

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 657

1.2 A bill for an act

1.3 relating to energy; providing direction for the use of federal stimulus money
1.4 for energy programs; appropriating money; proposing coding for new law in
1.5 Minnesota Statutes, chapter 216C.

1.6 May 15, 2009

1.7 The Honorable James P. Metzen
1.8 President of the Senate

1.9 The Honorable Margaret Anderson Kelliher
1.10 Speaker of the House of Representatives

1.11 We, the undersigned conferees for S.F. No. 657 report that we have agreed upon the
1.12 items in dispute and recommend as follows:

1.13 That the House recede from its amendments and that S.F. No. 657 be further
1.14 amended as follows:

1.15 Delete everything after the enacting clause and insert:

1.16 "ARTICLE 1
1.17 DEFINITIONS; LEGISLATIVE NOTICE

1.18 Section 1. **FEDERAL STIMULUS FUNDING.**

1.19 Subdivision 1. Definitions. For the purposes of articles 1 to 6, the following terms
1.20 have the meanings given them.

1.21 (a) "Act" means the American Recovery and Reinvestment Act of 2009, Public Law
1.22 111-5, unless the reference is to "this act," which refers to articles 1 to 7.

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

1.24 (c) "Stimulus funding" or "funding" means funding provided to the state under
1.25 the act for:

1.26 (1) energy efficiency and conservation block grants authorized under subtitle E of
1.27 title V of the federal Energy Independence and Security Act of 2007, United States Code,
1.28 title 42, section 17151, et seq.;

2.1 (2) the Weatherization Assistance Program authorized under part A of title IV of the
2.2 federal Energy Conservation and Production Act, United States Code, title 42, section
2.3 6861, et seq.; and

2.4 (3) the State Energy Program authorized under part D of title III of the federal
2.5 Energy Policy and Conservation Act, United States Code, title 42, section 6321, et seq.

2.6 (d) "Windows" or "energy-efficient windows" means new or replacement windows
2.7 that are Energy Star qualified under federal guidelines or for windows for nonresidential
2.8 structures it means windows of reasonably similar energy performance to Energy Star
2.9 windows.

2.10 Subd. 2. **Stimulus funding allocation.** To the extent consistent with the act and
2.11 other federal law and regulations, stimulus funding must be allocated and expended as
2.12 provided under this act.

2.13 Subd. 3. **Administrative costs.** The commissioner may spend no more than five
2.14 percent of the funds expended on programs under articles 2 to 4 for administrative costs of
2.15 the programs.

2.16 Subd. 4. **Contractors; bidding.** Contracts funded in whole or in part under articles
2.17 2 to 4 must, to the extent practicable, ensure that bidding contractors are qualified and
2.18 participate in available apprentice and training programs for all work performed. Bidding
2.19 for contracts must, to the extent practicable, use the process established in Minnesota
2.20 Statutes, section 16C.16, subdivisions 4, 5, 6, and 7, except that subdivision 12 does
2.21 not apply.

2.22 Sec. 2. **LEGISLATIVE NOTICE.**

2.23 The commissioner shall notify the chairs and ranking minority members of the
2.24 senate and house of representatives committees with primary jurisdiction over energy
2.25 policy and finance when releasing a request for proposals or awarding a grant greater than
2.26 \$25,000 for a grant program authorized under articles 2 to 4.

2.27 **ARTICLE 2**

2.28 **ENERGY EFFICIENCY**

2.29 Section 1. **WEATHERIZATION.**

2.30 Subdivision 1. **Priority.** Priority must be given to serving the largest number of new
2.31 weatherization clients consistent with federal eligibility requirements.

2.32 Subd. 2. **Rental units.** The commissioner shall attempt to increase the number
2.33 of low-income rental units weatherized.

3.1 Subd. 3. **Shelters.** A shelter, as defined in Code of Federal Regulations, title 10,
3.2 section 440.3, is eligible to receive weatherization assistance under this section.

3.3 Subd. 4. **Income eligibility.** Income eligibility limits for participants in the
3.4 weatherization assistance program shall be the highest level allowed under federal law.
3.5 The commissioner shall in a timely manner take all actions necessary to implement this
3.6 requirement.

3.7 Subd. 5. **Solar heat.** An individual who receives assistance to provide solar
3.8 heat through the Renewable Energy Equipment Program is eligible for weatherization
3.9 assistance under this section, provided that the individual meets all other eligibility
3.10 requirements for receiving weatherization assistance.

3.11 Subd. 6. **Federal waiver.** The commissioner shall apply for a waiver or otherwise
3.12 seek authority from the United States Department of Energy to use funds under this section
3.13 to weatherize abandoned and foreclosed residential properties acquired and rehabilitated
3.14 with funds provided through the federal Neighborhood Stabilization Program.

