragraph (a). A consumer-owned electric facility's infrastructure project must result in increased energy efficiency greater than would have occurred during normal maintenance activities.

(c) Energy savings from thermal-to-electric efficient electrification or conversion improvement programs must be stated in kilowatt-hours, using a conversion rate of 3,412 British thermal units to one kilowatt-hour.

(d) A consumer-owned utility must not spend or invest in energy conservation improvements that directly benefit large energy facility or a large electric customer facility the commissioner has issued an exemption to under subdivision 13.

(e) A generation and transmission cooperative electric association, a municipal power agency, or a comparable organization that provides energy services to consumer-owned utilities may invest in energy conservation improvements on behalf of the consumer-owned utilities it serves and may fulfill all aspects of the conservation, reporting, and energy-saving goals for any of the consumer-owned utilities on an aggregate basis.

Subd. 5. **Low-income programs.** (a) Each consumer-owned utility subject to this section must provide low-income energy conservation programs. When approving spending and energy-savings goals for low-income energy conservation programs, the consumer-owned utility must consider historic spending and participation levels, energy savings for low-income

programs, and the number of low-income persons residing in the utility's service territory.
A municipal utility that furnishes gas service must spend at least 0.2 percent off its most
recent three-year average gross operating revenue from residential customers in Minnesota
on low-income programs. A consumer-owned utility that furnishes electric service must
spend at least 0.2 percent of its gross operating revenue from residential customers in
Minnesota on low-income programs. This requirement applies to each generation and
transmission cooperative association's members' aggregate gross operating revenue from
the sale of electricity to residential customers in Minnesota.

(b) To meet the requirements of paragraph (a), a consumer-owned utility may contribute
money to the energy and conservation account in section 216B.241, subdivision 2a. An
energy conservation improvement plan must state the amount, if any, of low-income energy
conservation improvement funds the utility plans to contribute to the energy and conservation
account. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish low-income programs to use money contributed
to the energy and conservation account under paragraph (b). When establishing low-income
programs, the commissioner must consult political subdivisions, utilities, and nonprofit and
community organizations, including organizations engaged in providing energy and
weatherization assistance to low-income persons. Money contributed to the energy and
conservation account under paragraph (b) must provide programs for low-income persons,
including low-income renters, located in the service territory of the utility or association
providing the money. The commissioner must record and report expenditures and energy
savings achieved as a result of low-income programs funded through the energy and
conservation account in the report required under section 216B.241, subdivision 1c, paragraph
(g). The commissioner may contract with a political subdivision, nonprofit or community
organization, public utility, municipality, or cooperative electric association to implement
low-income programs funded through the energy and conservation account.

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

(e) For purposes of this subdivision, "multifamily building" is defined as a residential
building with five or more dwelling units. For purposes of determining eligibility for
multifamily buildings in low-income programs, a utility or association may use one or more
of the following:

(1) information showing that a multifamily building's units are rented to households meeting one or more of the following criteria:

(i) at or below 200 percent of federal poverty level;

(ii) at or below 60 percent of area median income;

(iii) occupancy within a building that is certified on the low-income renter classification (LIRC) assessor report compiled annually by the Minnesota Housing Finance Agency; or

(iv) occupancy within a building which has a declaration against the property requiring that a portion of the units will be rented to tenants with an annual income of less than or equal to 60 percent of area median income;

(2) a property's participation in an affordable housing program, including Low-Income Housing Tax Credits (LIHTC), United States Department of Housing and Urban Development (HUD) assistance, United States Department of Agriculture (USDA) assistance, state housing finance agency assistance, or local tax abatement for low-income properties; or

(3) documentation demonstrating that the property is on the waiting list for or currently participating in the United States Department of Energy Weatherization Assistance Program.

Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric association subject to rate regulation under section 216B.026 to recover expenses resulting from (1) a plan under this subdivision, and (2) assessments and contributions to the energy and conservation account under section 216B.241, subdivision 2a.

Subd. 7. **Ownership of energy conservation improvement.** An energy conservation improvement to or installed in a building under this section, except systems owned by the consumer-owned utility and designed to turn off, limit, or vary the delivery of energy, is the exclusive property of the building owner, except to the extent that the improvement is subject to a security interest in favor of the utility in case of a loan to the building owner. The utility has no liability for loss, damage, or injury caused directly or indirectly by an energy conservation improvement, except for negligence by the utility in purchase, installation, or modification of the product.

Subd. 8. **Criteria for efficient electrification or conversion improvements and load management.** (a) Each consumer-owned utility subject to this section may form a technical consumer-owned utility working group to define and establish proposed programs for efficient electrification or conversion improvements and load management. A proposed program may be included in an energy conservation and optimization plan filed by the consumer-owned utility under subdivision 4. The technical consumer-owned utility working

21.1 group may approve a proposed program for efficient electrification or conversion
21.2 improvements if it finds the investment is cost-effective after considering the costs and
21.3 benefits of the proposed investment to rate payers, the utility, participants, and society.

21.4 (b) The commission may permit a consumer-owned utility subject to rate regulation to
21.5 file rate schedules providing for annual recovery of the costs of (1) efficient electrification
21.6 or conversion improvement programs, and (2) cost-effective load management approved
21.7 by the technical consumer-owned utility working group under subdivision 6, including
21.8 reasonable and prudent costs associated with promoting and implementing a program
21.9 approved under this subdivision.

21.10 (c) An efficient electrification or conversion improvement is deemed efficient if the
21.11 technical consumer-owned utility working group finds the improvement, relative to the fuel
21.12 that is being displaced:

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

21.15 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
21.16 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient electrification
21.17 or conversion improvement installed by an electric utility, the reduction in emissions must
21.18 be measured based on the emissions profile of the utility or the utility's wholesale provider
21.19 over the life of the improvement. Where applicable, the emissions profile used must be the
21.20 most recent resource plan accepted by the commission under section 216B.2422;

21.21 (3) is cost-effective from a societal perspective, considering the costs associated with
21.22 both the fuel used in the past and the fuel used in the future; and

21.23 (4) is planned to be installed and operated in a manner that does not unduly increase the
21.24 utility's system peak demand or require significant new investment in utility infrastructure.

21.25 **Subd. 9. Criteria for CIP solar rebates.** (a) Each consumer-owned utility subject to
21.26 this section may claim energy savings credit equal to the amount of energy produced by
21.27 solar photovoltaic facilities for which the utility has issued a CIP solar rebate. For purposes
21.28 of this section, a "CIP solar rebate" is a payment from a utility subject to this section to a
21.29 customer for the purchase or installation of solar photovoltaic equipment used on the
21.30 customer's premise.

21.31 (b) The total solar photovoltaic generation system annual energy production kilowatt
21.32 hours alternating current is limited to 100 percent of the customer's on-site annual electric
21.33 energy consumption based on standard 15-minute intervals, measured during the previous

22.1 12 calendar months, or on a reasonable estimate of the average monthly maximum demand
22.2 or average annual consumption if the customer has either: (1) less than 12 calendar months
22.3 of actual electric usage; or (2) no demand metering available.

22.4 Subd. 10. **Manner of filing and service.** (a) A consumer-owned utility must submit the
22.5 filings required by this section to the department using the department's electronic filing
22.6 system. The commissioner may exempt a consumer-owned utility from this requirement if
22.7 the utility is unable to submit filings using the department's electronic filing system. All
22.8 other interested parties must submit filings to the department using the department's electronic
22.9 filing system whenever practicable, but may also file by personal delivery or by mail.

22.10 (b) The submission of a document to the department's electronic filing system constitutes
22.11 service on the department. If a department rule requires service of a notice, order, or other
22.12 document by the department, utility, or interested party upon persons on a service list
22.13 maintained by the department, service may be made by personal delivery, mail, or electronic
22.14 service, except that electronic service may only be made to persons on the service list that
22.15 have previously agreed in writing to accept electronic service at an electronic address
22.16 provided to the department for electronic service purposes.

22.17 Subd. 11. **Assessment.** (a) The commission or department may assess utilities subject
22.18 to this section to carry out the purposes of section 216B.241, subdivision 1d. An assessment
22.19 under this paragraph must be proportionate to the utility's respective gross operating revenue
22.20 from sales of gas or electric service in Minnesota during the previous calendar year.

22.21 (b) The commission or department may annually assess a utility subject to this section
22.22 to carry out the purposes of section 216B.241, subdivisions 1e and 1f, upon notice from the
22.23 utility of its desire to continue the assessment. An assessment under this paragraph must be
22.24 proportionate to the utility's respective gross revenue from sales of gas or electric service
22.25 in Minnesota during the previous calendar year. Assessments under this paragraph are not
22.26 subject to the cap on assessments provided by section 216B.62, or any other law.

