

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

**S.F. No. 4504**

(SENATE AUTHORS: FRENTZ)

DATE	D-PG	OFFICIAL STATUS
03/17/2026	6746	Introduction and first reading Referred to Energy, Utilities, Environment, and Climate
04/15/2026	8047a	Comm report: To pass as amended and re-refer to Finance
05/04/2026	9332a	Comm report: To pass as amended
	9703	Second reading
05/12/2026	10522a	Special Order: Amended
	10533	Third reading Passed as amended

1.1 A bill for an act

1.2 relating to energy; establishing provisions regulating plug-in solar photovoltaic

1.3 devices; expanding the ability of the commissioner of commerce to enter into

1.4 energy research partnerships or compacts; providing for energy security planning;

1.5 extending or modifying various energy-related grant programs; providing additional

1.6 financing mechanisms to support Minnesota Climate Innovation Financing

1.7 Authority activities; modifying recoverable expenses; extending a sunset; amending

1.8 Minnesota Statutes 2024, sections 216B.16, subdivision 17; 216C.02, subdivision

1.9 1; 216C.05, subdivision 1; 216C.377, subdivisions 10, 13; 216C.391, subdivisions

1.10 6, 7; 216C.441, subdivisions 3, 4, by adding a subdivision; 216C.46, subdivision

1.11 3; Laws 2005, chapter 97, article 10, section 3, as amended; proposing coding for

1.12 new law in Minnesota Statutes, chapter 216B.

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

1.14 Section 1. Minnesota Statutes 2024, section 216B.16, subdivision 17, is amended to read:

1.15 Subd. 17. **Travel, entertainment, and related employee expenses.** (a) The commission

1.16 may not allow as operating expenses a public utility's travel, entertainment, and related

1.17 employee expenses that the commission deems unreasonable and unnecessary for the

1.18 provision of utility service. In order to assist the commission in evaluating the travel,

1.19 entertainment, and related employee expenses that may be allowed for ratemaking purposes,

1.20 a public utility filing a general rate case petition shall include a schedule separately itemizing

1.21 all travel, entertainment, and related employee expenses as specified by the commission,

1.22 including but not limited to the following categories:

- 1.23 (1) travel and lodging expenses;
- 1.24 (2) food and beverage expenses;
- 1.25 (3) recreational and entertainment expenses;

2.1 (4) board of director-related expenses, including and separately itemizing all  
2.2 compensation and expense reimbursements;

2.3 (5) expenses for the ten highest paid officers and employees, including and separately  
2.4 itemizing all compensation and expense reimbursements;

2.5 (6) dues and expenses for memberships in organizations or clubs;

2.6 (7) gift expenses;

2.7 (8) expenses related to owned, leased, or chartered aircraft; and

2.8 (9) lobbying expenses.

2.9 (b) To comply with the requirements of paragraph (a), each applicable expense incurred  
2.10 in the most recently completed fiscal year must be itemized separately, and each itemization  
2.11 must include the date of the expense, the amount of the expense, ~~the vendor name~~, and the  
2.12 business purpose of the expense. The separate itemization required by this paragraph may  
2.13 be provided using standard accounting reports already utilized by the utility involved in the  
2.14 rate case, in a written format or an electronic format that is acceptable to the commission.  
2.15 For expenses identified in response to paragraph (a), clauses (1) and (2), the utility shall  
2.16 disclose the total amounts for each expense category and provide separate itemization for  
2.17 those expenses incurred by or on behalf of any employee at the level of vice president or  
2.18 higher and for board members. The petitioning utility shall also provide a one-page summary  
2.19 of the total amounts for each expense category included in the petitioning utility's proposed  
2.20 test year.

2.21 (c) Except as otherwise provided in this paragraph, data submitted to the commission  
2.22 under paragraph (a) are public data. The commission or an administrative law judge assigned  
2.23 to the case may treat the salary of one or more of the ten highest paid officers and employees,  
2.24 other than the five highest paid, as private data on individuals as defined in section 13.02,  
2.25 subdivision 12, or issue a protective order governing release of the salary, if the utility  
2.26 establishes that the competitive disadvantage to the utility that would result from release of  
2.27 the salary outweighs the public interest in access to the data. Access to the data by a  
2.28 government entity that is a party to the rate case must not be restricted.