3.15 Subd. 7. **Payments authorized.** Notwithstanding Minnesota Statutes, section
3.16 16A.15, subdivision 3, the commissioner may make payment to a weatherization service
3.17 provider for allowable and eligible costs incurred for planning, capacity expansion,
3.18 workforce mobilization, and training activities. Payment may be made for costs incurred
3.19 on or after the effective date of an amendment to the weatherization service provider's
3.20 contract that obligates the provider to comply with the requirements of the act.

3.21 **Sec. 2. RESIDENTIAL ENERGY EFFICIENCY PROGRAMS.**

3.22 The commissioner shall coordinate with the Minnesota Housing Finance Agency
3.23 to use stimulus funds in conjunction with the Minnesota Housing Finance Agency's
3.24 financing programs, including, but not limited to, loans, grants, and rebates, and additional
3.25 programs the Minnesota Housing Finance Agency or other entities may develop to finance
3.26 energy efficiency improvements in dwellings, including the purchase and installation of
3.27 energy efficient windows. Financing programs for which there is market demand must
3.28 be prioritized.

3.29 **Sec. 3. INNOVATIVE ENERGY RESIDENTIAL EFFICIENCY PROGRAM.**

3.30 Subdivision 1. **Program.** The commissioner shall make a grant to a city of the first
3.31 class located in the service area of Minnesota Power for an innovative residential energy
3.32 efficiency program that must coordinate its activities with the state energy program, local
3.33 government unit, weatherization program, utility conservation improvement program, and

4.1 private nonprofit funding sources. Stimulus funds must be matched \$1 for every \$4 of
4.2 stimulus funds granted under this section and are available to the extent of the match. The
4.3 program must include the following elements:

4.4 (1) provision of basic residential energy conservation measures;

4.5 (2) provision of more comprehensive residential energy conservation measures,
4.6 including extensive retrofits and appliance upgrades;

4.7 (3) a plan to establish a revolving loan fund so that the program is sustainable over
4.8 time; and

4.9 (4) innovative financing options allowing residents to finance energy efficiency
4.10 improvements, at least in part, with energy savings.

4.11 Subd. 2. **Report.** By January 15, 2010, and October 30, 2010, the city must submit
4.12 a report measuring and assessing the program's effectiveness and energy savings to the
4.13 commissioner and the chairs and ranking minority members of the senate and house of
4.14 representatives committees with primary jurisdiction over energy policy and finance.

4.15 **Sec. 4. SMALL CITY ENERGY EFFICIENCY GRANT.**

4.16 Subdivision 1. **Program.** The commissioner shall make a grant for an innovative
4.17 residential energy efficiency program in a small rural city with a population under 4,000
4.18 located in the service area of Minnesota Power that is currently working with that utility,
4.19 the county housing and redevelopment authority, and other state and local housing
4.20 organizations to enhance energy efficiency for residents and businesses. Stimulus funds
4.21 must be matched \$1 for every \$4 of stimulus funds granted under this section and are
4.22 available to the extent of the match. The program must include the following elements:

4.23 (1) provision of basic residential energy conservation measures;

4.24 (2) provision of more comprehensive residential energy conservation measures,
4.25 including extensive retrofits and appliance upgrades;

4.26 (3) a plan to establish a revolving loan fund so that the program is sustainable over
4.27 time; and

4.28 (4) innovative financing options allowing residents to finance energy efficiency
4.29 improvements, at least in part, with energy savings.

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4.31 a report measuring and assessing the program's effectiveness and energy savings to the
4.32 commissioner and the chairs and ranking minority members of the senate and house of
4.33 representatives committees with primary jurisdiction over energy policy and finance.

5.1 **Sec. 5. OUTREACH ACTIVITIES TO INCREASE RESIDENTIAL**
5.2 **PARTICIPATION IN ENERGY EFFICIENCY ACTIVITIES.**

5.3 In order to maximize the number of new households participating in programs
5.4 delivering residential energy conservation services under this act, the commissioner shall
5.5 use stimulus funds to award grants on a competitive basis by September 1, 2009, to one
5.6 or more organizations that are experienced in conducting outreach activities to partner
5.7 with nonprofit and community organizations. Outreach activities must include, without
5.8 limitation, households in low-income areas, small cities, and rural communities, and must
5.9 reach all regions of the state. The methods used to contact households may include,
5.10 but are not limited to, direct contact with households, advertising in traditional and
5.11 nontraditional media, distribution of literature, presence at community events, partnering
5.12 with community organizations, and other innovative measures. The commissioner
5.13 may contract to coordinate outreach efforts with a community-based organization with
5.14 demonstrated regional or statewide capacity, including an organization established under
5.15 Minnesota Statutes, section 216C.385.