22.27 Subd. 12. **Waste heat recovery; thermal energy distribution.** Subject to department
22.28 approval, demand-side natural gas or electric energy displaced by use of waste heat recovered
22.29 and used as thermal energy, including the recovered thermal energy from a cogeneration
22.30 or combined heat and power facility, is eligible to be counted toward a consumer-owned
22.31 utility's natural gas or electric savings goals.

22.32 Subd. 13. **Large customer facilities.** (a) The owner of a large customer facility may
22.33 petition the commissioner to exempt municipal electric utilities, municipal gas utilities, and
22.34 cooperative electric associations serving the large customer facility from the investment

and expenditure requirements of the municipal electric utility, municipal gas utility, or cooperative electric association's plan under this section with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and becomes effective January 1 of the year following the filing, unless the commissioner finds the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request a report under this paragraph not more than once every five years for up to ten years after the effective date of the exemption. If the majority ownership of the large customer facility changes, the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is exempt from the investment and expenditure requirements of this section under an order from the commissioner as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. An exempt large customer facility is prohibited from participating in a municipal electric, municipal gas, or cooperative electric association utility's conservation improvement program unless the owner of the facility files with the commissioner to withdraw its exemption.

(b) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a municipal gas utility may petition the commissioner to exempt the commercial gas customer from the municipal gas customer from the municipal gas utility's plan under this section with respect to gas sales attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas customer has acquired or can reasonably acquire the capability to bypass use of the

24.1 municipal utility's gas distribution system by obtaining natural gas directly from a supplier
 24.2 other than the municipal gas utility. The commissioner must grant the exemption if the
 24.3 commissioner finds the petitioner has made the demonstration required by this paragraph.

24.4 (c) A municipal electric utility, municipal gas utility, cooperative electric association,
 24.5 or the owner of a large customer facility may appeal the commissioner's decision under
 24.6 paragraph (a) or (b) to the commissioner under subdivision 2. When reviewing a decision
 24.7 of the commissioner under paragraph (a) or (b), the commission must rescind the decision
 24.8 if it finds the decision is not in the public's interest.

24.9 (d) A municipal electric utility, municipal gas utility, or cooperative electric association
 24.10 is prohibited from spending for or investing in energy conservation improvements that
 24.11 directly benefit a large facility or a large electric customer facility that the commissioner
 24.12 has issued an exemption for under this section.

24.13 Sec. 2. Minnesota Statutes 2018, section 216B.241, subdivision 1c, is amended to read:

24.14 Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish
 24.15 energy-saving goals for energy conservation improvement expenditures and shall evaluate
 24.16 an energy conservation improvement program on how well it meets the goals set.

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

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

24.27 ~~(d)~~ (c) In its energy conservation improvement plan filing, a public utility or association
 24.28 may request the commissioner to adjust its annual energy-savings percentage goal based
 24.29 on its historical conservation investment experience, customer class makeup, load growth,
 24.30 a conservation potential study, or other factors the commissioner determines warrants an
 24.31 adjustment. The commissioner may not approve a plan of a public utility that provides for
 24.32 an annual energy-savings goal of less than one percent of gross annual retail energy sales
 24.33 from energy conservation improvements.

25.1 A public utility or association may include in its energy conservation plan energy savings
25.2 from electric utility infrastructure projects approved by the commission under section
25.3 216B.1636 or waste heat recovery converted into electricity projects that may count as
25.4 energy savings in addition to a minimum energy-savings goal of at least one percent for
25.5 energy conservation improvements. ~~Energy savings from electric utility infrastructure~~
25.6 ~~projects, as defined in section 216B.1636, may be included in the energy conservation plan~~
25.7 ~~of a municipal utility or cooperative electric association.~~ Electric utility infrastructure projects
25.8 must result in increased energy efficiency greater than that which would have occurred
25.9 through normal maintenance activity.

25.10 ~~(e) An~~ (d) A public utility's energy-savings goal is not satisfied by attaining the revenue
25.11 expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting
25.12 the energy-savings goal established in this subdivision.

25.13 ~~(f) An association or~~ (e) A public utility is not required to make energy conservation
25.14 investments to attain the energy-savings goals of this subdivision that are not cost-effective
25.15 even if the investment is necessary to attain the energy-savings goals. For the purpose of
25.16 this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs
25.17 and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner
25.18 shall consider the rate at which ~~an association or~~ municipal utility is increasing its energy
25.19 savings and its expenditures on energy conservation.

25.20 ~~(g) (f)~~ On an annual basis, the commissioner shall produce and make publicly available
25.21 a report on the annual energy savings and estimated carbon dioxide reductions achieved by
25.22 the energy conservation improvement programs for the two most recent years for which
25.23 data is available. The commissioner shall report on program performance both in the
25.24 aggregate and for each entity filing an energy conservation improvement plan for approval
25.25 or review by the commissioner.

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

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

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

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

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

26.1 Sec. 3. Minnesota Statutes 2018, section 216B.241, subdivision 1d, is amended to read:

26.2 Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation
26.3 improvement programs under this section and section 216B.2402 on the basis of
26.4 cost-effectiveness and the reliability of the technologies employed. The commissioner shall,
26.5 by order, establish, maintain, and update energy-savings assumptions that must be used
26.6 when filing energy conservation improvement programs. The commissioner shall establish
26.7 an inventory of the most effective energy conservation programs, techniques, and
26.8 technologies, and encourage all Minnesota utilities to implement them, where appropriate,
26.9 in their service territories. The commissioner shall describe these programs in sufficient
26.10 detail to provide a utility reasonable guidance concerning implementation. The commissioner
26.11 shall prioritize the opportunities in order of potential energy savings and in order of
26.12 cost-effectiveness. The commissioner may contract with a third party to carry out any of
26.13 the commissioner's duties under this subdivision, and to obtain technical assistance to
26.14 evaluate the effectiveness of any conservation improvement program. The commissioner
26.15 may assess up to \$850,000 annually for the purposes of this subdivision. The assessments
26.16 must be deposited in the state treasury and credited to the energy and conservation account
26.17 created under subdivision 2a. An assessment made under this subdivision is not subject to
26.18 the cap on assessments provided by section 216B.62, or any other law.

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

26.25 Sec. 4. Minnesota Statutes 2018, section 216B.241, subdivision 2, is amended to read:

26.26 Subd. 2. **Programs.** (a) The commissioner may require public utilities to make
26.27 investments and expenditures in energy conservation improvements, explicitly setting forth
26.28 the interest rates, prices, and terms under which the improvements must be offered to the
26.29 customers. The required programs must cover no more than a three-year period. Public
26.30 utilities shall file conservation improvement plans by June 1, on a schedule determined by
26.31 order of the commissioner, but at least every three years. Plans received by a public utility
26.32 by June 1 must be approved or approved as modified by the commissioner by December 1
26.33 of that same year. The commissioner shall evaluate the program on the basis of
26.34 cost-effectiveness and the reliability of technologies employed. The commissioner's order

27.1 must provide to the extent practicable for a free choice, by consumers participating in the
27.2 program, of the device, method, material, or project constituting the energy conservation
27.3 improvement and for a free choice of the seller, installer, or contractor of the energy
27.4 conservation improvement, provided that the device, method, material, or project seller,
27.5 installer, or contractor is duly licensed, certified, approved, or qualified, including under
27.6 the residential conservation services program, where applicable.

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

27.13 (c) Each public utility subject to subdivision 1a may spend and invest annually up to ten
27.14 percent of the total amount required to be spent and invested on energy conservation
27.15 improvements under this section by the utility on research and development projects that
27.16 meet the definition of energy conservation improvement in subdivision 1 and that are funded
27.17 directly by the public utility.

27.18 (d) A public utility may not spend for or invest in energy conservation improvements
27.19 that directly benefit a large energy facility or a large electric customer facility for which the
27.20 commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The
27.21 commissioner shall consider and may require a public utility to undertake a program
27.22 suggested by an outside source, including a political subdivision, a nonprofit corporation,
27.23 or community organization.

