A bill for an act

relating to commerce; establishing a biennial budget for Department of Commerce and energy activities; modifying various provisions governing and administered by the Department of Commerce; establishing a prescription drug affordability board and related regulations; modifying various provisions governing insurance; establishing a student loan borrower bill of rights; modifying and adding consumer protections; modifying provisions governing collections agencies and debt buyers; establishing and modifying energy conservation programs; establishing energy transition programs; establishing programs to combat climate change; establishing and modifying electric vehicle and solar energy programs; modifying other provisions governing renewable energy and utility regulation; modifying various fees and standards; making technical changes; establishing penalties; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 13.712, subdivision 1; 16B.86; 16B.87; 16C.135, subdivision 3; 16C.137, subdivision 1; 45.305, subdivision 1, by adding a subdivision; 45.306, by adding a subdivision; 45.33, subdivision 1, by adding a subdivision; 45.39, subdivision 2; 47.60, subdivision 2; 47.601, subdivisions 2, 6; 48.512, subdivisions 2, 3, 7; 53.04, subdivision 3a; 56.131, subdivision 1; 60A.092, subdivision 10a, by adding a subdivision; 60A.0921, subdivision 2; 60A.14, subdivision 1; 60A.71, subdivision 7; 61A.245, subdivision 4; 62J.23, subdivision 2; 65B.15, subdivision 1; 65B.43, subdivision 12; 65B.472, subdivision 1; 79.55, subdivision 10; 80G.06, subdivision 1; 82.57, subdivisions 1, 5; 82.62, subdivision 3; 82.81, subdivision 12; 82B.021, subdivision 18, by adding subdivisions; 82B.03, by adding a subdivision; 82B.11, subdivision 3; 82B.195, by adding a subdivision; 115B.40, subdivision 1; 115C.094; 116C.779, subdivision 1; 168.27, by adding a subdivision; 174.29, subdivision 1; 174.30, subdivisions 1, 10; 216B.096, subdivisions 2, 3; 216B.097, subdivisions 1, 2, 3; 216B.16, subdivisions 6, 13; 216B.164, subdivision 4, by adding a subdivision; 216B.1641; 216B.1645, subdivisions 1, 2; 216B.1691, subdivisions 1, 2a, 2b, 2d, 2e, 2f, 3, 4, 5, 7, 9, 10, by adding subdivisions; 216B.2401; 216B.241, subdivisions 1a, 1c, 1d, 1f, 1g, 2, 2b, 3, 5, 7, 8, by adding subdivisions; 216B.2412, subdivision 3; 216B.2422, subdivisions 1, 2, 3, 4, 5, by adding subdivisions; 216B.2424, by adding subdivisions; 216B.243, subdivision 8; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216E.01, subdivision 9a; 216E.03, subdivisions 7, 10; 216E.04, subdivision 2; 216F.012; 216F.04; 216H.02, subdivision 1; 221.031, subdivision 3b; 256B.0625, subdivisions 10, 17; 308A.201, subdivision 12; 325E.21, by adding subdivisions; 325F.17, by adding a subdivision; 325F.172, by adding a subdivision; 326B.106, subdivision 1; 332.31, subdivisions 3, 6, by adding subdivisions; 332.311; 332.32; 332.33, subdivisions 1, 2, 5, 5a, 7, 8, by...
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

COMMERCE FINANCE

Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. If an appropriation in this act is enacted more than once in the 2021 legislative session, the appropriation must be given effect only once.

APPROPRIATIONS
Available for the Year
Ending June 30

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Appropriation</td>
<td>$27,603,000</td>
<td>$26,920,000</td>
</tr>
</tbody>
</table>

Sec. 2. DEPARTMENT OF COMMERCE

Subdivision 1. Total Appropriation $27,603,000 $26,920,000

Appropriations by Fund

2022 2023

General 24,267,000 24,061,000

Special Revenue 2,570,000 2,093,000

Workers' Compensation Fund 766,000 766,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Financial Institutions 1,923,000 1,941,000
3.1 Appropriations by Fund

3.2 General 1,923,000 1,941,000

3.3 (a) $400,000 each year is for a grant to Prepare and Prosper to develop, market, evaluate, and distribute a financial services inclusion program that (1) assists low-income and financially underserved populations to build savings and strengthen credit, and (2) provides services to assist low-income and financially underserved populations to become more financially stable and secure. Money remaining after the first year is available for the second year.

3.4 (b) $254,000 each year is to administer the requirements of Minnesota Statutes, chapter 58B.

3.17 Subd. 3. Administrative Services 9,346,000 8,821,000

3.18 (a) $392,000 in the first year and $401,000 in the second year are for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

3.19 (b) $5,000 each year is for Real Estate Appraisal Advisory Board compensation pursuant to Minnesota Statutes, section 82B.073, subdivision 2a.

3.20 (c) $353,000 each year is for system modernization and cybersecurity upgrades for the unclaimed property program.

3.21 (d) $564,000 each year is for additional operations of the unclaimed property program.

3.22 (e) $832,000 in the first year and $208,000 in the second year are for IT system
modernization. The base in fiscal year 2024 and beyond is $0.

Subd. 4. **Telecommunications**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>1st Year</th>
<th>2nd Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1,073,000</td>
<td>1,090,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>2,370,000</td>
<td>2,093,000</td>
</tr>
</tbody>
</table>

$2,370,000 in the first year and $2,093,000 in the second year are from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers:

1. $1,620,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This transfer is subject to Minnesota Statutes, section 16A.281;

2. $290,000 each year is to the chief information officer to coordinate technology accessibility and usability;

3. $410,000 in the first year and $133,000 in the second year are to the Legislative Coordinating Commission for captioning legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281.

Notwithstanding any law to the contrary, the commissioner of management and budget must determine whether $310,000 of the expenditures authorized under this clause for the first year are eligible uses of federal funding received under the Coronavirus State Fiscal Recovery Fund or any other federal funds received by the state under the American...
Rescue Plan Act, Public Law 117-2. If the commissioner of management and budget determines an expenditure is eligible for funding under Public Law 117-2, the amount of the eligible expenditure is appropriated from the account where the federal funds have been deposited and the corresponding Telecommunications Access Minnesota Fund amounts appropriated under this clause cancel to the Telecommunications Access Minnesota Fund; and

(4) $50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants or services to other state agencies related to accessibility of web-based services.

Subd. 5. Enforcement

Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>5,825,000</td>
<td>5,426,000</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>206,000</td>
<td>206,000</td>
</tr>
<tr>
<td>Special Revenue Fund</td>
<td>200,000</td>
<td>-0-</td>
</tr>
</tbody>
</table>

(a) $283,000 in the first year and $286,000 in the second year are for health care enforcement.

(b) $201,000 each year is from the workers' compensation fund.

(c) $5,000 each year is from the workers' compensation fund for insurance fraud specialist salary increases.

(d) Notwithstanding Minnesota Statutes, section 297I.11, subdivision 2, $200,000 in the first year is from the auto theft prevention account in the special revenue fund for the
catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year.

e) $190,000 in the first year is from the general fund for the catalytic converter theft prevention pilot project. This balance does not cancel but is available in the second year. The general fund base for the catalytic converter theft prevention pilot project in fiscal year 2024 and fiscal year 2025 is $92,000.