5.16 **Sec. 6. ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANTS**
5.17 **TO LOCAL GOVERNMENTS.**

5.18 The commissioner shall award grants to local units of government to enhance
5.19 energy efficiency and reduce energy use. Energy efficiency and conservation block
5.20 grant funds may be used for grants for activities including, but not limited to, planning,
5.21 consultant services, energy audits, implementing energy-efficient building codes and
5.22 inspection services, and energy efficiency renovations, including window replacement,
5.23 street lighting, and the installation of renewable energy devices used in public buildings.
5.24 Grants may only be made to local units of government not receiving direct federal energy
5.25 efficiency and conservation block grant stimulus funding.

5.26 **Sec. 7. LOCAL GOVERNMENT AND SCHOOL DISTRICT RENOVATIONS.**

5.27 (a) The commissioner shall award grants to local governments and school districts to
5.28 make energy efficiency improvements in existing local government and school district
5.29 facilities. The use of stimulus funds must be coordinated with the local public building
5.30 enhanced energy efficiency program under Minnesota Statutes, section 216C.43, or other
5.31 available financing programs.

5.32 (b) The commissioner shall prioritize lighting upgrades, energy-efficient windows,
5.33 energy recommissioning, and other cost-effective energy projects that are ready for
5.34 immediate implementation.

6.1 (c) The commissioner may require a local government or school district, as a
6.2 condition of receiving a grant, to commit to implement future activities, including but not
6.3 limited to staff training, that are designed to create additional energy or operating savings
6.4 to the local government.

6.5 (d) The commissioner shall coordinate with the Department of Education to
6.6 prioritize school district projects for funding under this section, consistent with the
6.7 principles of statewide geographic distribution of projects, optimized energy savings, and
6.8 an improved learning environment for schoolchildren.

6.9 Sec. 8. **STATE GOVERNMENT BUILDING RENOVATIONS.**

6.10 (a) The commissioner shall use stimulus funds to renovate state government
6.11 buildings to enhance energy efficiency. The commissioner and the commissioner of
6.12 administration shall select, fund, and implement state government building renovation
6.13 projects using federal stimulus money. Priority must be given to lighting upgrades,
6.14 window repair and replacement with energy-efficient windows, energy recommissioning,
6.15 and other cost-effective energy projects that are ready for immediate implementation.

6.16 (b) In addition to other uses, funds may be used to advance public building enhanced
6.17 energy efficiency program projects under Minnesota Statutes, section 16B.322, and for
6.18 grants for a portion of costs incurred by state agencies in implementing energy efficiency
6.19 improvements not part of that program.

6.20 (c) Funds may be used to develop a system and procedures to set energy-reduction
6.21 goals for state buildings, to automate utility bill data and analysis, to develop a system for
6.22 reporting monthly energy use relative to these state building energy-reduction goals, and
6.23 to install individual metering devices for separate buildings.

6.24 (d) The Department of Administration may require a state agency, as a condition of
6.25 receiving stimulus funds under this section, to commit to implement future energy-savings
6.26 activities, including but not limited to staff training, that are designed to create additional
6.27 energy or operating savings to the state agency.

6.28 (e) By January 15, 2011, and annually thereafter, the commissioner, in consultation
6.29 with the commissioner of administration, must issue a report to the chairs and ranking
6.30 minority members of the senate and house of representatives committees having
6.31 jurisdiction over energy policy and finance on the activities and energy savings under
6.32 this section.

6.33 Sec. 9. Minnesota Statutes 2008, section 16B.322, is amended by adding a subdivision
6.34 to read:

7.1 Subd. 4a. **Financing agreement.** The commissioner of administration may, in
7.2 connection with a financing agreement, covenant in a master lease-purchase agreement
7.3 that the state will abide by the terms and provisions that are customary in net lease or
7.4 lease-purchase transactions including, but not limited to, covenants providing that the state:

7.5 (1) will maintain insurance as required under the terms of the lease agreement;

7.6 (2) is responsible to the lessor for any public liability or property damage claims or
7.7 costs related to the selection, use, or maintenance of the leased equipment, to the extent of
7.8 insurance or self-insurance maintained by the lessee, and for costs and expenses incurred
7.9 by the lessor as a result of any default by the lessee;

7.10 (3) authorizes the lessor to exercise the rights of a secured party with respect to the
7.11 equipment subject to the lease in the event of default by the lessee and, in addition, for
7.12 the present recovery of lease rentals due during the current term of the lease as liquidated
7.13 damages.