27.24 (e) A utility, a political subdivision, or a nonprofit or community organization that has
27.25 suggested a program, the attorney general acting on behalf of consumers and small business
27.26 interests, or a utility customer that has suggested a program and is not represented by the
27.27 attorney general under section 8.33 may petition the commission to modify or revoke a
27.28 department decision under this section, and the commission may do so if it determines that
27.29 the program is not cost-effective, does not adequately address the residential conservation
27.30 improvement needs of low-income persons, has a long-range negative effect on one or more
27.31 classes of customers, or is otherwise not in the public interest. The commission shall reject
27.32 a petition that, on its face, fails to make a reasonable argument that a program is not in the
27.33 public interest.

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

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

Sec. 5. Minnesota Statutes 2018, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. **Recovery of expenses.** The commission shall allow a public utility to recover expenses resulting from a conservation improvement program required by the department and contributions and assessments to the energy and conservation account, unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission. In addition, a public utility may file annually, or the Public Utilities Commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided

29.1 in the state to large electric customer facilities for which the commissioner has issued an
29.2 exemption under subdivision 1a, paragraph (b), for that year for energy conservation
29.3 improvements under this section.

29.4 Sec. 6. Minnesota Statutes 2018, section 216B.241, subdivision 3, is amended to read:

29.5 Subd. 3. **Ownership of energy conservation improvement.** ~~An~~ A preweatherization
29.6 measure or energy conservation improvement made to or installed in a building in accordance
29.7 with this section, except systems owned by the utility and designed to turn off, limit, or vary
29.8 the delivery of energy, are the exclusive property of the owner of the building except to the
29.9 extent that the improvement is subjected to a security interest in favor of the utility in case
29.10 of a loan to the building owner. The utility has no liability for loss, damage or injury caused
29.11 directly or indirectly by ~~an~~ a preweatherization measure or energy conservation improvement
29.12 except for negligence by the utility in purchase, installation, or modification of the product.

29.13 Sec. 7. Minnesota Statutes 2018, section 216B.241, subdivision 7, is amended to read:

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

29.29 (b) To meet the requirements of paragraph (a), a public utility ~~or association~~ may
29.30 contribute money to the energy and conservation account. An energy conservation
29.31 improvement plan must state the amount, if any, of low-income energy conservation
29.32 improvement funds the public utility ~~or association~~ will contribute to the energy and

30.1 conservation account. Contributions must be remitted to the commissioner by February 1
30.2 of each year.

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

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

30.19 (e) For purposes of this subdivision, "multifamily building" is defined as a residential
30.20 building with five or more dwelling units. For purposes of determining eligibility for
30.21 multifamily buildings in low-income programs, a utility or association may use one or more
30.22 of the following:

30.23 (1) information showing that a multifamily building's units are rented to households
30.24 meeting one of the following criteria:

30.25 (i) are at or below 200 percent of federal poverty level;

30.26 (ii) are at or below 60 percent of area median income;

30.27 (iii) have occupancy within a building that is certified on the low-income renter
30.28 classification (LIRC) assessor report compiled annually by Minnesota Housing Finance
30.29 Agency; or

30.30 (iv) have occupancy within a building which has a declaration against the property
30.31 requiring that a portion of the units will be rented to tenants with an annual income of less
30.32 than or equal to 60 percent of area median income;

(2) a property's participation in an affordable housing program, including Low-Income Housing Tax Credits (LIHTC), United States Department of Housing and Urban Development (HUD) assistance, United States Department of Agriculture (USDA) assistance, state housing finance agency assistance, or local tax abatement for low-income properties; or

(3) documentation demonstrating that the property is on the waiting list for or currently participating in the United States Department of Energy Weatherization Assistance Program.

(f) Up to 15 percent of a public utility's spending on low-income programs may be used for preweatherization measures. For purposes of this section, "preweatherization measures" are improvements necessary to allow energy conservation improvements to be installed in a home:

(1) the commissioner shall, by order, establish a list of qualifying preweatherization measures eligible for inclusion in low-income programs no later than March 15, 2020; and

(2) a public utility may elect to contribute money to the Healthy AIR program. Money contributed to the fund will count toward the minimum low-income spending requirement in paragraph (a) and toward the cap on preweatherization measures.

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

Sec. 8. **REPEALER.**

Minnesota Statutes 2018, section 216B.241, subdivision 1b, is repealed.

ARTICLE 4

RENEWABLE DEVELOPMENT

Section 1. Minnesota Statutes 2018, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not

32.1 canceled to the general fund but remain in the account until expended. The account shall
32.2 be administered by the commissioner of management and budget as provided under this
32.3 section.

32.4 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
32.5 plant must transfer all funds in the renewable development account previously established
32.6 under this subdivision and managed by the public utility to the renewable development
32.7 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
32.8 that have not yet been expended and unencumbered funds required to be paid in calendar
32.9 year 2017 under paragraphs (e) and (f) and (g), and sections 116C.7792 and 216C.41, are
32.10 not subject to transfer under this paragraph.

32.11 (c) ~~Except as provided in subdivision 1a, Beginning January 15, 2018 2020, and~~
32.12 ~~continuing each January 15 thereafter, the public utility that owns the Prairie Island and~~
32.13 ~~Monticello nuclear generating plant plants must transfer to the renewable development~~
32.14 ~~account \$500,000 each year for each dry cask containing spent fuel that is located at the~~
32.15 ~~Prairie Island power plant for the following amounts each year the either plant is in operation;~~
32.16 ~~and \$7,500,000 each year the plant is not in operation: (1) \$33,000,000 in 2020; (2)~~
32.17 ~~\$31,000,000 in 2021; and (3) \$20,000,000 in 2022 and each year thereafter. If ordered by~~
32.18 ~~the commission pursuant to paragraph (i): (h), the public utility must transfer \$7,500,000~~
32.19 ~~each year the Prairie Island plant is not in operation and \$5,250,000 each year the Monticello~~
32.20 ~~plant is not in operation. The fund transfer must be made if nuclear waste is stored in a dry~~
32.21 ~~cask at the independent spent-fuel storage facility at Prairie Island or Monticello for any~~
32.22 ~~part of a year.~~

32.23 (d) ~~Except as provided in subdivision 1a, beginning January 15, 2018, and continuing~~
32.24 ~~each January 15 thereafter, the public utility that owns the Monticello nuclear generating~~
32.25 ~~plant must transfer to the renewable development account \$350,000 each year for each dry~~
32.26 ~~cask containing spent fuel that is located at the Monticello nuclear power plant for each~~
32.27 ~~year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered~~
32.28 ~~by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear~~
32.29 ~~waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for~~
32.30 ~~any part of a year.~~

32.31 ~~(e)~~ (d) Each year, the public utility shall withhold from the funds transferred to the
32.32 renewable development account under ~~paragraphs~~ paragraph (c) and (d) the amount necessary
32.33 to pay its obligations for that calendar year under paragraphs (e), (f) and (g), (j), and (n),
32.34 and sections 116C.7792 and 216C.41, ~~for that calendar year.~~

33.1 ~~(f)~~ (e) If the commission approves a new or amended power purchase agreement, the
33.2 termination of a power purchase agreement, or the purchase and closure of a facility under
33.3 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
33.4 the public utility subject to this section shall enter into a contract with the city in which the
33.5 poultry litter plant is located to provide grants to the city for the purposes of economic
33.6 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
33.7 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
33.8 by the public utility from funds withheld from the transfer to the renewable development
33.9 account, as provided in paragraphs (b) and ~~(e)~~ (d).

33.10 ~~(g)~~ (f) If the commission approves a new or amended power purchase agreement, or the
33.11 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
33.12 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
33.13 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
33.14 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
33.15 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
33.16 30 days after the commission approves the new or amended power purchase agreement, or
33.17 the termination of the power purchase agreement, and on each June 1 thereafter through
33.18 2021, to assist the transition required by the new, amended, or terminated power purchase
33.19 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
33.20 to the renewable development account as provided in paragraphs (b) and ~~(e)~~ (d).

33.21 ~~(h)~~ (g) The collective amount paid under the grant contracts awarded under paragraphs
33.22 (e) and (f) and ~~(g)~~ is limited to the amount deposited into the renewable development account,
33.23 and its predecessor, the renewable development account, established under this section, that
33.24 was not required to be deposited into the account under Laws 1994, chapter 641, article 1,
33.25 section 10.

33.26 ~~(i)~~ (h) After discontinuation of operation of the Prairie Island nuclear plant or the
33.27 Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the
33.28 discontinued facility, the commission shall require the public utility to pay \$7,500,000 for
33.29 the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello
33.30 facility for any year in which the commission finds, by the preponderance of the evidence,
33.31 that the public utility did not make a good faith effort to remove the spent nuclear fuel stored
33.32 at the facility to a permanent or interim storage site out of the state. This determination shall
33.33 be made at least every two years.

