

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

S.F. No. 4720

(SENATE AUTHORS: FRENTZ)

DATE	D-PG	OFFICIAL STATUS
03/23/2026	6910	Introduction and first reading Referred to Energy, Utilities, Environment, and Climate

1.1 A bill for an act

1.2 relating to energy; expanding the commissioner of commerce's ability to enter into

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

1.4 extending or modifying various energy-related grant programs; amending Minnesota

1.5 Statutes 2024, sections 216C.02, subdivision 1; 216C.05, subdivision 1; 216C.374,

1.6 subdivision 3; 216C.377, subdivisions 10, 13; 216C.391, subdivisions 6, 7;

1.7 216C.46, subdivision 3.

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

1.9 Section 1. Minnesota Statutes 2024, section 216C.02, subdivision 1, is amended to read:

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

1.11 (1) apply for, receive, and spend money received from federal, municipal, county,

1.12 regional, and other government agencies and private sources;

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

1.14 (3) contract for professional services if work or services required or authorized to be

1.15 carried out by the commissioner cannot be satisfactorily performed by employees of the

1.16 department or by another state agency;

1.17 (4) enter into interstate or intrastate partnerships or compacts to carry out research and

1.18 planning jointly with other states or the federal government, private entities, or

1.19 nongovernmental organizations when appropriate;

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

1.21 and

1.22 (6) enter into contracts for the performance of the commissioner's duties with federal,

1.23 state, regional, metropolitan, local, and other agencies or units of government and educational

2.1 institutions, including the University of Minnesota, without regard to the competitive bidding
2.2 requirements of chapters 16A and 16C.

2.3 (b) The commissioner shall collect information on conservation and other energy-related
2.4 programs carried on by other agencies, by public utilities, by cooperative electric associations,
2.5 by municipal power agencies, by other fuel suppliers, by political subdivisions, and by
2.6 private organizations. Other agencies, cooperative electric associations, municipal power
2.7 agencies, and political subdivisions shall cooperate with the commissioner by providing
2.8 information requested by the commissioner. The commissioner may by rule require the
2.9 submission of information by other program operators. The commissioner shall make the
2.10 information available to other agencies and to the public and, as necessary, shall recommend
2.11 to the legislature changes in the laws governing conservation and other energy-related
2.12 programs to ensure that:

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

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

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

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

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

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

2.27 Sec. 2. Minnesota Statutes 2024, section 216C.05, subdivision 1, is amended to read:

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

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

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

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

3.17 The legislature intends to monitor, through energy policy planning and implementation,
3.18 the transition from historic growth in energy demand to a period when demand for traditional
3.19 fuels becomes stable and the supply of renewable energy resources is readily available and
3.20 adequately utilized.

3.21 The legislature further finds that for economic growth, environmental improvement,
3.22 and protection of citizens, it is in the public interest to encourage ~~these~~ energy programs
3.23 and planning processes that ~~will~~ provide an optimum combination of energy resources,
3.24 including energy savings.

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

4.1 Sec. 3. Minnesota Statutes 2024, section 216C.374, subdivision 3, is amended to read:

4.2 Subd. 3. **Establishment of account.** An electric school bus program account is established
4.3 as a separate account in the special revenue fund in the state treasury. The commissioner
4.4 shall credit to the account appropriations and transfers to the account. Earnings, including
4.5 interest, dividends, and any other earnings arising from assets of the account, must be
4.6 credited to the account. Money in the account at the end of a fiscal year does not cancel to
4.7 the general fund but remains available in the account until June 30, ~~2027~~ 2028. The
4.8 commissioner shall manage the account.

4.9 Sec. 4. Minnesota Statutes 2024, section 216C.377, subdivision 10, is amended to read:

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

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

4.13 Sec. 5. Minnesota Statutes 2024, section 216C.377, subdivision 13, is amended to read:

4.14 Subd. 13. **Reporting.** Beginning January 15, 2025, and each year thereafter until January
4.15 15, ~~2027~~ 2029, the commissioner must report to the chairs and ranking minority members
4.16 of the legislative committees with jurisdiction over energy finance and policy regarding
4.17 grants and amounts awarded to local units of government under this section during the
4.18 previous year and any remaining balances available in the account established under this
4.19 section.

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

4.21 Subd. 6. **Grant awards; administration.** (a) An eligible entity seeking a grant award
4.22 under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an
4.23 application to the commissioner on a form prescribed by the commissioner. The
4.24 commissioner is responsible for receiving and reviewing grant applications and awarding
4.25 grants under this section, and shall develop administrative procedures governing the
4.26 application, evaluation, and award process. The commissioner may not make a grant award
4.27 under this section unless the commissioner has determined, and has notified the applicant
4.28 in writing, that the application is complete. In awarding grants under this section, the
4.29 commissioner shall endeavor to make awards to applicants from all regions of the state.

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

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

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

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

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

5.13 (e) Reserved funds may only be expended upon presentation of written notice from the
5.14 federal grantor to the commissioner stating that the applicant will receive federal funds for
5.15 the project described in the application. If the amount of federal funds awarded to an applicant
5.16 differs from the amount requested in the application, the commissioner may adjust the award
5.17 made under this section accordingly. Notwithstanding sections 16B.98, subdivisions 5 and
5.18 7, and 16C.05, a reimbursement may cover cost sharing expenses incurred after the start of
5.19 the federal award agreement but before the date the contract with the state of Minnesota is
5.20 effective, to ensure the applicant's compliance with federal award schedule requirements.

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

5.24 (g) The commissioner must notify the chairs and ranking minority members of the
5.25 legislative committees with jurisdiction over energy finance when the unreserved balance
5.26 of the competitiveness fund account reaches the following amounts: 50 percent, unreserved;
5.27 25 percent, unreserved; 15 percent, unreserved; and five percent. The notification must be
5.28 within ten days after each level of unreserved balance is reached.

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

5.30 Subd. 7. **Report; audit.** ~~Beginning February 15, 2024, and each~~ By February 15 thereafter
5.31 each year until February 15, 2035, the commissioner must submit a written report to the
5.32 chairs and ranking minority members of the legislative committees with jurisdiction over

6.1 energy finance on the activities taken and expenditures made under this section. The report
6.2 must, at a minimum, include the following information for the most recent calendar year:

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

6.5 (2) each grant awarded;

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

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

6.9 (i) the provision of technical assistance;

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

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

6.14 (iv) information technology activities; and

6.15 (v) other expenditures;

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

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

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

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

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

6.26 Sec. 8. Minnesota Statutes 2024, section 216C.46, subdivision 3, is amended to read:

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

6.30 (1) the applicant is an eligible applicant;

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

7.4 (3) ~~the applicant has had an energy audit conducted of the residence in which the heat~~
7.5 ~~pump is to be installed within the last 18 months by a person with a Building Analyst~~
7.6 ~~Technician certification issued by the Building Performance Institute, Inc., or an equivalent~~
7.7 ~~certification, as determined by the commissioner, heat pump, and installation meet the~~
7.8 federal Department of Energy's documentation and eligibility requirements to receive a heat
7.9 pump rebate under the federal Inflation Reduction Act of 2022, Public Law 117-169;

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

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

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

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

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

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

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