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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4874

04/09/2026 Authored by Hansen, R.; Vang, Lee, F.; Hussein; Jordan and others
The bill was read for the first time and referred to the Committee on Energy Finance and Policy

1.1 A bill for an act
1.2 relating to electric cooperatives and municipal utilities; clarifying the recovery of
1.3 certain fixed costs with respect to net metered facilities; allowing meter aggregation
1.4 for electric cooperatives and municipal utilities; clarifying commission authority
1.5 with respect to electric cooperative practices; improving member access to
1.6 cooperative documents and meetings; requiring electronic voting and voting by
1.7 mail for cooperative board directors; amending Minnesota Statutes 2024, sections
1.8 216B.164, subdivisions 3, 4a; 216B.17, subdivision 6a; 308A.327.

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

1.10 Section 1. Minnesota Statutes 2024, section 216B.164, subdivision 3, is amended to read:

1.11 Subd. 3. Purchases; small facilities. (a) This paragraph applies to cooperative electric
1.12 associations and municipal utilities. For a qualifying facility having less than 40-kilowatt
1.13 capacity, the customer shall be billed for the net energy supplied by the utility according to
1.14 the applicable rate schedule for sales to that class of customer. A cooperative electric
1.15 association or municipal utility may charge an additional fee to recover the fixed costs not
1.16 already paid for by the customer through the customer's existing billing arrangement. A
1.17 cooperative electric association or municipal utility is prohibited from recovering fixed
1.18 costs identified in this paragraph by any other means. Any additional charge by the utility
1.19 must be reasonable and appropriate for that class of customer based on the most recent cost
1.20 of service study. The cost of service study must be made available for review by a customer
1.21 of the utility or a member of the public upon request when additional charges are made
1.22 under this paragraph. In the case of net input into the utility system by a qualifying facility
1.23 having less than 40-kilowatt capacity, compensation to the customer shall be at a per
1.24 kilowatt-hour rate determined under paragraph (c), (d), or (f).

2.1 (b) This paragraph applies to public utilities. For a qualifying facility having less than  
2.2 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the  
2.3 utility according to the applicable rate schedule for sales to that class of customer. In the  
2.4 case of net input into the utility system by a qualifying facility having: (1) more than  
2.5 40-kilowatt but less than 1,000-kilowatt capacity, compensation to the customer shall be at  
2.6 a per kilowatt-hour rate determined under paragraph (c); or (2) less than 40-kilowatt capacity,  
2.7 compensation to the customer shall be at a per-kilowatt rate determined under paragraph  
2.8 (c) or (d).

2.9 (c) In setting rates, the commission shall consider the fixed distribution costs to the  
2.10 utility not otherwise accounted for in the basic monthly charge and shall ensure that the  
2.11 costs charged to the qualifying facility are not discriminatory in relation to the costs charged  
2.12 to other customers of the utility. The commission shall set the rates for net input into the  
2.13 utility system based on avoided costs as defined in the Code of Federal Regulations, title  
2.14 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations,  
2.15 title 18, section 292.304, and all other relevant factors.

2.16 (d) Notwithstanding any provision in this chapter to the contrary, a qualifying facility  
2.17 having less than 40-kilowatt capacity may elect that the compensation for net input by the  
2.18 qualifying facility into the utility system shall be at the average retail utility energy rate.  
2.19 "Average retail utility energy rate" is defined as the average of the retail energy rates,  
2.20 exclusive of special rates based on income, age, or energy conservation, according to the  
2.21 applicable rate schedule of the utility for sales to that class of customer.

2.22 (e) If the qualifying facility or net metered facility is interconnected with a nongenerating  
2.23 utility which has a sole source contract with a municipal power agency or a generation and  
2.24 transmission utility, the nongenerating utility may elect to treat its purchase of any net input  
2.25 under this subdivision as being made on behalf of its supplier and shall be reimbursed by  
2.26 its supplier for any additional costs incurred in making the purchase. Qualifying facilities  
2.27 or net metered facilities having less than 1,000-kilowatt capacity if interconnected to a  
2.28 public utility, or less than 40-kilowatt capacity if interconnected to a cooperative electric  
2.29 association or municipal utility may, at the customer's option, elect to be governed by the  
2.30 provisions of subdivision 4.