33.34 (i) The public utility must annually file with the commission a petition to recover through
33.35 a rider mechanism all funds it is required to transfer or withhold under paragraphs (c) to (f)

34.1 for the next year. The commission must approve a reasonable cost recovery schedule for
 34.2 all funds under this paragraph.

34.3 (j) On or before January 15 of each year, the public utility must file a petition with the
 34.4 commission identifying the amounts withheld by the public utility the prior year under
 34.5 paragraph (d) and the amount actually paid the prior year for obligations identified in
 34.6 paragraph (d). If the amount actually paid is less than the amount withheld, the public utility
 34.7 must deduct the surplus from the amount withheld for the current year under paragraph (d).
 34.8 If the amount actually paid is more than the amount withheld, the public utility must add
 34.9 the deficiency amount to the amount withheld for the current year under paragraph (d). Any
 34.10 surplus remaining in the account after all programs identified in paragraph (d) are terminated
 34.11 must be returned to the public utility's customers.

34.12 ~~(j)~~ (k) Funds in the account may be expended only for any of the following purposes:

34.13 (1) to stimulate research and development of renewable electric energy technologies;

34.14 (2) to encourage grid modernization, including, but not limited to, projects that implement
 34.15 electricity storage, load control, and smart meter technology; and

34.16 (3) to stimulate other innovative energy projects that reduce demand and increase system
 34.17 efficiency and flexibility.

34.18 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
 34.19 from the utility that owns a nuclear-powered electric generating plant in this state or the
 34.20 Prairie Island Indian community or its members.

34.21 The utility that owns a nuclear generating plant is eligible to apply for grants under this
 34.22 subdivision.

34.23 ~~(k)~~ (l) For the purposes of paragraph ~~(j)~~ (k), the following terms have the meanings
 34.24 given:

34.25 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
 34.26 (c), clauses (1), (2), (4), and (5); and

34.27 (2) "grid modernization" means:

34.28 (i) enhancing the reliability of the electrical grid;

34.29 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
 34.30 and

34.31 (iii) increasing energy conservation opportunities by facilitating communication between
 34.32 the utility and its customers through the use of two-way meters, control technologies, energy

35.1 storage and microgrids, technologies to enable demand response, and other innovative
35.2 technologies.

35.3 ~~(h)~~ (m) A renewable development account advisory group that includes, among others,
35.4 representatives of the public utility and its ratepayers, and includes at least one representative
35.5 of the Prairie Island Indian community appointed by that community's tribal council, shall
35.6 develop recommendations on account expenditures. Members of the advisory group, other
35.7 than members appointed by the tribal council, must be chosen by the public utility. The
35.8 advisory group must design a request for proposal and evaluate projects submitted in response
35.9 to a request for proposals. The advisory group must utilize an independent third-party expert
35.10 to evaluate proposals submitted in response to a request for proposal, including all proposals
35.11 made by the public utility. A request for proposal for research and development under
35.12 paragraph ~~(j)~~ (k), clause (1), may be limited to or include a request to higher education
35.13 institutions located in Minnesota for multiple projects authorized under paragraph ~~(j)~~ (k),
35.14 clause (1). The request for multiple projects may include a provision that exempts the
35.15 projects from the third-party expert review and instead provides for project evaluation and
35.16 selection by a merit peer review grant system. In the process of determining request for
35.17 proposal scope and subject and in evaluating responses to request for proposals, the advisory
35.18 group must strongly consider, where reasonable, potential benefit to Minnesota citizens and
35.19 businesses and the utility's ratepayers.

35.20 (n) The cost to acquire the services of the independent third-party expert described in
35.21 paragraph (m), and any other reasonable costs incurred to administer the advisory group
35.22 and its actions required by this section, must be paid from funds withheld by the public
35.23 utility under paragraph (d). The total amount withheld under this paragraph must not exceed
35.24 \$125,000 each year.

35.25 ~~(m)~~ (o) The advisory group shall submit funding recommendations to the public utility,
35.26 which has full and sole authority to determine which expenditures shall be submitted by
35.27 the advisory group to the ~~legislature~~ commission. The commission may approve proposed
35.28 expenditures, may disapprove proposed expenditures that it finds not to be in compliance
35.29 with this subdivision or otherwise not in the public interest, and may, if agreed to by the
35.30 public utility, modify proposed expenditures. The commission shall, by order, submit its
35.31 funding recommendations to the legislature as provided under paragraph ~~(n)~~ (p).

35.32 ~~(n)~~ (p) The commission shall present its recommended appropriations from the account
35.33 to the senate and house of representatives committees with jurisdiction over energy policy
35.34 and finance annually by February 15. Expenditures from the account must be appropriated
35.35 by law. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

~~(p)~~ (q) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

~~(p)~~ (r) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account under paragraph (k) for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(s) By June 1, 2019, and each June 1 thereafter, the public utility that owns the Prairie Island nuclear electric generating plant must submit to the commissioner of management and budget an estimate of the amount the public utility will deposit into the account January 15 the next year, based on the provisions of paragraphs (c) to (h) and any appropriations made from the fund during the most recent legislative session.

~~(q)~~ (t) ~~By February 1, 2018~~ June 30, 2019, and each February 1 June 30 thereafter, the commissioner of management and budget shall must estimate the balance in the account as of the following January 31, taking into account the balance in the account as of June 30 and the information provided under paragraph (r). By July 15, 2019, and each July 15 thereafter, the commissioner of management and budget must submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group. If more than \$15,000,000 is estimated to be available in the account as of January 31, the advisory group must, by January 31 the next year, issue a request for proposals to initiate a grant cycle for the purposes of paragraph (k).

~~(r)~~ (u) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

37.1 ~~(s)~~ (v) Final reports, any mid-project status reports, and renewable development account
37.2 financial reports must be posted online on a public website designated by the commissioner
37.3 of commerce.

37.4 ~~(t)~~ (w) All final reports must acknowledge that the project was made possible in whole
37.5 or part by the Minnesota renewable development account, noting that the account is financed
37.6 by the public utility's ratepayers.

37.7 ~~(u)~~ (x) Of the amount in the renewable development account, priority must be given to
37.8 making the payments required under section 216C.417.

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

37.10 Sec. 2. **[116J.55] COMMUNITY ENERGY TRANSITION GRANTS.**

37.11 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this
37.12 subdivision have the meanings given.

37.13 (b) "Advisory council" means the Community Energy Transition Grant Advisory Council
37.14 created in this section.

37.15 (c) "Commissioner" means the commissioner of employment and economic development.

37.16 (d) "Eligible community" means a county, municipality, or tribal government located
37.17 within a county that hosts an investor-owned electric generating plant powered by coal,
37.18 nuclear energy, or natural gas.

37.19 Subd. 2. **Establishment.** The commissioner shall establish a community energy transition
37.20 grant program to award grants to promote economic development in eligible communities.

37.21 Subd. 3. **Funding.** (a) A community energy transition account is created in the special
37.22 revenue fund in the state treasury. Money in the account is appropriated to the commissioner
37.23 for grants as provided in this section and must be expended only as provided in this section.

37.24 (b) On July 1, 2020, \$500,000 and then on July 1, 2021, and on each July 1 thereafter,
37.25 \$1,000,000 is transferred from the renewable development account under section 116C.779
37.26 to the commissioner for deposit in the community energy transition account. This transfer
37.27 must be made before any other payments or transfers required under section 116C.779.

37.28 (c) Grants to eligible communities in which an investor-owned electric generating plant
37.29 is located but has not been scheduled for retirement or decommissioning may not exceed
37.30 \$1,000,000. Grants to eligible communities in which an investor-owned electric generating
37.31 plant is located and is scheduled for retirement or decommissioning may not exceed
37.32 \$5,000,000.

(d) Unless amounts are otherwise appropriated for administrative costs, the commissioner of employment and economic development may retain up to five percent of the amount appropriated for grants under this section for administrative and personnel costs.

Subd. 4. **Cancellation of grant; return of grant money.** If after five years, the commissioner determines that a project has not proceeded in a timely manner and is unlikely to be completed, the commissioner must cancel the grant and require the grantee to return all grant money awarded for that project. Grant money returned to the commissioner is appropriated to the commissioner to make additional grants under this section.

Subd. 5. **Grants to eligible communities.** (a) The commissioner must award grants to eligible communities through a competitive grant process. Eligible communities must be located in the service territory of the public utility subject to section 116C.779.

(b) To receive grant funds, an eligible community must submit a written application to the commissioner, using a form developed by the commissioner.