(f) $300,000 in the first year is transferred from the consumer education account in the special revenue fund to the general fund. $300,000 in the first year is to the commissioner of education to issue grants of $150,000 each year to the Minnesota Council on Economic Education. This balance does not cancel but is available in the second year.

Subd. 6. **Insurance**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>General</th>
<th>Workers' Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6,100,000</td>
<td>560,000</td>
</tr>
</tbody>
</table>

(a) $656,000 in the first year and $671,000 in the second year are for health insurance rate review staffing.

(b) $421,000 in the first year and $431,000 in the second year are for actuarial work to prepare for implementation of principle-based reserves.

(c) $30,000 in the first year is to pay for two years of membership dues for Minnesota to the National Conference of Insurance Legislators.
(d) $428,000 in the first year and $432,000 in the second year are for licensing activities under Minnesota Statutes, chapter 62W. Of this amount, $246,000 each year must be used only for staff costs associated with two enforcement investigators to enforce Minnesota Statutes, chapter 62W.

(e) $560,000 each year is from the workers' compensation fund.

(f) $197,000 in the first year is to establish the Prescription Drug Affordability Board under Minnesota Statutes, section 62J.87. Following the first meeting of the board and prior to June 30, 2022, the commissioner shall transfer any funds remaining from this appropriation to the board.

(g) $358,000 in the second year is to the Prescription Drug Affordability Board established under Minnesota Statutes, section 62J.87, to implement the Prescription Drug Affordability Act.

(h) $456,000 in the second year is to the attorney general's office to enforce the Prescription Drug Affordability Act.

Sec. 3. CANCELLATION; FISCAL YEAR 2021.

$1,220,000 of the fiscal year 2021 general fund appropriation under Laws 2019, First Special Session chapter 7, article 1, section 6, subdivision 3, is canceled.

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

Sec. 4. DEPARTMENT OF COMMERCE; APPROPRIATION.

(a) $4,000 in fiscal year 2021 is appropriated from the workers' compensation fund to the commissioner of commerce for insurance fraud specialist salary increases.
(b) $97,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of commerce for enforcement.

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

ARTICLE 2
PRESCRIPTION DRUG AFFORDABILITY BOARD

Section 1. [62J.85] CITATION.

Sections 62J.85 to 62J.95 may be cited as the "Prescription Drug Affordability Act."

Sec. 2. [62J.86] DEFINITIONS.

Subdivision 1. Definitions. For the purposes of sections 62J.85 to 62J.95, the following terms have the meanings given them.


Subd. 3. Biologic. "Biologic" means a drug that is produced or distributed in accordance with a biologics license application approved under Code of Federal Regulations, title 42, section 447.502.

Subd. 4. Biosimilar. "Biosimilar" has the meaning given in section 62J.84, subdivision 2, paragraph (b).

Subd. 5. Board. "Board" means the Prescription Drug Affordability Board established under section 62J.87.

Subd. 6. Brand name drug. "Brand name drug" has the meaning given in section 62J.84, subdivision 2, paragraph (c).

Subd. 7. Generic drug. "Generic drug" has the meaning given in section 62J.84, subdivision 2, paragraph (e).

Subd. 8. Group purchaser. "Group purchaser" has the meaning given in section 62J.03, subdivision 6, and includes pharmacy benefit managers, as defined in section 62W.02, subdivision 15.

Subd. 9. Manufacturer. "Manufacturer" means an entity that:

(1) engages in the manufacture of a prescription drug product or enters into a lease with another manufacturer to market and distribute a prescription drug product under the entity's own name; and
(2) sets or changes the wholesale acquisition cost of the prescription drug product it
manufacturers or markets.

Subd. 10. Prescription drug product. "Prescription drug product" means a brand name
drug, a generic drug, a biologic, or a biosimilar.

Subd. 11. Wholesale acquisition cost or WAC. "Wholesale acquisition cost" or "WAC"
has the meaning given in United States Code, title 42, section 1395W-3a(c)(6)(B).

Sec. 3. [62J.87] PRESCRIPTION DRUG AFFORDABILITY BOARD.

Subdivision 1. Establishment. The commissioner of commerce shall establish the
Prescription Drug Affordability Board, which shall be governed as a board under section
15.012, paragraph (a), to protect consumers, state and local governments, health plan
companies, providers, pharmacies, and other health care system stakeholders from
unaffordable costs of certain prescription drugs.

Subd. 2. Membership. (a) The Prescription Drug Affordability Board consists of nine
members appointed as follows:

(1) seven voting members appointed by the governor;

(2) one nonvoting member appointed by the majority leader of the senate; and

(3) one nonvoting member appointed by the speaker of the house.

(b) All members appointed must have knowledge and demonstrated expertise in
pharmaceutical economics and finance or health care economics and finance. A member
must not be an employee of, a board member of, or a consultant to a manufacturer or trade
association for manufacturers or a pharmacy benefit manager or trade association for
pharmacy benefit managers.

(c) Initial appointments shall be made by January 1, 2022.

Subd. 3. Terms. (a) Board appointees shall serve four-year terms, except that initial
appointees shall serve staggered terms of two, three, or four years as determined by lot by
the secretary of state. A board member shall serve no more than two consecutive terms.

(b) A board member may resign at any time by giving written notice to the board.

Subd. 4. Chair; other officers. (a) The governor shall designate an acting chair from
the members appointed by the governor. The acting chair shall convene the first meeting
of the board.
10.1 (b) The board shall elect a chair to replace the acting chair at the first meeting of the board by a majority of the members. The chair shall serve for one year.

10.3 (c) The board shall elect a vice-chair and other officers from the board's membership as the board deems necessary.

Subd. 5. Staff; technical assistance. (a) The board shall hire an executive director and other staff, who shall serve in the unclassified service. The executive director must have knowledge and demonstrated expertise in pharmacoeconomics, pharmacology, health policy, health services research, medicine, or a related field or discipline. The board may employ or contract for professional and technical assistance as the board deems necessary to perform the board's duties.

10.11 (b) The attorney general shall provide legal services to the board.

Subd. 6. Compensation. The board members shall not receive compensation but may receive reimbursement for expenses as authorized under section 15.059, subdivision 3.

Subd. 7. Meetings. (a) Meetings of the board are subject to chapter 13D. The board shall meet publicly at least every three months to review prescription drug product information submitted to the board under section 62J.90. If there are no pending submissions, the chair of the board may cancel or postpone the required meeting. The board may meet in closed session when reviewing proprietary information, as determined under the standards developed in accordance with section 62J.91, subdivision 4.

(b) The board shall announce each public meeting at least two weeks prior to the scheduled date of the meeting. Any materials for the meeting shall be made public at least one week prior to the scheduled date of the meeting.

(c) At each public meeting, the board shall provide the opportunity for comments from the public, including the opportunity for written comments to be submitted to the board prior to a decision by the board.

Sec. 4. [62J.88] PRESCRIPTION DRUG AFFORDABILITY ADVISORY COUNCIL.