7.14 Sec. 10. Minnesota Statutes 2008, section 16B.322, is amended by adding a
7.15 subdivision to read:

7.16 Subd. 4b. **Master lease-purchase agreements not debt.** A tax-exempt
7.17 lease-purchase agreement related to a financing agreement does not constitute or create a
7.18 general or moral obligation or indebtedness of the state in excess of the money from time
7.19 to time appropriated or otherwise available for the payment of rent coming due under the
7.20 lease, and the state has no continuing obligation to appropriate money for the payment
7.21 of rent or other obligations under the lease. Rent due under a master lease-purchase
7.22 agreement during a current lease term for which money has been appropriated is a current
7.23 expense of the state.

7.24 Sec. 11. Minnesota Statutes 2008, section 16B.322, is amended by adding a subdivision
7.25 to read:

7.26 Subd. 4c. **Budget offset.** The commissioner of finance shall reduce the operating
7.27 budgets of state agencies that use the master lease-purchase program under a financial
7.28 agreement. The amount of the reduction is the amount sufficient to make the actual
7.29 master lease payments.

7.30 Sec. 12. **ENERGY TECHNOLOGY TRANSFER CENTER.**

7.31 The commissioner shall award a grant to a nonprofit organization with extensive
7.32 experience in the delivery of energy-efficient programs and technical analysis to develop
7.33 an energy technology transfer center in this state.

9.1 (3) "solar electric" has the meaning given to "qualifying solar electric project"
9.2 in section 216B.2411, subdivision 2, paragraph (f), except that the 100-kilowatt peak
9.3 generating capacity limit does not apply; and

9.4 (4) "solar thermal" has the meaning given to "qualifying solar thermal project" in
9.5 section 216B.2411, subdivision 2, paragraph (e).

9.6 Sec. 2. **RENEWABLE ELECTRIC GENERATION AND GEOTHERMAL**
9.7 **FACILITY REBATES.**

9.8 (a) The commissioner shall award rebates to qualifying facilities that generate
9.9 electricity from renewable energy or provide heating and cooling from a geothermal
9.10 system and that:

9.11 (1) begin operation after July 1, 2009; and

9.12 (2) provide electricity or heating and cooling to:

9.13 (i) a homeowner's primary residence; or

9.14 (ii) a business with 20 or fewer full-time employees.

9.15 (b) The owner of a qualifying facility may apply to the commissioner for a rebate
9.16 of the lesser of \$10,000 for homeowners or \$25,000 for businesses or 35 percent of the
9.17 cost of the qualifying facility, including installation costs.

9.18 (c) The commissioner shall award rebates only from funds appropriated for that
9.19 purpose and to the extent of those appropriations. Rebates must be made to eligible
9.20 applicants in the order of the time of receipt of a complete application.

9.21 (d) For purposes of this section, "qualifying facility" means an electric generation
9.22 facility with a capacity of less than 40 kilowatts that generates electricity from a renewable
9.23 energy source or a geothermal system that provides heating and cooling.

9.24 Sec. 3. **SOLAR REBATE PROGRAM.**

9.25 The commissioner shall award rebates to homeowners and businesses that install
9.26 solar energy projects.

9.27 Sec. 4. **SOLAR CITIES PROGRAM.**

9.28 The commissioner shall award grants to local units of government for the installation
9.29 of large and small-scale solar electric or thermal projects, including innovative energy
9.30 storage technology, in a geographically-concentrated area. The project must leverage
9.31 funds from the federal Department of Energy to demonstrate the impacts of these projects
9.32 on the electric grid, and the costs and benefits to ratepayers. The commissioner may
9.33 develop matching requirements for these solar projects in order to maximize job creation
9.34 and renewable energy development.

10.1 Sec. 5. SCHOOL DISTRICT AND LOCAL GOVERNMENT RENEWABLE
10.2 ENERGY GRANT PROGRAM.

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

10.5 (b) "Local government" means a public school district, home rule charter or statutory
10.6 city, county, regional government, park district, port authority, or town.

10.7 Subd. 2. Program established. The commissioner shall award grants to units of
10.8 local government to finance the purchase and installation of a renewable energy system or
10.9 a geothermal heating and cooling system under this section.

10.10 Subd. 3. Grant proposals. The commissioner shall publish in the State Register
10.11 a request for proposals from local governments for a grant under this section. Within
10.12 60 days after the deadline for receipt of proposals, the commissioner shall select grant
10.13 proposals based on the following criteria:

10.14 (1) the reliability and cost-effectiveness of the renewable technology to be installed
10.15 under the proposal, including integration of energy storage;

10.16 (2) the extent to which the proposal effectively integrates with the conservation
10.17 and energy efficiency programs of the energy utilities serving the local government or
10.18 school district;

10.19 (3) the extent to which the local government or school district has maximized other
10.20 cost-effective energy efficiency and conservation improvements;

10.21 (4) the total life-cycle energy use and greenhouse gas emissions reductions per
10.22 dollar of installed cost;

10.23 (5) the geographic distribution of grant recipients throughout the state;

10.24 (6) the percentage of total project cost requested;

10.25 (7) the extent to which the proposal uses parts manufactured or produced in the
10.26 state in the assembly of a final product; and

10.27 (8) other criteria the commissioner may determine to be necessary and appropriate.