2.29 **Sec. 2. [216B.2413] PLUG-IN SOLAR PHOTOVOLTAIC DEVICE.**

2.30 **Subdivision 1. Definitions.** (a) "Electric utility" means a public utility, cooperative  
2.31 electric association, or municipal utility that provides electric service at retail to customers  
2.32 in Minnesota.

3.1 (b) "Energy storage system" has the meaning given in section 216B.2422, subdivision  
3.2 1.

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

3.4 (d) "Plug-in solar photovoltaic device" means a portable photovoltaic device that:

3.5 (1) is intended primarily to offset a portion of a customer's electricity consumption;

3.6 (2) has a maximum power output of 1,200 watts;

3.7 (3) is capable of being connected with an on-site energy storage system; and

3.8 (4) is listed or certified to UL 3700 as compliant with the requirements for interactive  
3.9 plug-in photovoltaic equipment and systems.

3.10 (e) "UL 3700" means a standard that is compliant with the National Electric Code and  
3.11 was developed by Underwriters Laboratories, a testing laboratory that is recognized under  
3.12 the federal Occupational Safety and Health Agency's Nationally Recognized Testing  
3.13 Laboratory program to certify photovoltaic equipment and systems.

3.14 Subd. 2. **Exemptions.** (a) A plug-in solar photovoltaic device is exempt from:

3.15 (1) a requirement to enter into an interconnection agreement with an electric utility;

3.16 (2) the net metering provisions under section 216B.164; and

3.17 (3) an electric utility's establishment of any fee, condition, required approval, or reporting  
3.18 requirement, except as specified in subdivision 3, on its installation or operation.

3.19 (b) An electric utility is not liable for damage or injury caused by a plug-in solar  
3.20 photovoltaic device.

3.21 Subd. 3. **Registration.** An electric utility may require a customer to register a plug-in  
3.22 solar photovoltaic device installed by the customer and provide the following information:

3.23 (1) the customer's name and contact information;

3.24 (2) the customer's service address and utility account number;

3.25 (3) the brand and model of the plug-in solar photovoltaic device; and

3.26 (4) the size of the plug-in solar photovoltaic device in kilowatts.

3.27 Subd. 4. **Installation.** A customer must install a plug-in solar photovoltaic device  
3.28 according to the manufacturer's installation instructions.

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

4.1 Sec. 3. Minnesota Statutes 2024, section 216C.02, subdivision 1, is amended to read:

4.2 Subdivision 1. **Powers.** (a) The commissioner may:

4.3 (1) apply for, receive, and spend money received from federal, municipal, county,  
4.4 regional, and other government agencies and private sources;

4.5 (2) apply for, accept, and disburse grants and other aids from public and private sources;

4.6 (3) contract for professional services if work or services required or authorized to be  
4.7 carried out by the commissioner cannot be satisfactorily performed by employees of the  
4.8 department or by another state agency;

4.9 (4) enter into interstate or intrastate partnerships or compacts to carry out research and  
4.10 planning jointly with other states or the federal government, private entities, or  
4.11 nongovernmental organizations when appropriate;

4.12 (5) upon reasonable request, distribute informational material at no cost to the public;  
4.13 and

4.14 (6) enter into contracts for the performance of the commissioner's duties with federal,  
4.15 state, regional, metropolitan, local, and other agencies or units of government and educational  
4.16 institutions, including the University of Minnesota, without regard to the competitive bidding  
4.17 requirements of chapters 16A and 16C.