Subdivision 1. Establishment. The governor shall appoint a 12-member stakeholder advisory council to provide advice to the board on drug cost issues and to represent stakeholders' views. The members of the advisory council shall be appointed based on the members' knowledge and demonstrated expertise in one or more of the following areas: the pharmaceutical business; practice of medicine; patient perspectives; health care cost trends and drivers; clinical and health services research; and the health care marketplace.
Subd. 2. Membership. The council's membership shall consist of the following:

11.2 (1) two members representing patients and health care consumers;
11.3 (2) two members representing health care providers;
11.4 (3) one member representing health plan companies;
11.5 (4) two members representing employers, with one member representing large employers and one member representing small employers;
11.6 (5) one member representing government employee benefit plans;
11.7 (6) one member representing pharmaceutical manufacturers;
11.8 (7) one member who is a health services clinical researcher;
11.9 (8) one member who is a pharmacologist; and
11.10 (9) one member with expertise in health economics representing the commissioner of health.

Subd. 3. Terms. (a) The initial appointments to the advisory council shall be made by January 1, 2022. The initial appointed advisory council members shall serve staggered terms of two, three, or four years determined by lot by the secretary of state. Following the initial appointments, the advisory council members shall serve four-year terms.

(b) Removal and vacancies of advisory council members is governed by section 15.059.

Subd. 4. Compensation. Advisory council members may be compensated according to section 15.059.

Subd. 5. Meetings. Meetings of the advisory council are subject to chapter 13D. The advisory council shall meet publicly at least every three months to advise the board on drug cost issues related to the prescription drug product information submitted to the board under section 62J.90.

Subd. 6. Exemption. Notwithstanding section 15.059, the advisory council does not expire.

Sec. 5. [62J.89] CONFLICTS OF INTEREST.

Subdivision 1. Definition. For purposes of this section, "conflict of interest" means a financial or personal association that has the potential to bias or have the appearance of biasing a person's decisions in matters related to the board, the advisory council, or in the conduct of the board's or council's activities. A conflict of interest includes any instance in
which a person, a person's immediate family member, including a spouse, parent, child, or other legal dependent, or an in-law of any of the preceding individuals has received or could receive a direct or indirect financial benefit of any amount deriving from the result or findings of a decision or determination of the board. For purposes of this section, a financial benefit includes honoraria, fees, stock, the value of the member's, immediate family member's, or in-law's stock holdings, and any direct financial benefit deriving from the finding of a review conducted under sections 62J.85 to 62J.95. Ownership of securities is not a conflict of interest if the securities are: (1) part of a diversified mutual or exchange traded fund; or (2) in a tax-deferred or tax-exempt retirement account that is administered by an independent trustee.

Subd. 2. General. (a) Prior to the acceptance of an appointment or employment, or prior to entering into a contractual agreement, a board or advisory council member, board staff member, or third-party contractor must disclose to the appointing authority or the board any conflicts of interest. The information disclosed shall include the type, nature, and magnitude of the interests involved.

(b) A board member, board staff member, or third-party contractor with a conflict of interest with regard to any prescription drug product under review must recuse themselves from any discussion, review, decision, or determination made by the board relating to the prescription drug product.

(c) Any conflict of interest must be disclosed in advance of the first meeting after the conflict is identified or within five days after the conflict is identified, whichever is earlier.

Subd. 3. Prohibitions. Board members, board staff, or third-party contractors are prohibited from accepting gifts, bequeaths, or donations of services or property that raise the specter of a conflict of interest or have the appearance of injecting bias into the activities of the board.

Sec. 6. [62J.90] PRESCRIPTION DRUG PRICE INFORMATION; DECISION TO CONDUCT COST REVIEW.

Subdivision 1. Drug price information from the commissioner of health and other sources. (a) The commissioner of health shall provide to the board the information reported to the commissioner by drug manufacturers under section 62J.84, subdivisions 3, 4, and 5. The commissioner shall provide this information to the board within 30 days of the date the information is received from drug manufacturers.
(b) The board shall subscribe to one or more prescription drug pricing files, such as Medispan or FirstDatabank, or as otherwise determined by the board.

Subd. 2. Identification of certain prescription drug products. (a) The board, in consultation with the advisory council, shall identify the following prescription drug products:

1. brand name drugs or biologics for which the WAC increases by more than ten percent or by more than $10,000 during any 12-month period or course of treatment if less than 12 months, after adjusting for changes in the Consumer Price Index (CPI);

2. brand name drugs or biologics that have been introduced at a WAC of $30,000 or more per calendar year or per course of treatment;

3. biosimilar drugs that have been introduced at a WAC that is not at least 15 percent lower than the referenced brand name biologic at the time the biosimilar is introduced; and

4. generic drugs for which the WAC:
   (i) is $100 or more, after adjusting for changes in the Consumer Price Index (CPI), for:
      (A) a 30-day supply lasting a patient for a period of 30 consecutive days based on the recommended dosage approved for labeling by the United States Food and Drug Administration (FDA);
      (B) a supply lasting a patient for fewer than 30 days based on recommended dosage approved for labeling by the FDA; or
      (C) one unit of the drug if the labeling approved by the FDA does not recommend a finite dosage; and
   (ii) is increased by 200 percent or more during the immediate preceding 12-month period, as determined by the difference between the resulting WAC and the average of the WAC reported over the preceding 12 months, after adjusting for changes in the Consumer Price Index (CPI).

(b) The board, in consultation with the advisory council, shall identify prescription drug products not described in paragraph (a) that may impose costs that create significant affordability challenges for the state health care system or for patients, including but not limited to drugs to address public health emergencies.

(c) The board shall make available to the public the names and related price information of the prescription drug products identified under this subdivision, with the exception of information determined by the board to be proprietary under the standards developed by the board under section 62J.91, subdivision 4.
Subd. 3. **Determination to proceed with review.** (a) The board may initiate a cost review of a prescription drug product identified by the board under this section.

(b) The board shall consider requests by the public for the board to proceed with a cost review of any prescription drug product identified under this section.

(c) If there is no consensus among the members of the board with respect to whether or not to initiate a cost review of a prescription drug product, any member of the board may request a vote to determine whether or not to review the cost of the prescription drug product.

**Sec. 7. [62J.91] PRESCRIPTION DRUG PRODUCT REVIEWS.**

Subdivision 1. **General.** Once a decision by the board has been made to proceed with a cost review of a prescription drug product, the board shall conduct the review and make a determination as to whether appropriate utilization of the prescription drug under review, based on utilization that is consistent with the United States Food and Drug Administration (FDA) label or standard medical practice, has led or will lead to affordability challenges for the state health care system or for patients.

Subd. 2. **Review considerations.** In reviewing the cost of a prescription drug product, the board may consider the following factors:

1. the price at which the prescription drug product has been and will be sold in the state;

2. the average monetary price concession, discount, or rebate the manufacturer provides to a group purchaser in this state as reported by the manufacturer and the group purchaser expressed as a percent of the WAC for prescription drug product under review;

3. the price at which therapeutic alternatives have been or will be sold in the state;

4. the average monetary price concession, discount, or rebate the manufacturer provides or is expected to provide to a group purchaser in the state or is expected to provide to group purchasers in the state for therapeutic alternatives;

5. the cost to group purchasers based on patient access consistent with the United States Food and Drug Administration (FDA) labeled indications;

6. the impact on patient access resulting from the cost of the prescription drug product relative to insurance benefit design;

7. the current or expected dollar value of drug-specific patient access programs that are supported by manufacturers;
(8) the relative financial impacts to health, medical, or other social services costs that can be quantified and compared to baseline effects of existing therapeutic alternatives;

(9) the average patient co-pay or other cost-sharing for the prescription drug product in the state;

(10) any information a manufacturer chooses to provide; and

(11) any other factors as determined by the board.