(c) The commissioner must consider the recommendations of the Community Energy Transition Grant Advisory Council before selecting grant recipients.

(d) Grants must be used to plan for or address the economic and social impact on the community of plant retirement or transition. Specific uses may include but are not limited to:

(1) research;

(2) planning;

(3) studies;

(4) capital improvements; and

(5) incentives for businesses to open, relocate, or expand.

Subd. 6. **Priorities.** (a) In evaluating projects, the advisory council shall give priority to eligible projects with one or more of the following characteristics:

(1) the potential of the eligible community to attract a viable business;

(2) the potential increase in the property tax base of the eligible community, considered relative to the fiscal impact of the retirement of the electric generating plant located in the eligible community;

(3) the extent to which the grant will assist the eligible community in addressing the fiscal and social impacts of plant retirement; and

39.1 (4) the extent to which the grant will help the state transition away from fossil fuels.

39.2 (b) The factors listed in paragraph (a) are not ranked in order of priority. The
39.3 commissioner may weigh each factor, depending upon the facts and circumstances, as
39.4 appropriate. The commissioner may consider other factors that support the goals of this
39.5 program.

39.6 Subd. 7. **Advisory council.** (a) By September 1, 2019, the commissioner shall appoint
39.7 representatives to a Community Energy Transition Grant Advisory Council composed of
39.8 the following members:

39.9 (1) the commissioner of employment and economic development, or a designee;

39.10 (2) the commissioner of transportation, or a designee;

39.11 (3) the commissioner of the Minnesota Pollution Control Agency, or a designee;

39.12 (4) the commissioner of natural resources, or a designee;

39.13 (5) the commissioner of commerce, or a designee;

39.14 (6) one representative of the Prairie Island Indian community;

39.15 (7) two representatives of workers at investor-owned electric generating plants powered
39.16 by coal, nuclear energy, or natural gas; and

39.17 (8) four representatives of eligible communities, of which, two must be counties, two
39.18 must be municipalities, at least one must host a coal plant, at least one must host a nuclear
39.19 plant, and at least one must host a natural gas plant.

39.20 After the initial appointments, members of the advisory council shall be appointed no later
39.21 than January 15 of every odd-numbered year and shall serve until January 15 of the next
39.22 odd-numbered year. Members may be removed and vacancies filled as provided in section
39.23 15.059, subdivision 4. Appointed members are eligible for reappointment.

39.24 (b) The advisory council shall elect a chair and other officers at its first meeting.

39.25 (c) The advisory council shall review applications for community energy transition
39.26 grants and make recommendations to the commissioner of employment and economic
39.27 development.

39.28 (d) The commissioner of employment and economic development shall select projects
39.29 from the recommendations made by the advisory council under this subdivision with
39.30 consideration given to the priorities listed in subdivision 6.

(e) A member of the advisory council must not participate in the consideration of an application from the community that member represents.

(f) Members of the advisory council serve without compensation or payment of expenses.

(g) The commissioner of employment and economic development or the commissioner's designee shall provide meeting space and administrative services for the advisory council. All costs necessary to support the advisory council's operations must be absorbed using existing appropriations available to the commissioner.

(h) The advisory council is subject to chapter 13D, but may close a meeting to discuss sensitive private business information included in grant applications. Data related to an application for a grant submitted to the advisory council is governed by section 13.599.

(i) The commissioner shall convene the first meeting of the advisory council no later than September 1, 2019.

Subd. 8. **Reports to the legislature.** By January 15, 2021, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development that details the use of grant funds. When possible, this report must include data on the economic impact achieved by each grant.

Sec. 3. Minnesota Statutes 2018, section 216B.16, is amended by adding a subdivision to read:

Subd. 7e. **Energy storage system pilot projects.** (a) A public utility may petition the commission under this section to recover costs associated with the implementation of an energy storage system pilot project. As part of the petition, the public utility must submit a report to the commission containing, at a minimum, the following information regarding the proposed energy storage system pilot project:

(1) the storage technology utilized;

(2) the energy storage capacity and the duration of output at that capacity;

(3) the proposed location;

(4) the purchase and installation costs;

(5) how the project will interact with existing distributed generation resources on the utility's grid; and

(6) the goals the project proposes to achieve, which may include controlling frequency or voltage, mitigating transmission congestion, providing emergency power supplies during outages, reducing curtailment of existing renewable energy generators, and reducing peak power costs.

(b) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with energy storage system pilot projects approved by the commission under this subdivision. A petition filed under this subdivision must include the elements listed in section 216B.1645, subdivision 2a, paragraph (b), clauses (1) to (4), and must describe the benefits of the pilot project.

(c) The commission may approve, or approve as modified, a rate schedule filed under this subdivision. The rate schedule filed by the public utility may include the elements listed in section 216B.1645, subdivision 2a, paragraph (a), clauses (1) to (5).

(d) For each pilot project that the commission has found to be in the public interest, the commission must make its determination on the specific amounts that are eligible for recovery under the approved rate schedule within 90 days of final approval of the specific pilot program or within 90 days of the public utility filing for approval of cost recovery for the specific pilot program, whichever is later.

(e) Nothing in this subdivision prohibits or deters the deployment of energy storage systems.

(f) For the purposes of this subdivision:

(1) "energy storage system" has the meaning given in section 216B.2422, subdivision 1; and

(2) "pilot project" means a project that is owned, operated, and controlled by a public utility to optimize safe and reliable system operations and is deployed at a limited number of locations in order to assess the technical and economic effectiveness of its operations.

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

Sec. 4. Minnesota Statutes 2018, section 216B.2422, subdivision 1, is amended to read:

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

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

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

42.6 (1) wind;

42.7 (2) solar;

42.8 (3) geothermal;

42.9 (4) hydro;

42.10 (5) trees or other vegetation;

42.11 (6) landfill gas; or

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

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

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

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

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

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

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

42.29 (2) is composed of stationary equipment;

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

(4) achieves any of the following:

(i) reduces peak or electrical demand;

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

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

(iv) lowers customer costs by storing energy when the cost of generating or purchasing it is low and delivering it to customers when those costs are high.

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

Sec. 5. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7. Energy storage systems assessment. (a) Each public utility required to file a resource plan under subdivision 2 must include in the filing an assessment of energy storage systems that analyzes how the deployment of energy storage systems contributes to:

(1) meeting identified generation and capacity needs; and

(2) evaluating ancillary services.

(b) The assessment must employ appropriate modeling methods to enable the analysis required in paragraph (a).

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

Sec. 6. **[216C.375] SOLAR FOR SCHOOLS PROGRAM.**

Subdivision 1. Definitions. (a) For the purposes of this section and section 216C.376, the following terms have the meanings given them.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(d) "School" means a school that operates as part of an independent or special school district.

(e) "School district" means an independent or special school district.

(f) "Solar energy system" means photovoltaic or solar thermal devices.

Subd. 2. **Establishment; purpose.** A solar for schools program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing their cost, and to enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. **Establishment of account.** (a) A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account. Money deposited in the account remains in the account until expended, and does not cancel to the general fund.

(b) When a grant is awarded under this section, the commissioner shall reserve the grant amount in the account.

Subd. 4. **Expenditures.** (a) Money in the account may be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with funds in the account are to be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that will consume the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is proposed to be installed.

(b) A school district that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial

assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. Application process. (a) The commissioner shall issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed, and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost of purchasing and installing the solar energy system, and its life-cycle cost, including removal and disposal of system at the end of its life;

(5) a copy of the proposed contract agreement between the school and the public utility or developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum;

(7) information that demonstrates the level of need of the school district for financial assistance available under this section;

(8) information that demonstrates the readiness of the school to implement the project, including, but not limited to, the availability of the site on which the solar energy system is to be installed, and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the public utility to:

46.1 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
46.2 subdivision 6; and

46.3 (ii) adhere to the provisions of section 177.43;

46.4 (10) how the developer or public utility plans to reduce the school's initial capital expense
46.5 for the purchase and installation of the solar energy system, and to provide financial benefits
46.6 to the school from the utilization of federal and state tax credits, utility incentives, and other
46.7 financial incentives; and

46.8 (11) any other information deemed relevant by the commissioner.

46.9 (c) The commissioner shall administer an open application process under this section at
46.10 least twice annually.

46.11 (d) The commissioner shall develop administrative procedures governing the application
46.12 and grant award process.

46.13 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
46.14 a grant under this section shall provide the commissioner information regarding energy
46.15 conservation measures implemented at the school building at which the solar energy system
46.16 is to be installed. The commissioner may make recommendations to the school regarding
46.17 cost-effective conservation measures it can implement and may provide technical assistance
46.18 and direct the school to available financial assistance programs.