4.18 (b) The commissioner shall collect information on conservation and other energy-related  
4.19 programs carried on by other agencies, by public utilities, by cooperative electric associations,  
4.20 by municipal power agencies, by other fuel suppliers, by political subdivisions, and by  
4.21 private organizations. Other agencies, cooperative electric associations, municipal power  
4.22 agencies, and political subdivisions shall cooperate with the commissioner by providing  
4.23 information requested by the commissioner. The commissioner may by rule require the  
4.24 submission of information by other program operators. The commissioner shall make the  
4.25 information available to other agencies and to the public and, as necessary, shall recommend  
4.26 to the legislature changes in the laws governing conservation and other energy-related  
4.27 programs to ensure that:

4.28 (1) expenditures on the programs are adequate to meet identified needs;

4.29 (2) the needs of low-income energy users are being adequately addressed;

4.30 (3) duplication of effort is avoided or eliminated;

4.31 (4) a program that is ineffective is improved or eliminated; and

4.32 (5) voluntary efforts are encouraged through incentives for their operators.

5.1 (c) By January 15 of each year, the commissioner shall report to the legislature on the  
 5.2 projected amount of federal money likely to be available to the state during the next fiscal  
 5.3 year, including grant money and money received by the state as a result of litigation or  
 5.4 settlements of alleged violations of federal petroleum-pricing regulations. The report must  
 5.5 also estimate the amount of money projected as needed during the next fiscal year to finance  
 5.6 a level of conservation and other energy-related programs adequate to meet projected needs,  
 5.7 particularly the needs of low-income persons and households, and must recommend the  
 5.8 amount of state appropriations needed to cover the difference between the projected  
 5.9 availability of federal money and the projected needs.

5.10 Sec. 4. Minnesota Statutes 2024, section 216C.05, subdivision 1, is amended to read:

5.11 Subdivision 1. **Energy planning.** The legislature finds and declares that continued  
 5.12 growth in demand for energy will cause severe social and economic dislocations, and that  
 5.13 the state has a vital interest in providing for: increased efficiency in energy consumption,  
 5.14 the development and use of renewable energy resources wherever possible, a secure and  
 5.15 resilient energy system infrastructure, and the creation of an effective energy forecasting,  
 5.16 planning, and education program.

5.17 The legislature further finds and declares that the protection of life, safety, and financial  
 5.18 security for citizens during an energy crisis is of paramount importance.

5.19 Therefore, the legislature finds that it is in the public interest to review, analyze, and  
 5.20 encourage those energy programs that will minimize the need for annual increases in fossil  
 5.21 fuel consumption ~~by 1990~~ and the need for additional ~~electrical generating plants~~ electric  
 5.22 generation, distribution, and storage, and provide for an optimum combination of energy  
 5.23 sources and energy conservation consistent with environmental protection and the protection  
 5.24 of citizens.

5.25 The legislature further finds that maintaining an energy security plan that addresses (1)  
 5.26 all sources of regulated and unregulated energy, (2) a statewide risk assessment, (3) an  
 5.27 all-hazards threat assessment, (4) analysis of cross-sector critical infrastructure  
 5.28 interdependencies, (5) risk mitigation strategies, and (6) multistate and regional coordination  
 5.29 is in the public interest. The responsibilities pursuant to the energy security plan must be  
 5.30 executed under a planning, preparedness, and response framework, and in consultation with  
 5.31 state agencies, local units of government, energy providers, community-based organizations,  
 5.32 and others as appropriate.

5.33 The legislature intends to monitor, through energy policy planning and implementation,  
 5.34 the transition from historic growth in energy demand to a period when demand for traditional

6.1 fuels becomes stable and the supply of renewable energy resources is readily available and  
6.2 adequately utilized.

6.3 The legislature further finds that for economic growth, environmental improvement,  
6.4 and protection of citizens, it is in the public interest to encourage ~~those~~ energy programs  
6.5 and planning processes that will provide an optimum combination of energy resources,  
6.6 including energy savings.

6.7 Therefore, the legislature, through its committees, must monitor and evaluate progress  
6.8 toward greater reliance on cost-effective energy efficiency and renewable energy and lesser  
6.9 dependence on fossil fuels in order to reduce the economic burden of fuel imports, diversify  
6.10 utility-owned and consumer-owned energy resources, reduce utility costs for businesses  
6.11 and residents, improve the competitiveness and profitability of Minnesota businesses,  
6.12 increase energy security, create more energy-related jobs that contribute to the Minnesota  
6.13 economy, and reduce pollution and emissions that cause climate change.