Subd. 3. Further review factors. If, after considering the factors described in subdivision 2, the board is unable to determine whether a prescription drug product will produce or has produced an affordability challenge, the board may consider:

(1) manufacturer research and development costs, as indicated on the manufacturer's federal tax filing for the most recent tax year in proportion to the manufacturer's sales in the state;

(2) that portion of direct-to-consumer marketing costs eligible for favorable federal tax treatment in the most recent tax year that are specific to the prescription drug product under review and that are multiplied by the ratio of total manufacturer in-state sales to total manufacturer sales in the United States for the product under review;

(3) gross and net manufacturer revenues for the most recent tax year;

(4) any information and research related to the manufacturer's selection of the introductory price or price increase, including but not limited to:

(i) life cycle management;

(ii) market competition and context; and

(iii) projected revenue; and

(5) any additional factors determined by the board to be relevant.

Subd. 4. Public data; proprietary information. (a) Any submission made to the board related to a drug cost review shall be made available to the public, with the exception of information determined by the board to be proprietary.

(b) The board shall establish the standards for the information to be considered proprietary under paragraph (a) and section 62J.90, subdivision 2, including standards for heightened consideration of proprietary information for submissions for a cost review of a drug that is not yet approved by the FDA.
Prior to the board establishing the standards under paragraph (b), the public shall be provided notice and the opportunity to submit comments.

Sec. 8. [62J.92] DETERMINATIONS; COMPLIANCE; REMEDIES.

Subdivision 1. Upper payment limit. (a) In the event the board finds that the spending on a prescription drug product reviewed under section 62J.91 creates an affordability challenge for the state health care system or for patients, the board shall establish an upper payment limit after considering:

1. the cost to administer the drug;
2. the cost to deliver the drug to consumers;
3. the range of prices at which the drug is sold in the United States according to one or more pricing files accessed under section 62J.90, subdivision 1, and the range at which pharmacies are reimbursed in Canada; and
4. any other relevant pricing and administrative cost information for the drug.

(b) The upper payment limit shall apply to all public and private purchases, payments, and payer reimbursements for the prescription drug product that is intended for individuals in the state in person, by mail, or by other means.

Subd. 2. Noncompliance. (a) The failure of an entity to comply with an upper payment limit established by the board under this section shall be referred to the Office of the Attorney General.

(b) If the Office of the Attorney General finds that an entity was noncompliant with the upper payment limit requirements, the attorney general may pursue remedies consistent with chapter 8 or appropriate criminal charges if there is evidence of intentional profiteering.

(c) An entity who obtains price concessions from a drug manufacturer that result in a lower net cost to the stakeholder than the upper payment limit established by the board shall not be considered to be in noncompliance.

(d) The Office of the Attorney General may provide guidance to stakeholders concerning activities that could be considered noncompliant.

Subd. 3. Appeals. (a) A person affected by a decision of the board may request an appeal of the board's decision within 30 days of the date of the decision. The board shall hear the appeal and render a decision within 60 days of the hearing.

(b) All appeal decisions are subject to judicial review in accordance with chapter 14.
Sec. 9. [62J.93] REPORTS.

Beginning March 1, 2022, and each March 1 thereafter, the board shall submit a report to the governor and legislature on general price trends for prescription drug products and the number of prescription drug products that were subject to the board's cost review and analysis, including the result of any analysis as well as the number and disposition of appeals and judicial reviews.

Sec. 10. [62J.94] ERISA PLANS AND MEDICARE DRUG PLANS.

(a) Nothing in sections 62J.85 to 62J.95 shall be construed to require ERISA plans or Medicare Part D plans to comply with decisions of the board, but are free to choose to exceed the upper payment limit established by the board under section 62J.92.

(b) Providers who dispense and administer drugs in the state must bill all payers no more than the upper payment limit without regard to whether or not an ERISA plan or Medicare Part D plan chooses to reimburse the provider in an amount greater than the upper payment limit established by the board.

(c) For purposes of this section, an ERISA plan or group health plan is an employee welfare benefit plan established by or maintained by an employer or an employee organization, or both, that provides employer sponsored health coverage to employees and the employee's dependents and is subject to the Employee Retirement Income Security Act of 1974 (ERISA).

Sec. 11. [62J.95] SEVERABILITY.

If any provision of sections 62J.85 to 62J.94 or the application of sections 62J.85 to 62J.94 to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of sections 62J.85 to 62J.94 that can be given effect without the invalid provision or application.

ARTICLE 3

INSURANCE

Section 1. Minnesota Statutes 2020, section 60A.092, subdivision 10a, is amended to read:

Subd. 10a. Other jurisdictions. The reinsurance is ceded and credit allowed to an assuming insurer not meeting the requirements of subdivision 2, 3, 4, 5, or 10, or 10b, but only with respect to the insurance of risks located in jurisdictions where the reinsurance is required by applicable law or regulation of that jurisdiction.
EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 2. Minnesota Statutes 2020, section 60A.092, is amended by adding a subdivision to read:

Subd. 10b. **Credit allowed; reciprocal jurisdiction.** (a) Credit shall be allowed when the reinsurance is ceded to an assuming insurer meeting each of the following conditions:

1. The assuming insurer must have its head office in or be domiciled in, as applicable, and be licensed in a reciprocal jurisdiction. A "reciprocal jurisdiction" means a jurisdiction that is:
   
   1. A non-United States jurisdiction that is subject to an in-force covered agreement with the United States, each within its legal authority, or, in the case of a covered agreement between the United States and the European Union, is a member state of the European Union. For purposes of this subdivision, a "covered agreement" means an agreement entered into pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, United States Code, title 31, sections 313 and 314, that is currently in effect or in a period of provisional application and addresses the elimination, under specified conditions, of collateral requirements as a condition for entering into any reinsurance agreement with a ceding insurer domiciled in Minnesota or for allowing the ceding insurer to recognize credit for reinsurance;
   
   2. A United States jurisdiction that meets the requirements for accreditation under the National Association of Insurance Commissioners (NAIC) financial standards and accreditation program; or
   
   3. A qualified jurisdiction, as determined by the commissioner, which is not otherwise described in item (i) or (ii) and which meets the following additional requirements, consistent with the terms and conditions of in-force covered agreements:
      
      A. Provides that an insurer which has its head office or is domiciled in such qualified jurisdiction shall receive credit for reinsurance ceded to a United States-domiciled assuming insurer in the same manner as credit for reinsurance is received for reinsurance assumed by insurers domiciled in such qualified jurisdiction;
      
      B. Does not require a United States-domiciled assuming insurer to establish or maintain a local presence as a condition for entering into a reinsurance agreement with any ceding insurer subject to regulation by the non-United States jurisdiction or as a condition to allow the ceding insurer to recognize credit for such reinsurance;
(C) recognizes the United States state regulatory approach to group supervision and group capital, by providing written confirmation by a competent regulatory authority, in such qualified jurisdiction, that insurers and insurance groups that are domiciled or maintain their headquarters in this state or another jurisdiction accredited by the NAIC shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the commissioner or the commissioner of the domiciliary state and will not be subject to group supervision at the level of the worldwide parent undertaking of the insurance or reinsurance group by the qualified jurisdiction; and