46.19 Subd. 8. **Technical assistance.** The commissioner shall provide technical assistance to
46.20 schools to develop and execute projects under this section.

46.21 Subd. 9. **Grant payments.** The commissioner shall award a grant from the account
46.22 established under subdivision 3 to a school for the necessary costs associated with the
46.23 purchase and installation of a solar energy system. The amount of the grant shall be based
46.24 on the commissioner's assessment of the school's need for financial assistance.

46.25 Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to
46.26 schools under this section may be awarded to schools where the proportion of students
46.27 eligible for free and reduced-price lunch under the National School Lunch Program is less
46.28 than 50 percent.

46.29 (b) No more than ten percent of the total amount of grants awarded under this section
46.30 may be awarded to schools that are part of the same school district.

46.31 Subd. 11. **Application deadline.** No application may be submitted under this section
46.32 after December 31, 2023.

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

47.2 Sec. 7. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**
47.3 **SERVICE TERRITORY.**

47.4 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 shall
47.5 operate a program to develop, and to supplement with additional funding, financial
47.6 arrangements that allow schools to benefit from state and federal tax and other financial
47.7 incentives that schools are ineligible to receive directly in order to enable schools to install
47.8 and operate solar energy systems that can be used as teaching tools and integrated into the
47.9 school curriculum.

47.10 Subd. 2. **Required plan.** (a) By October 1, 2019, the public utility must file a plan for
47.11 the solar for schools program with the commissioner. The plan must contain but is not
47.12 limited to the following elements:

47.13 (1) a description of how entities that are eligible to take advantage of state and federal
47.14 tax and other financial incentives that reduce the cost of purchasing, installing, and operating
47.15 a solar energy system that schools are ineligible to take advantage of directly, can share a
47.16 portion of those financial benefits with schools at which a solar energy system will be
47.17 installed;

47.18 (2) a description of how the public utility will utilize funds appropriated to the program
47.19 under this section to provide additional financial assistance to schools at which a solar
47.20 energy system will be installed;

47.21 (3) certification that the financial assistance provided under this section to a school by
47.22 the public utility must include the full value of the renewable energy certificates associated
47.23 with the generation of electricity by the solar energy system receiving financial assistance
47.24 under this section over the lifetime of the solar energy system;

47.25 (4) an estimate of the amount of financial assistance that the public utility will provide
47.26 to a school under clauses (1) to (3) on a per kilowatt-hour produced basis, and the length
47.27 of time financial assistance will be provided;

47.28 (5) certification that the transaction between the public utility and the school for electricity
47.29 is the buy-all/sell-all method by which the public utility will charge the school for all
47.30 electricity the school consumes at the applicable retail rate schedule for sales to the school
47.31 based on the school's customer class, and shall credit or pay the school at the rate established
47.32 in subdivision 5;

(6) administrative procedures governing the application and financial benefit award process, and the costs the public utility and the department are projected to incur to administer the program;

(7) the public utility's proposed process for periodic reevaluation and modification of the program; and

(8) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner shall approve a plan under this subdivision that the commissioner determines to be in the public interest no later than December 31, 2019. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits under this section if it meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district in which the school building operates; and

(2) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, may not exceed the lesser of one megawatt (alternating current) or 120 percent of the average annual electric energy consumption of the school building.

Subd. 4. **Application process.** (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school will use the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility shall award financial assistance under this section on a first-come, first-served basis.

(c) The public utility shall discontinue accepting applications under this section after all funds appropriated under subdivision 5 are allocated to program participants, including funds from canceled projects.

Subd. 5. **Benefits information.** Before signing an agreement with the public utility to receive financial assistance under this section, a school must obtain from the developer and

provide to the public utility information the developer shared with potential investors in the project regarding future financial benefits to be realized from installation of a solar energy system at the school, and potential financial risks.

Subd. 6. **Purchase rate; cost recovery; renewable energy credits.** (a) The public utility shall purchase all of the electricity generated by a solar energy system receiving financial assistance under this section at a rate of \$.105 per kilowatt-hour generated.

(b) Payments by the public utility of the rate established under this subdivision to a school receiving financial assistance under this section are fully recoverable by the public utility through the public utility's fuel clause adjustment.

(c) The renewable energy credits associated with the electricity generated by a solar energy system installed under this section are the property of the public utility that is subject to this section.

Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district.

Subd. 8. **Technical assistance.** The commissioner shall provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2023.

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

Sec. 8. **[216C.45] ELECTRIC VEHICLE CHARGING STATION REVOLVING LOAN PROGRAM.**

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

(b) "Borrower" means the state, counties, cities, other governmental entities, nonprofit organizations, and private businesses eligible under this section to apply for and receive loans from the electric vehicle charging station revolving loan fund.

(c) "Commissioner" means the commissioner of commerce.

50.1 (d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

50.2 (e) "Electric vehicle charging station" means an electric component assembly or cluster
50.3 of component assemblies designed specifically to charge an electric vehicle battery by
50.4 transferring electric energy to a battery or a storage device in the electric vehicle.

50.5 (f) "Loan" means financial assistance provided for all or part of the cost of an electric
50.6 vehicle charging station project, including money for design, development, purchase, or
50.7 installation.

50.8 Subd. 2. **Revolving loan fund.** The commissioner must establish an electric vehicle
50.9 charging station revolving loan fund to make loans for all or part of the cost of an electric
50.10 vehicle charging station project installed in Minnesota.

50.11 Subd. 3. **Administration.** (a) The commissioner must establish a minimum interest rate
50.12 for loans to ensure that necessary loan administration costs are covered. The minimum
50.13 interest rate must not exceed:

50.14 (1) one percent interest for a loan to a borrower that is the state, other governmental
50.15 entity, or a nonprofit organization; or

50.16 (2) three percent interest for a loan to a borrower that is a private business.

50.17 (b) Loan repayment of principal and loan interest payments must be paid to the department
50.18 for deposit in the revolving loan fund for subsequent distribution or use consistent with the
50.19 requirements under this section.

50.20 (c) When a loan is repaid, 60 percent of the loan repayment must be retained in the
50.21 electric vehicle charging station revolving loan fund. The remaining 40 percent must be
50.22 transferred to the renewable development account under section 116C.779, until the total
50.23 amount transferred to the renewable development account equals \$1,500,000.

50.24 Subd. 4. **Applications.** (a) A loan applicant must submit an application to the
50.25 commissioner on forms prescribed by the commissioner.

50.26 (b) The applicant must provide the following information:

50.27 (1) the estimated cost of the project and the amount of the loan sought;

50.28 (2) other possible sources of funding in addition to loans sought from the electric vehicle
50.29 charging station revolving loan fund;

50.30 (3) the proposed methods and sources of funds to repay loans received; and

51.1 (4) information demonstrating the financial status and ability of the borrower to repay
51.2 loans.

51.3 Subd. 5. **Use of loan funds.** (a) Loans made with funds from the electric vehicle charging
51.4 station revolving loan fund may be used to design, develop, purchase, and install electric
51.5 vehicle charging stations at locations in Minnesota.

51.6 (b) An electric vehicle charging station project receiving loan funds under this section
51.7 must be available for public use.

51.8 Subd. 6. **Evaluation of projects.** (a) The commissioner must consider the following
51.9 information when evaluating a project:

51.10 (1) a description of the nature and purpose of the proposed project, including an
51.11 explanation of the need for the project and the reasons why the project is in the public
51.12 interest;

51.13 (2) the relationship of the project to the local area's needs;

51.14 (3) the estimated project cost and the loan amount sought;

51.15 (4) proposed sources of funding in addition to the loan sought from the electric vehicle
51.16 charging station revolving loan fund;

51.17 (5) the need for the project as part of the overall transportation system; and

51.18 (6) the overall economic impact of the project.

51.19 (b) When evaluating projects, the commissioner may consult with the commissioner of
51.20 transportation regarding the electric vehicle charging needs throughout the state.

51.21 Subd. 7. **Maximum loan amount.** The maximum loan amount under this section is
51.22 \$30,000 per electric vehicle charging station project.

51.23 Subd. 8. **User fees.** As a condition of accepting a loan under this section, a borrower
51.24 must agree to charge a per hour user fee for use of an electric vehicle charging station funded
51.25 by the loan. A borrower must use at least 25 percent of the fees collected to repay the loan
51.26 and pay for expenses associated with operating and maintaining the electric vehicle charging
51.27 station funded by the loan.