6.14 Sec. 5. Minnesota Statutes 2024, section 216C.377, subdivision 10, is amended to read:

6.15 Subd. 10. **Application deadline.** An application must not be submitted under this section  
6.16 after June 30, ~~2026~~ 2028.

6.17 **EFFECTIVE DATE.** This section is effective June 1, 2026.

6.18 Sec. 6. Minnesota Statutes 2024, section 216C.377, subdivision 13, is amended to read:

6.19 Subd. 13. **Reporting.** Beginning January 15, 2025, and each year thereafter until January  
6.20 15, ~~2027~~ 2029, the commissioner must report to the chairs and ranking minority members  
6.21 of the legislative committees with jurisdiction over energy finance and policy regarding  
6.22 grants and amounts awarded to local units of government under this section during the  
6.23 previous year and any remaining balances available in the account established under this  
6.24 section.

6.25 Sec. 7. Minnesota Statutes 2024, section 216C.391, subdivision 6, is amended to read:

6.26 Subd. 6. **Grant awards; administration.** (a) An eligible entity seeking a grant award  
6.27 under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an  
6.28 application to the commissioner on a form prescribed by the commissioner. The  
6.29 commissioner is responsible for receiving and reviewing grant applications and awarding  
6.30 grants under this section, and shall develop administrative procedures governing the  
6.31 application, evaluation, and award process. The commissioner may not make a grant award  
6.32 under this section unless the commissioner has determined, and has notified the applicant

7.1 in writing, that the application is complete. In awarding grants under this section, the  
7.2 commissioner shall endeavor to make awards to applicants from all regions of the state.

7.3 (b) The department must provide technical assistance to applicants. Applicants may also  
7.4 receive grant development assistance at no cost from entities awarded grants for that purpose  
7.5 under subdivision 4.

7.6 (c) Within ten business days of determining a grant award amount to an applicant, the  
7.7 commissioner must:

7.8 (1) reserve that amount for that specific grant in the state competitiveness fund account;  
7.9 and

7.10 (2) notify the Legislative Advisory Commission in writing of the reserved amount, the  
7.11 name of the applicant, the purpose of the project, and the unreserved balance of funds  
7.12 remaining in the account.

7.13 (d) Reserved funds are committed to the grant and use specified in the notice provided  
7.14 under paragraph (c) and are unavailable for reservation or appropriation for other applications  
7.15 unless and until the commissioner receives written notice from the applicant that the  
7.16 application for federal funds has been withdrawn or from the federal grantor that the  
7.17 application for which funds from the account were reserved has been denied federal funds.

7.18 (e) Reserved funds may only be expended upon presentation of written notice from the  
7.19 federal grantor to the commissioner stating that the applicant will receive federal funds for  
7.20 the project described in the application. If the amount of federal funds awarded to an applicant  
7.21 differs from the amount requested in the application, the commissioner may adjust the award  
7.22 made under this section accordingly. Notwithstanding sections 16B.98, subdivisions 5 and  
7.23 7, and 16C.05, a reimbursement may cover cost-sharing expenses incurred after the start of  
7.24 the federal award agreement but before the date the contract with the state of Minnesota is  
7.25 effective, to ensure the applicant's compliance with federal award schedule requirements.

7.26 (f) Reserved funds must be made for projects that demonstrate they will help meet the  
7.27 state's clean energy and energy-related climate goals through renewable energy development,  
7.28 energy conservation, efficiency, or energy-related greenhouse gas reduction benefits.

7.29 (g) The commissioner must notify the chairs and ranking minority members of the  
7.30 legislative committees with jurisdiction over energy finance when the unreserved balance  
7.31 of the competitiveness fund account reaches the following amounts: 50 percent, unreserved;  
7.32 25 percent, unreserved; 15 percent, unreserved; and five percent. The notification must be  
7.33 within ten days after each level of unreserved balance is reached.