(D) provides written confirmation by a competent regulatory authority in such qualified jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such qualified jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC;

(2) the assuming insurer must have and maintain, on an ongoing basis, minimum capital and surplus, or its equivalent, calculated according to the methodology of its domiciliary jurisdiction, on at least an annual basis as of the preceding December 31 or on the date otherwise statutorily reported to the reciprocal jurisdiction, in the following amounts:

(i) no less than $250,000,000; or

(ii) if the assuming insurer is an association, including incorporated and individual unincorporated underwriters:

(A) minimum capital and surplus equivalents, net of liabilities, or own funds of the equivalent of at least $250,000,000; and

(B) a central fund containing a balance of the equivalent of at least $250,000,000;

(3) the assuming insurer must have and maintain, on an ongoing basis, a minimum solvency or capital ratio, as applicable, as follows:

(i) if the assuming insurer has its head office or is domiciled in a reciprocal jurisdiction defined in clause (1), item (i), the ratio specified in the applicable covered agreement:

(ii) if the assuming insurer is domiciled in a reciprocal jurisdiction defined in clause (1), item (ii), a risk-based capital ratio of 300 percent of the authorized control level, calculated in accordance with the formula developed by the NAIC; or
(iii) if the assuming insurer is domiciled in a Reciprocal Jurisdiction defined in clause
(1), item (iii), after consultation with the reciprocal jurisdiction and considering any
recommendations published through the NAIC Committee Process, such solvency or capital
ratio as the commissioner determines to be an effective measure of solvency;

(4) the assuming insurer must agree and provide adequate assurance in the form of a
properly executed Form AR-1, Form CR-1, and Form RJ-1 of its agreement to the following:

(i) the assuming insurer must provide prompt written notice and explanation to the
commissioner if it falls below the minimum requirements set forth in clause (2) or (3), or
if any regulatory action is taken against the assuming insurer for serious noncompliance
with applicable law;

(ii) the assuming insurer must consent in writing to the jurisdiction of the courts of
Minnesota and to the appointment of the commissioner as agent for service of process. The
commissioner may require that consent for service of process be provided to the
commissioner and included in each reinsurance agreement. Nothing in this subdivision shall
limit or in any way alter the capacity of parties to a reinsurance agreement to agree to
alternative dispute resolution mechanisms, except to the extent such agreements are
unenforceable under applicable insolvency or delinquency laws;

(iii) the assuming insurer must consent in writing to pay all final judgments, wherever
enforcement is sought, obtained by a ceding insurer or its legal successor, that have been
declared enforceable in the jurisdiction where the judgment was obtained;

(iv) each reinsurance agreement must include a provision requiring the assuming insurer
to provide security in an amount equal to 100 percent of the assuming insurer's liabilities
attributable to reinsurance ceded pursuant to that agreement if the assuming insurer resists
enforcement of a final judgment that is enforceable under the law of the jurisdiction in which
it was obtained or a properly enforceable arbitration award, whether obtained by the ceding
insurer or by its legal successor on behalf of its resolution estate;

(v) the assuming insurer must confirm that it is not presently participating in any solvent
scheme of arrangement which involves this state's ceding insurers, and agree to notify the
ceding insurer and the commissioner and to provide security in an amount equal to 100
percent of the assuming insurer's liabilities to the ceding insurer, should the assuming insurer
enter into such a solvent scheme of arrangement. The security shall be in a form consistent
with sections 60A.092, subdivision 10, 60A.093, 60A.096, and 60A.097. For purposes of
this section, the term "solvent scheme of arrangement" means a foreign or alien statutory
or regulatory compromise procedure subject to requisite majority creditor approval and
judicial sanction in the assuming insurer's home jurisdiction either to finally commute
liabilities of duly noticed classed members or creditors of a solvent debtor, or to reorganize
or restructure the debts and obligations of a solvent debtor on a final basis, and which may
be subject to judicial recognition and enforcement of the arrangement by a governing
authority outside the ceding insurer's home jurisdiction; and

(vi) the assuming insurer must agree in writing to meet the applicable information filing
requirements set forth in clause (5);

(5) the assuming insurer or its legal successor must provide, if requested by the
commissioner, on behalf of itself and any legal predecessors, the following documentation
to the commissioner:

(i) for the two years preceding entry into the reinsurance agreement and on an annual
basis thereafter, the assuming insurer's annual audited financial statements, in accordance
with the applicable law of the jurisdiction of its head office or domiciliary jurisdiction, as
applicable, including the external audit report;

(ii) for the two years preceding entry into the reinsurance agreement, the solvency and
financial condition report or actuarial opinion, if filed with the assuming insurer's supervisor;

(iii) prior to entry into the reinsurance agreement and not more than semiannually
thereafter, an updated list of all disputed and overdue reinsurance claims outstanding for
90 days or more, regarding reinsurance assumed from ceding insurers domiciled in the
United States; and

(iv) prior to entry into the reinsurance agreement and not more than semiannually
thereafter, information regarding the assuming insurer's assumed reinsurance by ceding
insurer, ceded reinsurance by the assuming insurer, and reinsurance recoverable on paid
and unpaid losses by the assuming insurer to allow for the evaluation of the criteria set forth
in clause (6);

(6) the assuming insurer must maintain a practice of prompt payment of claims under
reinsurance agreements. The lack of prompt payment will be evidenced if any of the
following criteria is met:

(i) more than 15 percent of the reinsurance recoverables from the assuming insurer are
overdue and in dispute as reported to the commissioner;

(ii) more than 15 percent of the assuming insurer's ceding insurers or reinsurers have
overdue reinsurance recoverable on paid losses of 90 days or more which are not in dispute
and which exceed for each ceding insurer $100,000, or as otherwise specified in a covered agreement; or

(iii) the aggregate amount of reinsurance recoverable on paid losses which are not in dispute, but are overdue by 90 days or more, exceeds $50,000,000, or as otherwise specified in a covered agreement;

(7) the assuming insurer's supervisory authority must confirm to the commissioner by December 31, 2021, and annually thereafter, or at the annual date otherwise statutorily reported to the reciprocal jurisdiction, that the assuming insurer complies with the requirements set forth in clauses (2) and (3); and

(8) nothing in this subdivision precludes an assuming insurer from providing the commissioner with information on a voluntary basis.

(b) The commissioner shall timely create and publish a list of reciprocal jurisdictions. The commissioner's list shall include any reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii), and shall consider any other reciprocal jurisdiction included on the NAIC list. The commissioner may approve a jurisdiction that does not appear on the NAIC list of reciprocal jurisdictions in accordance with criteria developed under rules issued by the commissioner. The commissioner may remove a jurisdiction from the list of reciprocal jurisdictions upon a determination that the jurisdiction no longer meets the requirements of a reciprocal jurisdiction, in accordance with a process set forth in rules issued by the commissioner, except that the commissioner shall not remove from the list a reciprocal jurisdiction as defined under paragraph (a), clause (1), items (i) and (ii). Upon removal of a reciprocal jurisdiction from the list, credit for reinsurance ceded to an assuming insurer which has its home office or is domiciled in that jurisdiction shall be allowed, if otherwise allowed pursuant to law.