2.31 (f) A customer with a qualifying facility or net metered facility having a capacity below  
2.32 40 kilowatts that is interconnected to a cooperative electric association or a municipal utility  
2.33 may elect to be compensated for the customer's net input into the utility system in the form  
2.34 of a kilowatt-hour credit on the customer's energy bill carried forward and applied to

3.1 subsequent energy bills. Any kilowatt-hour credits carried forward by the customer cancel  
 3.2 at the end of the calendar year with no additional compensation.

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

3.4 Sec. 2. Minnesota Statutes 2024, section 216B.164, subdivision 4a, is amended to read:

3.5 Subd. 4a. **Aggregation of meters.** (a) For the purpose of measuring electricity under  
 3.6 subdivisions 3 and 3a, a ~~public~~ utility must aggregate for billing purposes a customer's  
 3.7 designated meter with one or more aggregated meters if a customer requests that it do so.  
 3.8 To qualify for aggregation under this subdivision, a meter must be owned by the customer  
 3.9 requesting the aggregation, must be located on contiguous property owned by the customer  
 3.10 requesting the aggregation, and the total of all aggregated meters must be subject to the size  
 3.11 limitation in this section.

3.12 (b) A ~~public~~ utility must comply with a request by a customer-generator to aggregate  
 3.13 additional meters within 90 days. The specific meters must be identified at the time of the  
 3.14 request. In the event that more than one meter is identified, the customer must designate  
 3.15 the rank order for the aggregated meters to which the net metered credits are to be applied.  
 3.16 At least 60 days prior to the beginning of the next annual billing period, a customer may  
 3.17 amend the rank order of the aggregated meters, subject to this subdivision.

3.18 (c) The aggregation of meters applies only to charges that use kilowatt-hours as the  
 3.19 billing determinant. All other charges applicable to each meter account shall be billed to  
 3.20 the customer.

3.21 (d) A ~~public~~ utility will first apply the kilowatt-hour credit to the charges for the  
 3.22 designated meter and then to the charges for the aggregated meters in the rank order specified  
 3.23 by the customer. If the net metered facility supplies more electricity to the ~~public~~ utility  
 3.24 than the energy usage recorded by the customer-generator's designated and aggregated  
 3.25 meters during a monthly billing period, the ~~public~~ utility shall apply credits to the customer's  
 3.26 next monthly bill for the excess kilowatt-hours.

3.27 ~~With the commission's prior approval, a public~~ A utility may charge the  
 3.28 customer-generator requesting to aggregate meters a reasonable fee to cover the  
 3.29 administrative costs incurred in implementing the costs of this subdivision. A public utility  
 3.30 that charges a fee under this subdivision, pursuant to a tariff approved by the commission  
 3.31 for a public utility must receive approval from the commission before charging the fee.

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

4.1 Sec. 3. Minnesota Statutes 2024, section 216B.17, subdivision 6a, is amended to read:

4.2 Subd. 6a. **Cooperative electric associations.** For the purposes of this section, public  
 4.3 utility ~~shall include~~ includes cooperative electric associations only with respect to service  
 4.4 standards and practices ~~only~~ and associated rules, terms, conditions, and policies.

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

4.6 Sec. 4. Minnesota Statutes 2024, section 308A.327, is amended to read:

4.7 **308A.327 ELECTRIC COOPERATIVE; ~~BOARD MEETINGS~~ TRANSPARENCY;**  
 4.8 **ELECTIONS.**

4.9 Subdivision 1. **Open board meetings; remote participation.** (a) A regular or special  
 4.10 meeting of the board of directors of an electric cooperative ~~that has more than 50,000~~  
 4.11 ~~members~~ must be open ~~to~~ for all members of the cooperative to attend. The board shall give  
 4.12 reasonable prior notice of meetings. The board may close a meeting or a portion of a meeting,  
 4.13 provided the board has made a written determination that a closed meeting is necessary for  
 4.14 one of the following reasons:

4.15 (1) to discuss personnel matters, compensation issues, labor negotiations, billing and  
 4.16 credit information, or an issue that may tend to prejudice the reputation of an individual;

4.17 (2) to discuss threatened or pending litigation, issues subject to an attorney-client  
 4.18 privilege, or other legal information, the knowledge of which may have an adverse effect  
 4.19 on the cooperative's legal position; or

4.20 (3) to discuss or disclose information that, if discussed in an open meeting, would result  
 4.21 in impairment of the cooperative's competitive or financial position, interfere with a business  
 4.22 opportunity, or reveal proprietary information.

