

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 4503

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DATE	D-PG	OFFICIAL STATUS
03/17/2026	6745	Introduction and first reading Referred to State and Local Government
05/06/2026	9944	Author added Hemmingsen-Jaeger
05/07/2026	10031a	Comm report: To pass as amended Pursuant to Senate Concurrent Resolution No. 6, referred to Rules and Administration
	10198	Senate Concurrent Resolution 6 Suspended adopt previous committee report
	10198	Second reading

1.1 A bill for an act

1.2 relating to local government; establishing requirements for thermal energy network

1.3 plans; designating thermal energy networks as public improvements and

1.4 waterworks; appropriating money; amending Minnesota Statutes 2024, sections

1.5 429.011, subdivision 5; 429.021, subdivision 1; 444.075, subdivision 1; Minnesota

1.6 Statutes 2025 Supplement, section 216B.16, subdivision 15; proposing coding for

1.7 new law in Minnesota Statutes, chapter 216B.

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

1.9 Section 1. Minnesota Statutes 2025 Supplement, section 216B.16, subdivision 15, is

1.10 amended to read:

1.11 Subd. 15. **Low-income affordability programs.** (a) The commission must consider

1.12 ability to pay as a factor in setting utility rates and may establish affordability programs for

1.13 low-income residential ratepayers in order to ensure affordable, reliable, and continuous

1.14 service to low-income utility customers. A public utility serving low-income residential

1.15 ratepayers who use natural gas or service from a thermal energy network, as defined in

1.16 section 216B.2427, subdivision 1, for heating must file an affordability program with the

1.17 commission.

1.18 (b) Any affordability program the commission orders a utility to implement must:

1.19 (1) lower the percentage of income that participating low-income households devote to

1.20 energy bills;

1.21 (2) increase participating customer payments over time by increasing the frequency of

1.22 payments;

1.23 (3) decrease or eliminate participating customer arrears;

2.1 (4) lower the utility costs associated with customer account collection activities; and

2.2 (5) coordinate the program with other available low-income bill payment assistance and
2.3 conservation resources.

2.4 (c) In ordering affordability programs, the commission may require public utilities to
2.5 file program evaluations that measure the effect of the affordability program on:

2.6 (1) the percentage of income that participating households devote to energy bills;

2.7 (2) service disconnections; and

2.8 (3) frequency of customer payments, utility collection costs, arrearages, and bad debt.

2.9 (d) The commission must issue orders necessary to implement, administer, and evaluate
2.10 affordability programs, and to allow a utility to recover program costs, including
2.11 administrative costs, on a timely basis. The commission may not allow a utility to recover
2.12 administrative costs, excluding start-up costs, in excess of five percent of total program
2.13 costs, or program evaluation costs in excess of two percent of total program costs. The
2.14 commission must permit deferred accounting, with carrying costs, for recovery of program
2.15 costs incurred during the period between general rate cases.

2.16 (e) Public utilities may use information collected or created for the purpose of
2.17 administering energy assistance to administer affordability programs.

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

2.19 Sec. 2. **[216B.2429] THERMAL ENERGY NETWORKS.**

2.20 **Subdivision 1. Definitions.** For the purposes of this section, "thermal energy network"
2.21 or "TEN" has the meaning given in section 216B.2427, subdivision 1.

2.22 **Subd. 2. Thermal energy network service.** A public utility may offer service by a
2.23 thermal energy network.

2.24 **Subd. 3. Cost recovery.** A public utility must, subject to commission review and
2.25 approval, recover reasonable and prudently incurred costs of implementing an approved
2.26 TEN in a general rate case or, before December 31, 2036, in a thermal energy network
2.27 service rider.

2.28 **Subd. 4. TEN consumer protection.** A municipal utility's, cooperative utility's, or public
2.29 utility's provision of service by a TEN is subject to the same laws, protections, and
2.30 commission authority to which the utility's provision of natural gas service is subject under

3.1 this chapter. Nothing in this subdivision extends commission authority over municipal or
 3.2 cooperative utilities beyond what is otherwise provided for gas service.

3.3 Subd. 5. **TEN siting; priorities.** In assessing locations at which to site a TEN, a utility
 3.4 must give preference to an area:

3.5 (1) whose residents have expressed a desire to have a TEN installed;

3.6 (2) whose characteristics resemble those of an area in which a successful TEN was
 3.7 completed under a natural gas innovation plan filed under section 216B.2427; or

3.8 (3) that includes or is within an area as defined in section 116.065, subdivision 1,
 3.9 paragraph (e).

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

3.11 Sec. 3. Minnesota Statutes 2024, section 429.011, subdivision 5, is amended to read:

3.12 Subd. 5. **Improvement.** "Improvement" means any type of improvement made under
 3.13 authority granted by section 429.021, and in the case of a county is limited to ~~the construction,~~
 3.14 ~~reconstruction, or improvement of a county state-aid highway or county highway including~~
 3.15 ~~curbs and gutters and storm sewers, and to the purchase, installation, or maintenance of~~
 3.16 ~~signs, posts, and markers for addressing related to the operation of enhanced 911 telephone~~
 3.17 ~~service~~ improvements made pursuant to section 429.011, subdivision 2a.

3.18 Sec. 4. Minnesota Statutes 2024, section 429.021, subdivision 1, is amended to read:

3.19 Subdivision 1. **Improvements authorized.** The council of a municipality shall have
 3.20 power to make the following improvements:

3.21 (1) To acquire, open, and widen any street, and to improve the same by constructing,
 3.22 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking
 3.23 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,
 3.24 including the beautification thereof and including storm sewers or other street drainage and
 3.25 connections from sewer, water, or similar mains to curb lines.