10.28 Subd. 4. Educational programming. A school district must integrate information
10.29 about the renewable energy system for which a grant is received under this section in its
10.30 educational programming.

10.31 Subd. 5. Grant terms. The maximum grant to a local government under this
10.32 section may not exceed:

10.33 (1) for solar electric projects greater than or equal to 100 kilowatts rated capacity,
10.34 the lesser of 40 percent of total project cost or \$200,000;

11.1 (2) for solar electric projects less than 100 kilowatts rated capacity, the lesser of 40
11.2 percent of total project cost or \$100,000;

11.3 (3) for wind projects greater than or equal to 40 kilowatts rated capacity, the lesser of
11.4 35 percent of total project cost or \$150,000;

11.5 (4) for wind projects less than 40 kilowatts rated capacity, the lesser of 35 percent
11.6 of total project cost or \$25,000;

11.7 (5) for geothermal energy projects, the lesser of 35 percent of total project cost or
11.8 \$100,000;

11.9 (6) for solar thermal projects, the lesser of 50 percent of total project cost or
11.10 \$75,000; or

11.11 (7) for combined heat and power projects and district energy projects, the lesser of
11.12 35 percent of total project cost or \$200,000.

11.13 **Sec. 6. EMERGING RENEWABLE ENERGY INDUSTRIES GRANT**
11.14 **PROGRAM.**

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

11.17 (b) "Eligible business" means an organization that is engaged in or will engage in the
11.18 manufacture of renewable energy systems, energy storage systems, or geothermal energy
11.19 systems for heating and cooling, or components for renewable energy systems, energy
11.20 storage systems, or geothermal energy systems for heating and cooling.

11.21 Subd. 2. **Program established.** The commissioner shall use stimulus funds under
11.22 this section to award grants to an eligible business.

11.23 Subd. 3. **Grant purpose.** The commissioner may make grants to eligible businesses
11.24 to assist in the development of renewable energy systems, energy storage systems,
11.25 geothermal energy systems for heating and cooling, and businesses that manufacture
11.26 components for these types of energy systems in this state.

11.27 Subd. 4. **Applications.** An applicant shall prepare and submit to the commissioner a
11.28 written proposal detailing how the applicant will meet the purpose of the grant program
11.29 and will meet the criteria listed in subdivision 5. An applicant must submit information
11.30 that demonstrates the financial viability of the eligible business.

11.31 Subd. 5. **Selection criteria.** When awarding grants, the commissioner shall consider
11.32 whether the applicant's proposal will:

11.33 (1) help establish Minnesota as a center for the manufacturing of renewable energy,
11.34 energy storage, or geothermal system parts and systems;

- 12.1 (2) leverage both private funds and other public funds, including federal programs;
12.2 (3) develop renewable energy, energy storage, or geothermal technology supplier
12.3 activity in this state;
12.4 (4) increase manufacturing that promotes or advances the green economy, as defined
12.5 in section 116J.437, subdivision 1; and
12.6 (5) create jobs that will contribute to the green economy as defined in section
12.7 116J.437, subdivision 1, including jobs in rural areas and areas with high unemployment.

12.8 **Sec. 7. CONVERSION OF FORMER SCHOOL TO RENEWABLE ENERGY**
12.9 **BUSINESS CENTER.**

12.10 The commissioner shall award a grant to the city of Kennedy to convert a former
12.11 school building to use wind, solar, and geothermal energy and to house a renewable
12.12 energy business center.

12.13 **Sec. 8. SOLAR ELECTRIC INSTALLATIONS.**

12.14 A contract, grant, loan, or other financial assistance for solar electric installations
12.15 must to the extent practicable:

- 12.16 (1) require payment at the prevailing wage rate as defined in Minnesota Statutes,
12.17 section 177.42;
12.18 (2) require that the installation of all listed electrical equipment is performed by
12.19 licensed contractors;
12.20 (3) be awarded to the best value bidder as defined in Minnesota Statutes, chapter
12.21 16C; and
12.22 (4) require that the bid performance criteria must include, but are not limited to:
12.23 (i) the vendor's or contractor's primary place of business be located within the state;
12.24 (ii) a description of the vendor's or contractor's experience installing solar systems
12.25 and the quality of those installations; and
12.26 (iii) the possession by the vendor's or contractor's key personnel of an installer's
12.27 certification from a nationally recognized solar certification body.