4.23 For the purposes of clause (3), a business opportunity means an opportunity for substantial  
 4.24 financial improvement of the cooperative that, if generally known, would likely jeopardize  
 4.25 the opportunity itself.

4.26 The board may close a portion of a meeting after announcing during an open meeting  
 4.27 the item of business to be discussed during the closed portion.

4.28 (b) An electric cooperative must provide the opportunity for all members to attend and  
 4.29 participate in a special or regular meeting of the board of directors remotely through Internet  
 4.30 access.

4.31 Subd. 2. **Member access to information.** An electric cooperative must maintain on the  
 4.32 electric cooperative's website and allow members to access:

- 5.1 (1) the following electric cooperative documents:
- 5.2 (i) articles of incorporation;
- 5.3 (ii) bylaws;
- 5.4 (iii) board of directors meeting minutes;
- 5.5 (iv) annual reports;
- 5.6 (v) Internal Revenue Service Form 990;
- 5.7 (vi) audited financial statements; and
- 5.8 (vii) if the electric cooperative has an ownership interest in a subsidiary, nonconfidential
- 5.9 and operational information regarding the subsidiary; and
- 5.10 (2) information regarding:
- 5.11 (i) dates, times, and locations of upcoming board of directors meetings;
- 5.12 (ii) how to contact all the board of directors members;
- 5.13 (iii) how to vote in board of directors elections; and
- 5.14 (iv) the number and percentage of members who voted in the most recent board of
- 5.15 directors election, including the number of votes that were proxy votes cast on behalf of
- 5.16 other members.
- 5.17 Subd. 3. Access to membership list. (a) The electric cooperative must make available
- 5.18 to a member a list of all electric cooperative members, provided the member complies with
- 5.19 this subdivision.
- 5.20 (b) A member's request to access the electric cooperative's membership list must be:
- 5.21 (1) requested in good faith; and
- 5.22 (2) directly connected to and used for a purpose relevant to the member's interest as a
- 5.23 member.
- 5.24 (c) A member is prohibited from using the membership list for commercial, sales, or
- 5.25 similar purposes.
- 5.26 (d) An electric cooperative may require a member requesting access to the membership
- 5.27 list to sign an affidavit certifying that the membership list must be used for a proper purpose
- 5.28 and agreeing to pay damages to the electric cooperative if the membership list is used
- 5.29 improperly.

6.1 (e) For the purposes of this subdivision, "membership list" means the names, street  
6.2 addresses, telephone numbers, and email addresses of every member of the electric  
6.3 cooperative.

6.4 Subd. 4. **Board of directors nominations.** An electric cooperative must allow a candidate  
6.5 to be nominated for election to the board of directors by a petition signed by 40 or more  
6.6 members of the electric cooperative.

6.7 Subd. 5. **Board elections; voting.** An electric cooperative must develop a secure system  
6.8 that maintains ballot secrecy while allowing members to vote in an election for the board  
6.9 of directors by mail and using the Internet.

6.10 Subd. 6. **Capital credits notification.** (a) An electric cooperative must notify each  
6.11 member annually, on a bill or otherwise, of the member's capital credit allocation for the  
6.12 previous calendar year.

6.13 (b) An electric cooperative must respond to a request by a member to calculate the  
6.14 member's cumulative but unretired capital credit allocation amassed since becoming a  
6.15 member of the electric cooperative within 45 days of the date the request is received.

6.16 (c) For the purposes of this subdivision, "capital credit allocation" means a member's  
6.17 share of the electric cooperative's surplus of revenues over costs during the most recent  
6.18 calendar year, allocated to each member based on the member's revenue contributed to the  
6.19 electric cooperative during the year.

6.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.  
6.21 Subdivision 5 applies to electric cooperative board elections held on or after September 1,  
6.22 2026.