8.1 Sec. 8. Minnesota Statutes 2024, section 216C.391, subdivision 7, is amended to read:

8.2 Subd. 7. **Report; audit.** ~~Beginning February 15, 2024, and each~~ By February 15 thereafter  
8.3 each year until February 15, 2035, the commissioner must submit a written report to the  
8.4 chairs and ranking minority members of the legislative committees with jurisdiction over  
8.5 energy finance on the activities taken and expenditures made under this section. The report  
8.6 must, at a minimum, include the following information for the most recent calendar year:

8.7 (1) the number of applications for grants filed with the commissioner and the total amount  
8.8 of grant funds requested;

8.9 (2) each grant awarded;

8.10 (3) the number of additional personnel hired for the purposes of this section;

8.11 (4) expenditures on activities conducted under this section, reported separately for these  
8.12 areas:

8.13 (i) the provision of technical assistance;

8.14 (ii) grants made under subdivision 4 to entities to assist applicants with grant  
8.15 development;

8.16 (iii) application review and evaluation, including applicants that were denied federal or  
8.17 state grant awards and the reason for the denial;

8.18 (iv) information technology activities; and

8.19 (v) other expenditures;

8.20 (5) the unreserved balance remaining in the state competitiveness fund account;

8.21 (6) a copy of a financial audit of the department's expenditures under this section for the  
8.22 previous fiscal year, conducted by an independent auditor;

8.23 (7) recommendations for legislation to enhance the ability of eligible entities to  
8.24 successfully compete for federal funds;

8.25 (8) additional available funding opportunities to obtain energy-related funding from  
8.26 federal agencies; and

8.27 (9) federal grant program changes that would affect the federal funds available to the  
8.28 state and eligible applicants, including changes that would affect the required match for  
8.29 receiving federal funds.

9.1 Sec. 9. Minnesota Statutes 2024, section 216C.441, subdivision 3, is amended to read:

9.2 Subd. 3. **General powers.** (a) For the purpose of exercising the specific powers granted  
9.3 in this section, the authority has the general powers granted in this subdivision.

9.4 (b) The authority may:

9.5 (1) hire an executive director and staff to conduct the authority's operations;

9.6 (2) sue and be sued;

9.7 (3) have a seal and alter the seal;

9.8 (4) acquire, hold, lease, manage, and dispose of real or personal property for the  
9.9 authority's corporate purposes;

9.10 (5) enter into agreements, including cooperative financing agreements, contracts, or  
9.11 other transactions, with a Tribal government, any federal or state agency, county, local unit  
9.12 of government, regional development commission, person, domestic or foreign partnership,  
9.13 corporation, association, or organization;

9.14 (6) acquire by purchase real property, or an interest therein, in the authority's own name  
9.15 where acquisition is necessary or appropriate;

9.16 (7) provide general technical and consultative services related to the authority's purpose;

9.17 (8) promote research and development in matters related to the authority's purpose;

9.18 (9) conduct market analysis to determine where the market is underserved;

9.19 (10) analyze greenhouse gas emissions reduction project financing needs in the state  
9.20 and recommend measures to alleviate any shortage of financing capacity;

9.21 (11) contract with any governmental or private agency or organization, legal counsel,  
9.22 financial advisor, investment banker, or others to assist in the exercise of the authority's  
9.23 powers;

9.24 (12) borrow money or other property for any purpose pertaining to the authority's  
9.25 activities;

9.26 ~~(12)~~ (13) enter into agreements with qualified lenders or others insuring or guaranteeing  
9.27 to the state the payment of qualified loans or other financing instruments; ~~and~~

9.28 (14) sell at a public or private sale a note, mortgage, or other interest or obligation that  
9.29 evidences or secures a loan; and

10.1 ~~(13)~~ (15) accept on behalf of the state any gift, grant, or interest in money or personal  
10.2 property tendered to the state for any purpose pertaining to the authority's activities. Money  
10.3 received under this clause must be deposited in the account under subdivision 11.