12.28 **ARTICLE 4**

12.29 **COMMERCIAL AND INDUSTRIAL SECTOR ENERGY PROJECTS**

12.30 **Section 1. GRANTS TO COMMERCIAL AND INDUSTRIAL FACILITIES.**

12.31 (a) The commissioner shall award a grant to a port authority located in the electric
12.32 service area of the electric utility with the largest number of commercial and industrial
12.33 customers in this state for a program to provide for the design, financing, and installation
12.34 of energy efficiency improvements and renewable energy systems in commercial facilities,

13.1 industrial facilities, and facilities owned by a nonprofit organized under section 501(c)(3)
13.2 of the Internal Revenue Code. Program financing must include a revolving loan fund
13.3 component.

13.4 (b) Grant recipients may enter into agreements necessary to develop and implement
13.5 a program under this section. A grant recipient may use up to two percent of the grant
13.6 award for administrative costs of the energy project.

13.7 (c) A utility participating in projects receiving a grant under this section is entitled
13.8 to claim the project's energy savings toward its energy savings goal under Minnesota
13.9 Statutes, section 216B.241, subdivision 1c.

13.10 Sec. 2. **ENERGY PROGRAMS IN COMMERCIAL AND INDUSTRIAL**
13.11 **BUILDINGS.**

13.12 (a) The commissioner shall award grants to economic development authorities or
13.13 to owners of commercial and industrial facilities and facilities owned by a nonprofit
13.14 organized under section 501(c)(3) of the Internal Revenue Code for the purpose of:

13.15 (1) installing energy efficiency improvements;

13.16 (2) installing devices that use renewable energy sources to generate electricity or to
13.17 heat or cool a building; or

13.18 (3) a geothermal system for heating and cooling.

13.19 (b) To be eligible to receive a grant, a project funded under this section must begin
13.20 operation after July 1, 2009.

13.21 (c) The commissioner shall provide forms for grant applications.

13.22 (d) The commissioner shall make a grant to a county economic development
13.23 authority for development of a biomass energy facility, which has completed an economic
13.24 and technical feasibility study, including a market potential and cellulosic feedstock
13.25 analysis. The county in which the facility will be located must include an investor-owned
13.26 utility, municipal utility, and cooperative electric association, and it must have adopted an
13.27 essential services and transmission services ordinance as of May 15, 2009.

13.28 (e) Grants may also be made to improve the energy efficiency of facilities to displace
13.29 fossil fuel energy inputs with energy derived from renewable resources via anaerobic
13.30 digestion, biomass gasification, or other technologies, for combined heat and power or
13.31 district energy system projects; or for projects using hydrothermal or geothermal energy in
13.32 an integrated system for cooling, heating, and generating electricity. Grants may not be
13.33 made under this paragraph for projects involving the combustion of mixed municipal solid
13.34 waste or refuse-derived fuel from mixed municipal solid waste.

13.35 (f) The maximum grant award under this section is \$500,000.

- 14.1 (g) When awarding grants under this section the commissioner shall consider:
14.2 (1) job retention and creation;
14.3 (2) improved energy efficiency and increased renewable energy production capacity;
14.4 (3) coordination with and leveraging of other resources to increase the total benefits
14.5 derived from stimulus funding;
14.6 (4) timely implementation of funded activities;
14.7 (5) long-term sustainability of benefits derived from stimulus funds;
14.8 (6) geographic distribution across the state;
14.9 (7) compliance with the disadvantaged business enterprise requirements in
14.10 Minnesota Statutes, section 16C.16, subdivisions 4, 5, 6, and 7, except that subdivision 12
14.11 does not apply; and
14.12 (8) ensuring that projects are cost effective and maximize energy savings per dollar
14.13 of stimulus funding expended.

14.14 **ARTICLE 5**
14.15 **MISCELLANEOUS**

14.16 Section 1. **TRAINING AND WORKFORCE DEVELOPMENT.**

14.17 Subdivision 1. **Training plan and procedures.** (a) The commissioner, in
14.18 conjunction with the Department of Employment and Economic Development, the Office
14.19 of Higher Education, and Minnesota State Colleges and Universities shall develop and
14.20 implement a plan and procedures to:

14.21 (1) train energy professionals needed to implement the energy programs described
14.22 in articles 2 to 4, including but not limited to energy auditors, energy managers, and
14.23 building operators;

14.24 (2) coordinate, oversee, and monitor the training and certification of energy
14.25 professionals;

14.26 (3) allocate stimulus funding for the purposes of clauses (1) and (2) and to training
14.27 providers; and

14.28 (4) provide energy code compliance and enforcement training necessary to comply
14.29 with section 410 of the American Recovery and Reinvestment Act of 2009, Public Law
14.30 111-5.