51.28 Subd. 9. **Report to legislature.** On or before March 15, 2020, and each March 15
51.29 thereafter, the commissioner must report to the chairs and ranking minority members of the
51.30 house of representatives and senate committees with jurisdiction over energy and
51.31 transportation policy and finance regarding the revolving loan program. The report must
51.32 include (1) a description of the projects and an account of loans made from the revolving

52.1 loan fund during the preceding calendar year, (2) the revolving loan fund balance, and (3)
52.2 an explanation of administrative expenses.

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

52.4 Sec. 9. **PRAIRIE ISLAND NET ZERO PROJECT.**

52.5 Subdivision 1. **Program established.** The Prairie Island net zero project is established
52.6 with the goal of the Prairie Island Indian community developing an energy system that
52.7 results in net zero emissions.

52.8 Subd. 2. **Grant.** The commissioner of employment and economic development must
52.9 enter into a grant contract with the Prairie Island Indian community to provide the amount
52.10 appropriated under section 12 to stimulate research, development, and implementation of
52.11 renewable energy projects benefiting the Prairie Island Indian community or its members.
52.12 Any examination conducted by the commissioner of employment and economic development
52.13 to determine the sufficiency of the financial stability and capacity of the Prairie Island Indian
52.14 community to carry out the purposes of this grant is limited to the Community Services
52.15 Department of the Prairie Island Indian community.

52.16 Subd. 3. **Plan; report.** The Prairie Island Indian community must file a plan with the
52.17 commissioner of employment and economic development no later than July 1, 2019,
52.18 describing the Prairie Island net zero project elements and implementation strategy. The
52.19 Prairie Island Indian community must file a report on July 1, 2020, and each July 1 thereafter
52.20 until the project is complete, describing the progress made in implementing the project and
52.21 the uses of expended funds. A final report must be completed within 90 days of the date
52.22 the project is complete.

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

52.24 Sec. 10. **BIOMASS BUSINESS COMPENSATION.**

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

52.27 (b) "Biomass plant" means the biomass plant identified under Minnesota Statutes, section
52.28 116C.779, subdivision 1, paragraph (f).

52.29 (c) "Early termination" means the early termination of the power purchase agreement
52.30 authorized under Minnesota Statutes, section 216B.2424, subdivision 9, with the biomass
52.31 plant.

53.1 (d) "Operating income" means a business's revenue minus its operating expenses.

53.2 Subd. 2. **Office of Administrative Hearings; claims process.** (a) The chief
53.3 administrative law judge of the Office of Administrative Hearings must assign an
53.4 administrative law judge to administer a claims award process to compensate businesses
53.5 negatively affected by the early termination. The chief administrative law judge may develop
53.6 a process, prescribe forms, identify documentation affected businesses must submit with
53.7 claims, and issue awards to eligible businesses consistent with this section. The process
53.8 must allow, but not require, an authorized representative from each business that applies
53.9 for compensation to appear in person before the assigned administrative law judge to provide
53.10 evidence in support of the business's claim.

53.11 (b) The chief administrative law judge may contract with and use the services of financial
53.12 or other consultants to examine financial documentation presented by claimants or otherwise
53.13 assist in the evaluation and award of claims.

53.14 (c) Records submitted to the Office of Administrative Hearings as part of the claims
53.15 process constitute business data under Minnesota Statutes, section 13.591.

53.16 (d) An award made under this section is final and is not subject to judicial review.

53.17 (e) An award made under this section does not constitute an admission of liability by
53.18 the state for any damages or other losses suffered by a business affected by the early
53.19 termination.

53.20 Subd. 3. **Eligibility.** To be eligible for an award of compensation, an affected business
53.21 must meet the following criteria:

53.22 (1) as of May 1, 2017, the affected business was operating under the terms of a valid
53.23 written contract, or an oral contract that is sufficiently supported by business records, with
53.24 the company operating the biomass plant or the fertilizer plant integrated with the biomass
53.25 plant to supply or manage material for, or receive material from, the biomass plant or the
53.26 fertilizer plant integrated with the biomass plant;

53.27 (2) the affected business is located in the state; and

53.28 (3) as the result of the early termination, the affected business suffered:

53.29 (i) decreased operating income; or

53.30 (ii) the loss of value of investments in real or personal property essential to its business
53.31 operations with the biomass plant.

54.1 Subd. 4. **Types of claims.** (a) An eligible business may make claims for a compensation
54.2 award based on either or both:

54.3 (1) decreased operating income; or

54.4 (2) the loss of value of investments in real or personal property essential to its business
54.5 operations with the biomass plant.

54.6 (b) To establish and quantify a claim for decreased operating income, an eligible business
54.7 must:

54.8 (1) demonstrate its operating income over the past five years derived from supplying or
54.9 managing material for, or receiving material from, the biomass plant;

54.10 (2) present evidence of any alternative business opportunities it has pursued or could
54.11 pursue to mitigate the loss of revenue from the termination of its contract with the biomass
54.12 plant; and

54.13 (3) demonstrate the amount that the business's annual operating income, including
54.14 operating income from any alternative business opportunities, after the termination of the
54.15 business's contract with the biomass plant is less than the five-year average of the business's
54.16 annual operating income before the early termination.

54.17 (c) To establish and quantify a loss of value of investments in real or personal property
54.18 claim, an eligible business must provide sufficient evidence of:

54.19 (1) the essential nature of the investment made in the property to fulfill the contract with
54.20 the biomass plant;

54.21 (2) the extent to which the eligible business is able to repurpose the property for another
54.22 productive use after the early termination, including but not limited to the use, sales, salvage,
54.23 or scrap value of the property for which the loss is claimed; and

54.24 (3) the value of the eligible business's nondepreciated investment in the property.

54.25 Subd. 5. **Limitations on awards.** (a) A compensation award for a decreased operating
54.26 income claim must not exceed the amount calculated under subdivision 4, paragraph (b),
54.27 clause (3), multiplied by two.

54.28 (b) The use, sales, salvage, or scrap value of the property for which a loss is claimed
54.29 must be deducted from a compensation award for a loss of value of investments in real or
54.30 personal property claim.

(c) A payment received from business interruption insurance policies, settlements, or other forms of compensation related to the termination of the business's contract with the biomass plant must be deducted from any compensation award provided under this section.

Subd. 6. **Priority.** The chief administrative law judge may give priority to claims by eligible businesses that demonstrate a significant effort to pursue alternative business opportunities or to conduct other loss mitigation efforts to reduce its claimed losses related to the termination of its contract with the company operating the biomass plant.

Subd. 7. **Awarding claims.** If the amount provided for compensation in the biomass business compensation account established under section 4 is insufficient to fully award all claims eligible for an award, all awards must be adjusted proportionally based on the value of the claim.

Subd. 8. **Deadlines.** The chief administrative law judge must make the application process for eligible claims available by August 1, 2019. A business seeking an award under this section must file all claims with the chief administrative law judge within 60 days of the date the chief administrative law judge makes the application process for eligible claims available. All preliminary awards on eligible claims must be made within 120 days of the deadline date to file claims. Any requests to reconsider an award denial must be filed with the chief administrative law judge within 60 days of the notice date for preliminary awards. All final awards for eligible claims must be made within 60 days of the deadline date to file reconsideration requests. The commissioner of management and budget must pay all awarded claims within 45 days of the date the commissioner of management and budget receives notice of the final awards from the chief administrative law judge.

Subd. 9. **Expiration.** This section expires June 30, 2022.

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

Sec. 11. **BIOMASS BUSINESS COMPENSATION ACCOUNT.**

Subdivision 1. **Account established.** A biomass business compensation account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account must be credited to the account. Earnings, such as interest, and any other earnings arising from the assets of the account are credited to the account. Funds remaining in the account as of December 31, 2021, must be transferred to the renewable development account established under Minnesota Statutes, section 116C.779.

Subd. 2. **Funding for the special account.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), on July 1, 2019, \$40,000,000 must be transferred

from the renewable development account under Minnesota Statutes, section 116C.779, to the biomass business compensation account established under subdivision 3. The transferred funds are appropriated to pay eligible obligations under the biomass business compensation program established under section 8.

Subd. 3. **Payment of expenses.** The chief administrative law judge must certify to the commissioner of management and budget the total costs incurred to administer the biomass business compensation claims process. The commissioner of management and budget must transfer an amount equal to the certified costs incurred for biomass business compensation claim activities from the renewable development account under Minnesota Statutes, section 116C.779, and deposit it in the administrative hearings account under Minnesota Statutes, section 14.54. Transfers may occur quarterly throughout the fiscal year and must be based on quarterly cost and revenue reports, with final certification and reconciliation after each fiscal year. The total amount transferred under this subdivision must not exceed \$200,000.