3.26 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary
 3.27 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,
 3.28 lift stations, service connections, and other appurtenances of a sewer system, within and
 3.29 without the corporate limits.

3.30 (3) To construct, reconstruct, extend, and maintain steam heating mains.

4.1 (4) To install, replace, extend, and maintain street lights and street lighting systems and
4.2 special lighting systems.

4.3 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,
4.4 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,
4.5 treatment plants, and other appurtenances of a water works system, within and without the
4.6 corporate limits.

4.7 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational
4.8 facilities within or without the corporate limits.

4.9 (7) To plant trees on streets and provide for their trimming, care, and removal.

4.10 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private
4.11 property and to fill the same.

4.12 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

4.13 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

4.14 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and
4.15 promote a pedestrian skyway system. Such improvement may be made upon a petition
4.16 pursuant to section 429.031, subdivision 3.

4.17 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote
4.18 underground pedestrian concourses.

4.19 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public
4.20 malls, plazas or courtyards.

4.21 (14) To construct, reconstruct, extend, and maintain district heating systems.

4.22 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection
4.23 systems in existing buildings, but only upon a petition pursuant to section 429.031,
4.24 subdivision 3.

4.25 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway
4.26 sound barriers.

4.27 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution
4.28 facilities owned by a municipal gas or electric utility.

4.29 (18) To purchase, install, and maintain signs, posts, and other markers for addressing
4.30 related to the operation of enhanced 911 telephone service.

5.1 (19) To improve, construct, extend, and maintain facilities for Internet access and other
5.2 communications purposes, provided that the municipality must:

5.3 (i) not discriminate in favor of the municipality's own communications facilities by
5.4 granting the municipality more favorable or less burdensome terms and conditions than a
5.5 nonmunicipal service provider with respect to: (A) access and use of public rights-of-way;
5.6 (B) access and use of municipally owned or controlled conduit, towers, and utility poles;
5.7 and (C) permitting fees charged to access municipally owned and managed facilities;

5.8 (ii) maintain separation between the municipality's role as a regulator over firms that
5.9 offer services in competition with the services offered by the municipality over the
5.10 municipality's communications service facilities, and the municipality's role as a competitive
5.11 provider of services over the municipality's communications service facilities; and

5.12 (iii) not share inside information between employees or contractors responsible for
5.13 executing the municipality's role as a regulator over firms that offer communications services
5.14 in competition with the communication services offered by the municipality, and employees
5.15 or contractors responsible for executing the municipality's role as a competitive
5.16 communications services provider.

5.17 (20) To assess affected property owners for all or a portion of the costs agreed to with
5.18 an electric utility, telecommunications carrier, or cable system operator to bury or alter a
5.19 new or existing distribution system within the public right-of-way that exceeds the utility's
5.20 design and construction standards, or those set by law, tariff, or franchise, but only upon
5.21 petition under section 429.031, subdivision 3.

5.22 (21) To assess affected property owners for repayment of voluntary energy improvement
5.23 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

5.24 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy
5.25 improvement projects in existing buildings, provided that:

5.26 (i) a petition for the improvement is made by a property owner under section 429.031,
5.27 subdivision 3;

5.28 (ii) the municipality funds and administers the energy improvement project;

5.29 (iii) project funds are only used for the installation of improvements to heating,
5.30 ventilation, and air conditioning equipment and building envelope and for the installation
5.31 of renewable energy systems;

5.32 (iv) each property owner petitioning for the improvement receives notice that free or
5.33 low-cost energy improvements may be available under federal, state, or utility programs;

6.1 (v) for energy improvement projects on residential property, only residential property
6.2 having five or more units may obtain financing for projects under this clause; and

6.3 (vi) prior to financing an energy improvement project or imposing an assessment for a
6.4 project, written notice is provided to the mortgage lender of any mortgage encumbering or
6.5 otherwise secured by the property proposed to be improved.

6.6 (23) To construct, reconstruct, extend, and maintain thermal energy networks as defined
6.7 in section 216B.2427, subdivision 1, paragraph (s).

6.8 Sec. 5. Minnesota Statutes 2024, section 444.075, subdivision 1, is amended to read:

6.9 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply ~~in~~ to this section.

6.10 ~~(a)~~ (b) "Municipality" means a home rule charter or statutory city or a town.

6.11 ~~(b)~~ (c) "Governing body" means the town board with respect to towns.

6.12 ~~(c)~~ (d) "Waterworks" means waterworks systems, including mains, valves, hydrants,
6.13 service connections, wells, pumps, reservoirs, tanks, treatment plants, thermal energy
6.14 networks as defined in section 216B.2427, subdivision 1, paragraph (s), and other
6.15 appurtenances of a waterworks system.

6.16 ~~(d)~~ (e) "Sanitary sewer" means sanitary sewer systems, including sewage treatment
6.17 works, disposal systems, and other facilities for disposing of sewage, industrial waste, or
6.18 other wastes.

6.19 ~~(e)~~ (f) "Storm sewer" means storm sewer systems, including mains, holding areas and
6.20 ponds, and other appurtenances and related facilities for the collection and disposal of
6.21 stormwater.

6.22 ~~(f)~~ (g) "Facilities" means and includes waterworks, sanitary sewer and storm sewer
6.23 systems, or any portion or portions thereof.

6.24 Sec. 6. **APPROPRIATION; PUBLIC UTILITIES COMMISSION.**

6.25 \$40,000 in fiscal year 2027 is appropriated from the general fund to the Public Utilities
6.26 Commission for thermal energy network services provided under Minnesota Statutes, section
6.27 216B.2429.