14.31 (b) Training strategies must be designed to meet the wide range of facilities
14.32 managers and building sizes and types, and must protect the occupational health and
14.33 safety of workers employed on these energy projects. Technical skills training must
14.34 include insulation, air sealing, and mechanical work. Training may include an on-the-job
14.35 component where the trainee travels to job sites with trained crews.

- 15.1 (c) The plan must include procedures to:
- 15.2 (1) train individuals already employed in implementing energy programs;
- 15.3 (2) recruit individuals to be trained to perform work in energy projects using
15.4 stimulus funding who are unemployed, especially targeting communities experiencing
15.5 disproportionately high rates of unemployment, including, but not limited to, low-income,
15.6 youth, rural, or tribal communities and individuals in construction trades and crafts;
- 15.7 (3) ensure that the full capacity of current training providers is utilized, including,
15.8 but not limited to, opportunities industrialization centers, skilled trades labor unions, tribal
15.9 colleges or nonprofits working in tribal communities, community action partnerships,
15.10 utility companies, higher education institutions, and nonprofit organizations with
15.11 demonstrated expertise in energy efficiency;
- 15.12 (4) publicize job and contract opportunities through cost-effective dissemination via
15.13 traditional and nontraditional media outlets, including, but not limited to, public service
15.14 announcements and radio advertisements; and
- 15.15 (5) disseminate information about contract and employment opportunities generated
15.16 by the programs. Particular effort must be made to publicize employment, job training,
15.17 home energy auditing, weatherization, outreach, and other opportunities to community
15.18 organizations, nongovernmental organizations, and media outlets that target disadvantaged
15.19 groups, including, but not limited to, low-income, rural, tribal communities, and
15.20 communities of color.

15.21 Subd. 2. **Training access and affordability.** (a) Unless prohibited by federal law
15.22 or rule, and notwithstanding any other training funds available or expended for energy
15.23 programs, the commissioner shall ensure access to and affordability of training for
15.24 low-income persons who otherwise would be unable to afford the training, by providing
15.25 funding to:

- 15.26 (1) prepare low-income persons for residential weatherization jobs; and
- 15.27 (2) support job training opportunities for low-income persons in residential and
15.28 commercial energy efficiency and renewable energy-related trades.

15.29 (b) Funds expended under this subdivision may not exceed the amount necessary to
15.30 train persons for the total number of green jobs created. The Department of Commerce
15.31 shall work with the Department of Employment and Economic Development to maximize
15.32 receipt of federal stimulus funding available for training and workforce development
15.33 through the Workforce Investment Act.

15.34 (c) Training funds for residential weatherization jobs must be provided to
15.35 weatherization service providers to partner with apprenticeship or similar on-the-job
15.36 training programs and existing training providers, including, but not limited to, state

16.1 colleges, opportunities industrialization centers, skilled trades labor unions, and nonprofit
16.2 organizations with historic expertise in energy efficiency.

16.3 (d) Training funds to support residential and commercial energy efficiency and
16.4 renewable energy-related trades must be distributed through a competitive application
16.5 process.

16.6 (e) The expenditure of funds under this subdivision must be consistent with
16.7 performance goals, timeframes, and all other requirements under federal and state law
16.8 governing the expenditure of federal stimulus money.

16.9 **Sec. 2. ACCOUNTABILITY AND TRANSPARENCY REPORTING.**

16.10 The commissioner, after compiling information supplied by the commissioners of
16.11 administration, education, and employment and economic development, and the Office
16.12 of Higher Education, shall report on the progress of the programs funded by this act to
16.13 the house of representatives and senate committees with jurisdiction over energy finance
16.14 and workforce development policy by September 1, 2009, January 15, 2010, April 1,
16.15 2010, and September 1, 2010. The report must include a complete accounting of all
16.16 federal stimulus money spent on the programs funded to the extent allowable by federal
16.17 law, including, but not limited to:

16.18 (1) the specific projects funded, including the building owner and project manager,
16.19 and, for nonresidential projects only, the project location;

16.20 (2) for weatherization projects, the number of units weatherized, including number
16.21 of rental units weatherized, energy usage information, income data, and type, cost, and
16.22 funding source of the weatherization measure installed;

16.23 (3) the number of jobs retained or created by each project, including data on hiring
16.24 from communities experiencing disproportionately high rates of unemployment, including,
16.25 but not limited to, low-income, rural, tribal communities, and communities of color;

16.26 (4) the total calculated and actual energy savings for each project;

16.27 (5) the remaining balances in each stimulus account;

16.28 (6) the nonstimulus money leveraged by stimulus money for each project;

16.29 (7) the training courses provided, including the location and provider of courses
16.30 offered, the funding source for each training course, and the total number of trainees; and

16.31 (8) compliance with state prevailing wage, veterans, and disadvantaged business
16.32 enterprise requirements.