(c) The commissioner shall timely create and publish a list of assuming insurers that have satisfied the conditions set forth in this subdivision and to which cessions shall be granted credit in accordance with this subdivision. The commissioner may add an assuming insurer to the list if an NAIC accredited jurisdiction has added the assuming insurer to a list of assuming insurers or if, upon initial eligibility, the assuming insurer submits the information to the commissioner as required under paragraph (a), clause (4), and complies with any additional requirements that the commissioner may impose by rule, except to the extent that they conflict with an applicable covered agreement.

(i) If an NAIC-accredited jurisdiction has determined that the conditions set forth in paragraph (a), clause (2), have been met, the commissioner has the discretion to defer to
that jurisdiction's determination, and add such assuming insurer to the list of assuming
insurers to which cessions shall be granted credit in accordance with this paragraph. The
commissioner may accept financial documentation filed with another NAIC-accredited
jurisdiction or with the NAIC in satisfaction of the requirements of paragraph (a), clause
(2):

(ii) When requesting that the commissioner defer to another NAIC-accredited
jurisdiction's determination, an assuming insurer must submit a properly executed Form
RJ-1 and additional information as the commissioner may require. A state that has received
such a request will notify other states through the NAIC Committee Process and provide
relevant information with respect to the determination of eligibility.

(d) If the commissioner determines that an assuming insurer no longer meets one or
more of the requirements under this subdivision, the commissioner may revoke or suspend
the eligibility of the assuming insurer for recognition under this subdivision in accordance
with procedures set forth in rule. While an assuming insurer's eligibility is suspended, no
reinsurance agreement issued, amended, or renewed after the effective date of the suspension
qualifies for credit, except to the extent that the assuming insurer's obligations under the
contract are secured in accordance with this section. If an assuming insurer's eligibility is
revoked, no credit for reinsurance may be granted after the effective date of the revocation
with respect to any reinsurance agreements entered into by the assuming insurer, including
reinsurance agreements entered into prior to the date of revocation, except to the extent that
the assuming insurer's obligations under the contract are secured in a form acceptable to
the commissioner and consistent with the provisions of this section.

(e) Before denying statement credit or imposing a requirement to post security with
respect to paragraph (d) or adopting any similar requirement that will have substantially the
same regulatory impact as security, the commissioner shall:

(1) communicate with the ceding insurer, the assuming insurer, and the assuming insurer's
supervisory authority that the assuming insurer no longer satisfies one of the conditions
listed in paragraph (a), clause (2);

(2) provide the assuming insurer with 30 days from the initial communication to submit
a plan to remedy the defect, and 90 days from the initial communication to remedy the
defect, except in exceptional circumstances in which a shorter period is necessary for
policyholder and other consumer protection;
(3) after the expiration of 90 days or less, as set out in clause (2), if the commissioner determines that no or insufficient action was taken by the assuming insurer, the commissioner may impose any of the requirements as set out in this paragraph; and

(4) provide a written explanation to the assuming insurer of any of the requirements set out in this paragraph.

(f) If subject to a legal process of rehabilitation, liquidation, or conservation, as applicable, the ceding insurer, or its representative, may seek and, if determined appropriate by the court in which the proceedings are pending, may obtain an order requiring that the assuming insurer post security for all outstanding ceded liabilities.

(g) Nothing in this subdivision limits or in any way alters the capacity of parties to a reinsurance agreement to agree on requirements for security or other terms in the reinsurance agreement, except as expressly prohibited by applicable law or rule.

(h) Credit may be taken under this subdivision only for reinsurance agreements entered into, amended, or renewed on or after the effective date of this subdivision, and only with respect to losses incurred and reserves reported on or after the later of: (1) the date on which the assuming insurer has met all eligibility requirements pursuant to this subdivision; and (2) the effective date of the new reinsurance agreement, amendment, or renewal. This paragraph does not alter or impair a ceding insurer's right to take credit for reinsurance, to the extent that credit is not available under this subdivision, as long as the reinsurance qualifies for credit under any other applicable provision of law. Nothing in this subdivision shall authorize an assuming insurer to withdraw or reduce the security provided under any reinsurance agreement, except as permitted by the terms of the agreement. Nothing in this subdivision shall limit, or in any way alter, the capacity of parties to any reinsurance agreement to renegotiate the agreement.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance contracts entered into or renewed on or after that date.

Sec. 3. Minnesota Statutes 2020, section 60A.0921, subdivision 2, is amended to read:

Subd. 2. Certification procedure. (a) The commissioner shall post notice on the department's website promptly upon receipt of any application for certification, including instructions on how members of the public may respond to the application. The commissioner may not take final action on the application until at least 30 days after posting the notice.

(b) The commissioner shall issue written notice to an assuming insurer that has applied and been approved as a certified reinsurer. The notice must include the rating assigned the...
certified reinsurer in accordance with subdivision 1. The commissioner shall publish a list of all certified reinsurers and their ratings.

(c) In order to be eligible for certification, the assuming insurer must:

(1) be domiciled and licensed to transact insurance or reinsurance in a qualified jurisdiction, as determined by the commissioner under subdivision 3;

(2) maintain capital and surplus, or its equivalent, of no less than $250,000,000 calculated in accordance with paragraph (d), clause (8). This requirement may also be satisfied by an association including incorporated and individual unincorporated underwriters having minimum capital and surplus equivalents net of liabilities of at least $250,000,000 and a central fund containing a balance of at least $250,000,000;

(3) maintain financial strength ratings from two or more rating agencies acceptable to the commissioner. These ratings shall be based on interactive communication between the rating agency and the assuming insurer and shall not be based solely on publicly available information. These financial strength ratings shall be one factor used by the commissioner in determining the rating that is assigned to the assuming insurer. Acceptable rating agencies include the following:

(i) Standard & Poor's;

(ii) Moody's Investors Service;

(iii) Fitch Ratings;

(iv) A.M. Best Company; or

(v) any other nationally recognized statistical rating organization; and

(4) ensure that the certified reinsurer complies with any other requirements reasonably imposed by the commissioner.

(d) Each certified reinsurer shall be rated on a legal entity basis, with due consideration being given to the group rating where appropriate, except that an association including incorporated and individual unincorporated underwriters that has been approved to do business as a single certified reinsurer may be evaluated on the basis of its group rating. Factors that may be considered as part of the evaluation process include, but are not limited to:

(1) certified reinsurer's financial strength rating from an acceptable rating agency. The maximum rating that a certified reinsurer may be assigned will correspond to its financial strength rating as outlined in the table below. The commissioner shall use the lowest financial
strength rating received from an approved rating agency in establishing the maximum rating
of a certified reinsurer. A failure to obtain or maintain at least two financial strength ratings
from acceptable rating agencies will result in loss of eligibility for certification;

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(2) the business practices of the certified reinsurer in dealing with its ceding insurers,
including its record of compliance with reinsurance contractual terms and obligations;

(3) for certified reinsurers domiciled in the United States, a review of the most recent
applicable NAIC annual statement;

(4) for certified reinsurers not domiciled in the United States, a review annually of such
forms as may be required by the commissioner;