10.4 Sec. 10. Minnesota Statutes 2024, section 216C.441, subdivision 4, is amended to read:

10.5 Subd. 4. **Authority duties.** (a) The authority must:

10.6 (1) serve as a financial resource to reduce the upfront and total costs of implementing  
10.7 qualified projects;

10.8 (2) ensure that all financed projects reduce greenhouse gas emissions;

10.9 (3) ensure that financing terms and conditions offered are well-suited to qualified projects;

10.10 (4) strategically prioritize the use of the authority's funds to leverage private investment  
10.11 in qualified projects, with the aim of achieving a high ratio of private to public money  
10.12 invested through funding mechanisms that support, enhance, and complement private lending  
10.13 and investment;

10.14 (5) coordinate with existing federal, state, local, utility, and other programs to ensure  
10.15 that the authority's resources are being used most effectively to add to and complement  
10.16 those programs;

10.17 (6) stimulate demand for qualified projects by:

10.18 (i) contracting with the department to provide, including through subcontracts with  
10.19 community navigators, information to project participants about federal, state, local, utility,  
10.20 and other authority financial assistance for qualifying projects, and technical information  
10.21 on energy conservation and renewable energy measures;

10.22 (ii) forming partnerships with contractors and informing contractors about the authority's  
10.23 financing programs;

10.24 (iii) developing innovative marketing strategies to stimulate project owner interest,  
10.25 especially in underserved communities; and

10.26 (iv) incentivizing financing entities to increase activity in underserved markets;

10.27 (7) finance projects in all regions of the state;

10.28 (8) develop participant eligibility standards and other terms and conditions for financial  
10.29 support provided by the authority;

10.30 (9) develop and administer:

- 11.1 (i) policies to collect reasonable fees for authority services; and
- 11.2 (ii) risk management activities to support ongoing authority activities;
- 11.3 (10) develop consumer protection standards governing the authority's investments to
- 11.4 ensure that financial support is provided responsibly and transparently and is in the financial
- 11.5 interest of participating project owners;
- 11.6 (11) develop methods to accurately measure the impact of the authority's activities,
- 11.7 particularly on low-income communities and on greenhouse gas emissions reductions;
- 11.8 (12) hire an executive director and sufficient staff with the appropriate skills and
- 11.9 qualifications to carry out the authority's programs, making an affirmative effort to recruit
- 11.10 and hire a director and staff who are from, or share the interests of, the communities the
- 11.11 authority must serve;
- 11.12 (13) apply for, either as a direct or subgrantee applicant, and accept Greenhouse Gas
- 11.13 Reduction Fund grants authorized by the federal Clean Air Act, United States Code, title
- 11.14 42, section 7434, paragraph (a), clauses (1), (2), and (3). Until the Climate Innovation
- 11.15 Finance Authority is established, the commissioner shall apply for and receive funding
- 11.16 through Public Law 117-169 in order to leverage state investment, on behalf of the authority.
- 11.17 To the extent practicable, applications for these funds by or on behalf of the authority should
- 11.18 be made in coordination with other Minnesota applicants;
- 11.19 (14) acting under its powers as a state energy financing institution under United States
- 11.20 Code, title 42, section 16511, collaborate with the United States Department of Energy Loan
- 11.21 Programs Office to ensure that authorities made available under the Inflation Reduction
- 11.22 Act of 2022, Public Law 117-169, maximally benefit Minnesotans. Until the Climate
- 11.23 Innovation Finance Authority is established, the commissioner may engage with the United
- 11.24 States Department of Energy Loan Programs Office on behalf of the authority; and
- 11.25 (15) ensure that authority contracts with all third-party administrators, contractors, and
- 11.26 subcontractors contain required covenants, representations, and warranties specifying that
- 11.27 contracted third parties are agents of the authority and that all acts of contracted third parties
- 11.28 are considered acts of the authority, provided that the act is within the contracted scope of
- 11.29 work.
- 11.30 (b) The authority may:
- 11.31 (1) employ credit enhancement mechanisms that reduce financial risk for financing
- 11.32 entities by providing assurance that a limited portion of a loan or other financial instrument
- 11.33 is assumed by the authority via a loan loss reserve, loan guarantee, or other mechanism;

12.1 (2) co-invest in a qualified project by providing senior or subordinated debt, equity, or  
 12.2 other mechanisms in conjunction with other investment, co-lending, or financing;

12.3 (3) aggregate small and geographically dispersed qualified projects in order to diversify  
 12.4 risk; ~~or~~

12.5 (4) secure additional private investment through securitization or similar resale of the  
 12.6 authority's interest in a completed qualified project;

12.7 (4)(5) expend up to 25 percent of funds appropriated to the authority for start-up  
 12.8 purposes, which may be used for financing programs and project investments authorized  
 12.9 under this section, prior to adoption of the strategic plan required under subdivision 7 and  
 12.10 the investment strategy under subdivision 8; and

12.11 (5)(6) require a specific project to agree to implement a project labor agreement as a  
 12.12 condition of receiving financing from the authority.