16.33 The reports must be made available to the public on the Office of Energy Security
16.34 Web site.

16.35 **Sec. 3. COMPETITIVE ENERGY ACTIVITIES.**

18.1 Recovery and Reinvestment Act of 2009, Public Law 111-5, \$54,172,000 is appropriated
18.2 to the commissioner of commerce. Of this amount:

18.3 (1) \$8,750,000 is for energy efficiency projects in local government and school
18.4 district buildings consistent with the requirements in article 2, section 7;

18.5 (2) \$6,922,000 is for energy efficiency projects in state government buildings
18.6 consistent with the requirements of article 2, section 8;

18.7 (3) \$7,900,000 is for residential energy efficiency programs consistent with the
18.8 requirements in article 2, section 2. Of this amount, \$250,000 is for participation outreach
18.9 activities in article 2, section 5;

18.10 (4) \$1,600,000 is for innovative energy residential efficiency programs consistent
18.11 with the requirements in article 2, sections 3 and 4. Of this amount, \$1,500,000 is for a
18.12 program for a large city, and \$100,000 is for a program for a small city;

18.13 (5) \$1,000,000 is for training and workforce development consistent with article 5,
18.14 section 1, subdivision 2;

18.15 (6) \$1,500,000 is for training and workforce development consistent with article 5,
18.16 section 1, subdivision 1;

18.17 (7) \$5,000,000 is for renewable and geothermal rebates consistent with the
18.18 requirements of article 3, sections 2 and 3. Of this amount, at least \$3,000,000 is for
18.19 solar rebates in article 3, section 3;

18.20 (8) \$3,000,000 is for a grant to local units of government for solar energy projects
18.21 consistent with the requirements of article 3, section 4;

18.22 (9) \$6,500,000 is for grants to install renewable energy in local government and
18.23 school buildings consistent with the requirements of article 3, section 5;

18.24 (10) \$2,000,000 is for emerging renewable energy industries consistent with the
18.25 requirements of article 3, section 6;

18.26 (11) \$5,000,000 is for a grant to a port authority for energy efficiency and renewable
18.27 energy in commercial and industrial buildings consistent with article 4, section 1;

18.28 (12) \$4,500,000 is for commercial and industrial building energy grants for
18.29 renewables and efficiency consistent with the requirements of article 4, section 2. Of this
18.30 amount, \$150,000 is for a grant under article 4, section 2, paragraph (d); and

18.31 (13) \$500,000 is for the energy technology transfer center in article 2, section 12.

18.32 Subd. 2. **Reallocation process.** (a) The commissioner may reallocate funds under
18.33 subdivision 1 if the United States Department of Energy does not approve a program for
18.34 which funds are allocated or if the commissioner determines that:

18.35 (1) there is insufficient demand to effectively expend all funds allocated to a program;

19.1 (2) the funds as allocated are unlikely to result in achievement of the goals of the
19.2 funding; or

19.3 (3) the funds as allocated are unlikely to attain results that exceed the minimum
19.4 performance requirements established by the federal Department of Energy.

19.5 (b) Before reallocating funds, the commissioner shall:

19.6 (1) provide public notice of intent to reallocate funds;

19.7 (2) accept public comment on a proposed reallocation for no fewer than 15 business
19.8 days; and

19.9 (3) submit a report on the proposed reallocation to the chairs and ranking minority
19.10 members of the senate and house of representatives committees with primary jurisdiction
19.11 over energy policy and finance. The report must include the reason for reallocation, a
19.12 summary of activities and expenditures to market and stimulate demand for the program
19.13 whose funds are to be reallocated, the amount to be reallocated, the program to which
19.14 funds will be reallocated, and the public comments submitted.

19.15 (c) The commissioner may reallocate funds 15 business days after submission of the
19.16 report required under paragraph (b), clause (3).

19.17 **ARTICLE 7**

19.18 **EFFECTIVE DATE**

19.19 Section 1. **EFFECTIVE DATE.**

19.20 This act is effective the day following final enactment."

19.21 Delete the title and insert:

19.22 "A bill for an act

19.23 relating to energy; providing direction for the use of federal stimulus money for
19.24 energy programs; appropriating money; amending Minnesota Statutes 2008,
19.25 section 16B.322, by adding subdivisions."

20.1 We request the adoption of this report and repassage of the bill.

20.2 Senate Conferees: (Signed)

20.3
20.4 Ellen Anderson Yvonne Prettner Solon

20.5
20.6 Gary Kubly Steve Dille

20.7
20.8 Sandy Rummel

20.9 House Conferees: (Signed)

20.10
20.11 Jeremy Kalin Bill Hilty

20.12
20.13 Brita Sailer Kathy Brynaert

20.14
20.15 Denny McNamara