(5) the reputation of the certified reinsurer for prompt payment of claims under
reinsurance agreements, based on an analysis of ceding insurers’ reporting of overdue
reinsurance recoverables, including the proportion of obligations that are more than 90 days
past due or are in dispute, with specific attention given to obligations payable to companies
that are in administrative supervision or receivership;

(6) regulatory actions against the certified reinsurer;

(7) the report of the independent auditor on the financial statements of the insurance
enterprise, on the basis described in clause (8);

(8) for certified reinsurers not domiciled in the United States, audited financial statements
(audited United States GAAP basis if available, audited IFRS basis statements are allowed,
but must include an audited footnote reconciling equity and net income to a United States
GAAP basis, or, with permission of the commissioner, audited IFRS statements with
reconciliation to United States GAAP certified by an officer of the company). Upon the
initial application for certification, the commissioner will consider audited financial
statements for the last three years filed with its non-United States jurisdiction supervisor;
(9) the liquidation priority of obligations to a ceding insurer in the certified reinsurer's
domiciliary jurisdiction in the context of an insolvency proceeding;

(10) a certified reinsurer's participation in any solvent scheme of arrangement, or similar
procedure, which involves United States ceding insurers. The commissioner must receive
prior notice from a certified reinsurer that proposes participation by the certified reinsurer
in a solvent scheme of arrangement; and

(11) other information as determined by the commissioner.

(e) Based on the analysis conducted under paragraph (d), clause (5), of a certified
reinsurer's reputation for prompt payment of claims, the commissioner may make appropriate
adjustments in the security the certified reinsurer is required to post to protect its liabilities
to United States ceding insurers, provided that the commissioner shall, at a minimum,
increase the security the certified reinsurer is required to post by one rating level under
paragraph (d), clause (1), if the commissioner finds that:

(1) more than 15 percent of the certified reinsurer's ceding insurance clients have overdue
reinsurance recoverables on paid losses of 90 days or more which are not in dispute and
which exceed $100,000 for each cedent; or

(2) the aggregate amount of reinsurance recoverables on paid losses which are not in
dispute that are overdue by 90 days or more exceeds $50,000,000.

(f) The assuming insurer must submit such forms as required by the commissioner as
evidence of its submission to the jurisdiction of this state, appoint the commissioner as an
agent for service of process in this state, and agree to provide security for 100 percent of
the assuming insurer's liabilities attributable to reinsurance ceded by United States ceding
insurers if it resists enforcement of a final United States judgment. The commissioner shall
not certify an assuming insurer that is domiciled in a jurisdiction that the commissioner has
determined does not adequately and promptly enforce final United States judgments or
arbitration awards.

(g) The certified reinsurer must agree to meet filing requirements as determined by the
commissioner, both with respect to an initial application for certification and on an ongoing
basis. All data submitted by certified reinsurers to the commissioner is nonpublic under
section 13.02, subdivision 9. The certified reinsurer must file with the commissioner:

(1) a notification within ten days of any regulatory actions taken against the certified
reinsurer, any change in the provisions of its domiciliary license, or any change in rating
by an approved rating agency, including a statement describing such changes and the reasons
therefore;

(2) an annual report regarding reinsurance assumed, in a form determined by the
commissioner;

(3) an annual report of the independent auditor on the financial statements of the insurance
enterprise, on the basis described in clause (4);

(4) an annual audited financial statement, regulatory filings, and actuarial opinion filed
with the certified reinsurer's supervisor. Upon the initial certification, audited financial
statements for the last three years filed with the certified reinsurer's supervisor;

(5) at least annually, an updated list of all disputed and overdue reinsurance claims
regarding reinsurance assumed from United States domestic ceding insurers;

(6) a certification from the certified reinsurer's domestic regulator that the certified
reinsurer is in good standing and maintains capital in excess of the jurisdiction's highest
regulatory action level; and

(7) any other relevant information as determined by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to reinsurance
contracts entered into or renewed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. Fees other than examination fees. In addition to the fees and charges
provided for examinations, the following fees must be paid to the commissioner for deposit
in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation $25 and amendments thereto, $10;

(2) for filing annual statements, $15;

(3) for each annual certificate of authority, $15;

(4) for filing bylaws $25 and amendments thereto, $10;

(b) by other domestic and foreign companies including fraternals and reciprocal
exchanges:

(1) for filing an application for an initial certification of authority to be admitted to
transact business in this state, $1,500;
(2) for filing certified copy of certificate of articles of incorporation, $100;

(3) for filing annual statement, $225 $300;

(4) for filing certified copy of amendment to certificate or articles of incorporation, $100;

(5) for filing bylaws, $75 or amendments thereto, $75;

(6) for each company's certificate of authority, $575 $750, annually;

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, $25;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and $2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, $575;

(4) for valuing the policies of life insurance companies, one cent two cents per $1,000 of insurance so valued, provided that the fee shall not exceed $13,000 $26,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, $50;

(6) for each appointment of an agent filed with the commissioner, $30;

(7) for filing forms, rates, and compliance certifications under section 60A.315, $140 per filing, or $125 per filing when submitted via electronic filing system. Filing fees may be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;

(8) for annual renewal of surplus lines insurer license, $300 $400.

The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 5. [60A.985] DEFINITIONS.

Subdivision 1. Terms. As used in sections 60A.985 to 60A.9857, the following terms have the meanings given.
Subd. 2. Authorized individual. "Authorized individual" means an individual known to and screened by the licensee and determined to be necessary and appropriate to have access to the nonpublic information held by the licensee and its information systems.

Subd. 3. Consumer. "Consumer" means an individual, including but not limited to an applicant, policyholder, insured, beneficiary, claimant, and certificate holder who is a resident of this state and whose nonpublic information is in a licensee's possession, custody, or control.

Subd. 4. Cybersecurity event. "Cybersecurity event" means an event resulting in unauthorized access to, or disruption or misuse of, an information system or nonpublic information stored on an information system.

Cybersecurity event does not include the unauthorized acquisition of encrypted nonpublic information if the encryption, process, or key is not also acquired, released, or used without authorization.

Cybersecurity event does not include an event with regard to which the licensee has determined that the nonpublic information accessed by an unauthorized person has not been used or released and has been returned or destroyed.

Subd. 5. Encrypted. "Encrypted" means the transformation of data into a form which results in a low probability of assigning meaning without the use of a protective process or key.

Subd. 6. Information security program. "Information security program" means the administrative, technical, and physical safeguards that a licensee uses to access, collect, distribute, process, protect, store, use, transmit, dispose of, or otherwise handle nonpublic information.

Subd. 7. Information system. "Information system" means a discrete set of electronic information resources organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of nonpublic electronic information, as well as any specialized system such as industrial or process controls systems, telephone switching and private branch exchange systems, and environmental control systems.

Subd. 8. Licensee. "Licensee" means any person licensed, authorized to operate, or registered, or required to be licensed, authorized, or registered by the Department of Commerce or the Department of Health under chapters 59A to 62M and 62Q to 79A.

Subd. 9. Multifactor authentication. "Multifactor authentication" means authentication through verification of at least two of the following types of authentication factors:
(1) knowledge factors, such as a password;

(2) possession factors, such as a token or text message on a mobile phone; or

(3) inherence factors, such as a biometric characteristic.