Subd. 4. **Expiration.** This section expires June 30, 2022.

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

Sec. 12. **GREEN ROOF ADVISORY TASK FORCE; REPORT.**

Subdivision 1. **Definition.** For the purposes of this section, "green roof" means the roof of a building on which:

(1) photovoltaic devices, as defined in Minnesota Statutes, section 216C.06, are sited;
or

(2) a vegetative landscape and associated elements are installed, which may include:

(i) a growing medium;

(ii) a waterproof membrane to protect the roof;

(iii) a barrier to prevent plant roots from damaging the roof;

(iv) a filter layer to prevent the growing medium from washing away;

(v) thermal insulation to protect the vegetation and the building;

(vi) a drainage system; and

(vii) structural support.

Subd. 2. **Membership.** (a) The Green Roof Advisory Task Force consists of the following members:

57.1 (1) the state building official, appointed under Minnesota Statutes, section 326B.127,
57.2 or the state building official's designee;

57.3 (2) a representative of the Building Owners and Managers Association Greater
57.4 Minneapolis, appointed by the president of the association;

57.5 (3) up to three representatives from Minnesota companies with extensive experience
57.6 installing green roofs, appointed by the commissioner of the Pollution Control Agency;

57.7 (4) a cochair of the Committee on the Environment of the American Institute of Architects
57.8 Minnesota, or the cochair's designee;

57.9 (5) a horticultural expert from the University of Minnesota Extension, appointed by the
57.10 dean of extension;

57.11 (6) a representative of the University of Minnesota Center for Sustainable Building
57.12 Research, appointed by the director of the center;

57.13 (7) a representative of the Minnesota Solar Energy Industries Association, appointed by
57.14 the president of the association;

57.15 (8) a representative from the Minnesota Nursery and Landscape Association;

57.16 (9) a representative of the Minnesota State Building Trades Council appointed by the
57.17 council;

57.18 (10) the commissioner of commerce, or the commissioner's designee; and

57.19 (11) other members appointed by the advisory task force that it deems to be helpful in
57.20 carrying out its duties under subdivision 3.

57.21 (b) Members of the advisory task force are not to be compensated for activities associated
57.22 with the advisory task force.

57.23 (c) The Department of Commerce must serve as staff to the advisory task force.

57.24 Subd. 3. **Duties.** The advisory task force's duties are to review and evaluate:

57.25 (1) laws relating to green roofs enacted in American cities and states and in foreign
57.26 countries;

57.27 (2) estimates of the impacts of operating green roofs on:

57.28 (i) energy use in the buildings on which the green roofs are installed and any associated
57.29 reductions in the emission of greenhouse gases and other air pollutants;

57.30 (ii) roof replacement costs; and

58.1 (iii) management costs for storm water; and

58.2 (3) any other information the task force deems relevant.

58.3 Subd. 4. **Report.** By March 1, 2020, the advisory task force must submit a report to the
58.4 chairs and ranking minority members of the senate and house of representatives committees
58.5 with primary jurisdiction over energy policy and environmental policy. The report must
58.6 contain the task force's findings and recommendations, including discussion of the benefits
58.7 and problems associated with requiring buildings of a certain type and size to install green
58.8 roofs.

58.9 Subd. 5. **Sunset.** The task force shall sunset April 1, 2020.

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

58.11 Sec. 13. **REPORT; COST-BENEFIT ANALYSIS OF ENERGY STORAGE**
58.12 **SYSTEMS.**

58.13 (a) The commissioner of commerce must contract with an independent consultant selected
58.14 through a request for proposal process to produce a report analyzing the potential costs and
58.15 benefits of energy storage systems, as defined in Minnesota Statutes, section 216B.2422,
58.16 subdivision 1, in Minnesota. The study may also include scenarios examining energy storage
58.17 systems that are not capable of being controlled by a utility. The commissioner must engage
58.18 a broad group of Minnesota stakeholders, including electric utilities and others, to develop
58.19 and provide information for the report. The study must:

58.20 (1) identify and measure the different potential costs and savings produced by energy
58.21 storage system deployment, including but not limited to:

58.22 (i) generation, transmission, and distribution facilities asset deferral or substitution;

58.23 (ii) impacts on ancillary services costs;

58.24 (iii) impacts on transmission and distribution congestion;

58.25 (iv) impacts on peak power costs;

58.26 (v) impacts on emergency power supplies during outages;

58.27 (vi) impacts on curtailment of renewable energy generators; and

58.28 (vii) reduced greenhouse gas emissions;

58.29 (2) analyze and estimate the:

58.30 (i) costs and savings to customers that deploy energy storage systems;

59.1 (ii) impact on the utility's ability to integrate renewable resources;

59.2 (iii) impact on grid reliability and power quality; and

59.3 (iv) effect on retail electric rates over the useful life of a given energy storage system
59.4 compared to providing the same services using other facilities or resources;

59.5 (3) consider the findings of analysis conducted by the Midcontinent Independent System
59.6 Operator on energy storage capacity accreditation and participation in regional energy
59.7 markets, including updates of the analysis; and

59.8 (4) include case studies of existing energy storage applications currently providing the
59.9 benefits described in clauses (1) and (2).

59.10 (b) By December 31, 2019, the commissioner of commerce must submit the study to
59.11 the chairs and ranking minority members of the senate and house of representatives
59.12 committees with jurisdiction over energy policy and finance.

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

59.14 Sec. 14. **APPROPRIATION; PRAIRIE ISLAND NET ZERO PROJECT.**

59.15 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
59.16 \$20,000,000 in fiscal year 2020; \$7,500,000 in fiscal years 2021, 2022, and 2023; and
59.17 \$3,700,000 in fiscal year 2024 are appropriated from the renewable development account
59.18 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of
59.19 employment and economic development for a grant to the Prairie Island Indian community
59.20 to establish the net zero project under section 9.

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

59.22 Sec. 15. **APPROPRIATION; ENERGY STORAGE COST-BENEFIT ANALYSIS.**

59.23 \$150,000 in fiscal year 2019 is appropriated from the renewable development account
59.24 in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision
59.25 1, to the commissioner of commerce, to conduct an energy storage systems cost-benefit
59.26 analysis. This is a onetime appropriation and is available until June 30, 2020.

59.27 Sec. 16. **APPROPRIATION; GREEN ROOF TASK FORCE.**

59.28 \$55,000 in fiscal year 2020 is appropriated from the renewable development account
59.29 under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (a), to the
59.30 commissioner of commerce to complete the green roof report required under section 12.

60.1 Sec. 17. **APPROPRIATION; SOLAR FOR SCHOOLS.**

60.2 (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
60.3 \$1,000,000 in fiscal year 2020 and \$1,000,000 in fiscal year 2021 are appropriated from
60.4 the renewable development account established under Minnesota Statutes, section 116C.779,
60.5 subdivision 1, to the commissioner of commerce for transfer to the public utility that is
60.6 subject to Minnesota Statutes, section 216C.376, for the purposes of awarding grants and
60.7 financial assistance to schools under the solar for schools program under Minnesota Statutes,
60.8 section 216C.376.

60.9 (b) This appropriation may be used by the commissioner to reimburse the reasonable
60.10 costs incurred by the public utility to administer the solar for schools program under
60.11 Minnesota Statutes, section 216C.375, and the reasonable costs of the department to review
60.12 and approve the public utility's plan, and any proposed modifications to that plan and to
60.13 provide technical assistance, under Minnesota Statutes, section 216C.376, subdivisions 2
60.14 and 8.

60.15 Sec. 18. **APPROPRIATION; ELECTRIC VEHICLE CHARGING STATION**
60.16 **REVOLVING LOAN PROGRAM.**

60.17 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
60.18 \$1,500,000 in fiscal year 2020 is appropriated from the renewable development account
60.19 under Minnesota Statutes, section 116C.779, to the commissioner of commerce for the
60.20 electric vehicle charging station revolving loan program under Minnesota Statutes, section
60.21 216C.45. This appropriation must be used only for loans made for electric vehicle charging
60.22 station projects in the service area of a public utility that owns a nuclear electric generating
60.23 plant in Minnesota. The commissioner may use up to three percent of this amount to
60.24 administer the program. This is a onetime appropriation and is available until expended.

216B.241 ENERGY CONSERVATION IMPROVEMENT.

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.

(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.