12.13 Sec. 11. Minnesota Statutes 2024, section 216C.441, is amended by adding a subdivision  
 12.14 to read:

12.15 Subd. 4a. **Liability; limitation.** (a) The state is not liable on notes, loans, or other interests  
 12.16 or obligations evidencing or securing a loan entered into by the authority under this section.  
 12.17 A note, loan, or other interest or obligation securing a loan under this section is not a debt  
 12.18 of the state.

12.19 (b) A note, loan, or other agreement or contract evidencing security for a loan entered  
 12.20 into under this section must contain a statement that clearly indicates the liability limitation  
 12.21 under paragraph (a).

12.22 Sec. 12. Minnesota Statutes 2024, section 216C.46, subdivision 3, is amended to read:

12.23 Subd. 3. **Application.** (a) An application for a rebate under this section must be made  
 12.24 to the commissioner on a form developed by the commissioner. The application must be  
 12.25 accompanied by documentation, as required by the commissioner, demonstrating that:

12.26 (1) the applicant is an eligible applicant;

12.27 (2) the applicant owns the Minnesota residence in which the heat pump is to be installed  
 12.28 or has the signed approval from the owner of the Minnesota residence in which the heat  
 12.29 pump is to be installed;

12.30 (3) the applicant ~~has had an energy audit conducted of the residence in which the heat~~  
 12.31 ~~pump is to be installed within the last 18 months by a person with a Building Analyst~~

13.1 ~~Technician certification issued by the Building Performance Institute, Inc., or an equivalent~~  
 13.2 ~~certification, as determined by the commissioner, heat pump, and installation meet the~~  
 13.3 ~~federal Department of Energy's documentation and eligibility requirements to receive a heat~~  
 13.4 ~~pump rebate under the federal Inflation Reduction Act of 2022, Public Law 117-169;~~

13.5 (4) ~~either:~~ the applicant has accepted the potential impacts of replacing a natural gas  
 13.6 primary heating system with a heat pump in the applicant's home;

13.7 (i) ~~the applicant has installed in the applicant's residence, by a contractor with an Air~~  
 13.8 ~~Leakage Control Installer certification issued by the Building Performance Institute, Inc.,~~  
 13.9 ~~or an equivalent certification, as determined by the commissioner, the amount of insulation~~  
 13.10 ~~and the air sealing measures recommended by the auditor; or~~

13.11 (ii) ~~the auditor has otherwise determined that the amount of insulation and air sealing~~  
 13.12 ~~measures in the residence are sufficient to enable effective heat pump performance;~~

13.13 (5) the applicant has purchased a heat pump of the capacity recommended by the auditor  
 13.14 or contractor, and has had the heat pump installed by a contractor ~~with sufficient training~~  
 13.15 ~~and experience in installing heat pumps, as determined by the commissioner~~ approved to  
 13.16 install heat pumps under comparable federal programs administered by the department  
 13.17 under the federal Inflation Reduction Act of 2022, Public Law 117-169; and

13.18 (6) the total cost to purchase and install the heat pump in the applicant's residence.

13.19 (b) The commissioner must develop administrative procedures governing the application  
 13.20 and rebate award processes.

13.21 (c) The commissioner may modify program requirements under this section when  
 13.22 necessary to align with comparable federal programs administered by the department under  
 13.23 the federal Inflation Reduction Act of 2022, Public Law ~~117-189~~ 117-169.

13.24 Sec. 13. Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter  
 13.25 85, article 7, section 9, and Laws 2023, chapter 60, article 12, section 66, is amended to  
 13.26 read:

13.27 Sec. 3. **SUNSET.**

13.28 Sections 1 and 2 expire ~~June 30, 2028~~ December 31, 2036.