Subd. 10. **Nonpublic information.** "Nonpublic information" means electronic information that is not publicly available information and is:

(1) any information concerning a consumer which because of name, number, personal mark, or other identifier can be used to identify the consumer, in combination with any one or more of the following data elements:

   (i) Social Security number;

   (ii) driver's license number or nondriver identification card number;

   (iii) financial account number, credit card number, or debit card number;

   (iv) any security code, access code, or password that would permit access to a consumer's financial account; or

   (v) biometric records; or

(2) any information or data, except age or gender, in any form or medium created by or derived from a health care provider or a consumer that can be used to identify a particular consumer and that relates to:

   (i) the past, present, or future physical, mental, or behavioral health or condition of any consumer or a member of the consumer's family;

   (ii) the provision of health care to any consumer; or

   (iii) payment for the provision of health care to any consumer.

Subd. 11. **Person.** "Person" means any individual or any nongovernmental entity, including but not limited to any nongovernmental partnership, corporation, branch, agency, or association.

Subd. 12. **Publicly available information.** "Publicly available information" means any information that a licensee has a reasonable basis to believe is lawfully made available to the general public from: federal, state, or local government records; widely distributed media; or disclosures to the general public that are required to be made by federal, state, or local law.
For the purposes of this definition, a licensee has a reasonable basis to believe that
information is lawfully made available to the general public if the licensee has taken steps
to determine:

(1) that the information is of the type that is available to the general public; and

(2) whether a consumer can direct that the information not be made available to the
general public and, if so, that such consumer has not done so.

Subd. 13. Risk assessment. "Risk assessment" means the risk assessment that each
licensee is required to conduct under section 60A.9853, subdivision 3.


Subd. 15. Third-party service provider. "Third-party service provider" means a person,
not otherwise defined as a licensee, that contracts with a licensee to maintain, process, or
store nonpublic information, or is otherwise permitted access to nonpublic information
through its provision of services to the licensee.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 6. [60A.9851] INFORMATION SECURITY PROGRAM.

Subdivision 1. Implementation of an information security program. Commensurate
with the size and complexity of the licensee, the nature and scope of the licensee's activities,
including its use of third-party service providers, and the sensitivity of the nonpublic
information used by the licensee or in the licensee's possession, custody, or control, each
licensee shall develop, implement, and maintain a comprehensive written information
security program based on the licensee's risk assessment and that contains administrative,
technical, and physical safeguards for the protection of nonpublic information and the
licensee's information system.

Subd. 2. Objectives of an information security program. A licensee's information
security program shall be designed to:

(1) protect the security and confidentiality of nonpublic information and the security of
the information system;

(2) protect against any threats or hazards to the security or integrity of nonpublic
information and the information system;

(3) protect against unauthorized access to, or use of, nonpublic information, and minimize
the likelihood of harm to any consumer; and
(4) define and periodically reevaluate a schedule for retention of nonpublic information and a mechanism for its destruction when no longer needed.

Subd. 3. Risk assessment. The licensee shall:

(1) designate one or more employees, an affiliate, or an outside vendor authorized to act on behalf of the licensee who is responsible for the information security program;

(2) identify reasonably foreseeable internal or external threats that could result in unauthorized access, transmission, disclosure, misuse, alteration, or destruction of nonpublic information, including threats to the security of information systems and nonpublic information that are accessible to, or held by, third-party service providers;

(3) assess the likelihood and potential damage of the threats identified pursuant to clause (2), taking into consideration the sensitivity of the nonpublic information;

(4) assess the sufficiency of policies, procedures, information systems, and other safeguards in place to manage these threats, including consideration of threats in each relevant area of the licensee's operations, including:

(i) employee training and management;

(ii) information systems, including network and software design, as well as information classification, governance, processing, storage, transmission, and disposal; and

(iii) detecting, preventing, and responding to attacks, intrusions, or other systems failures;

and

(5) implement information safeguards to manage the threats identified in its ongoing assessment, and no less than annually, assess the effectiveness of the safeguards' key controls, systems, and procedures.

Subd. 4. Risk management. Based on its risk assessment, the licensee shall:

(1) design its information security program to mitigate the identified risks, commensurate with the size and complexity of the licensee, the nature and scope of the licensee's activities, including its use of third-party service providers, and the sensitivity of the nonpublic information used by the licensee or in the licensee's possession, custody, or control;

(2) determine which of the following security measures are appropriate and implement any appropriate security measures:

(i) place access controls on information systems, including controls to authenticate and permit access only to authorized individuals, to protect against the unauthorized acquisition of nonpublic information;
(ii) identify and manage the data, personnel, devices, systems, and facilities that enable
the organization to achieve business purposes in accordance with their relative importance
to business objectives and the organization's risk strategy;

(iii) restrict physical access to nonpublic information to authorized individuals only;

(iv) protect, by encryption or other appropriate means, all nonpublic information while
being transmitted over an external network and all nonpublic information stored on a laptop
computer or other portable computing or storage device or media;

(v) adopt secure development practices for in-house developed applications utilized by
the licensee;

(vi) modify the information system in accordance with the licensee's information security
program;

(vii) utilize effective controls, which may include multifactor authentication procedures
for any authorized individual accessing nonpublic information;

(viii) regularly test and monitor systems and procedures to detect actual and attempted
attacks on, or intrusions into, information systems;

(ix) include audit trails within the information security program designed to detect and
respond to cybersecurity events and designed to reconstruct material financial transactions
sufficient to support normal operations and obligations of the licensee;

(x) implement measures to protect against destruction, loss, or damage of nonpublic
information due to environmental hazards, such as fire and water damage, other catastrophes,
or technological failures; and

(xi) develop, implement, and maintain procedures for the secure disposal of nonpublic
information in any format;

(3) include cybersecurity risks in the licensee's enterprise risk management process;

(4) stay informed regarding emerging threats or vulnerabilities and utilize reasonable
security measures when sharing information relative to the character of the sharing and the
type of information shared; and

(5) provide its personnel with cybersecurity awareness training that is updated as
necessary to reflect risks identified by the licensee in the risk assessment.

Subd. 5. **Oversight by board of directors.** If the licensee has a board of directors, the
board or an appropriate committee of the board shall, at a minimum:
(1) require the licensee's executive management or its delegates to develop, implement, and maintain the licensee's information security program;

(2) require the licensee's executive management or its delegates to report in writing, at least annually, the following information:

(i) the overall status of the information security program and the licensee's compliance with this act; and

(ii) material matters related to the information security program, addressing issues such as risk assessment, risk management and control decisions, third-party service provider arrangements, results of testing, cybersecurity events or violations and management's responses thereto, and recommendations for changes in the information security program;

(3) if executive management delegates any of its responsibilities under this section, it shall oversee the development, implementation, and maintenance of the licensee's information security program prepared by the delegate and shall receive a report from the delegate complying with the requirements of the report to the board of directors.

Subd. 6. Oversight of third-party service provider arrangements. (a) A licensee shall exercise due diligence in selecting its third-party service provider.

(b) A licensee shall require a third-party service provider to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the third-party service provider.

Subd. 7. Program adjustments. The licensee shall monitor, evaluate, and adjust, as appropriate, the information security program consistent with any relevant changes in technology, the sensitivity of its nonpublic information, internal or external threats to information, and the licensee's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, outsourcing arrangements, and changes to information systems.

Subd. 8. Incident response plan. (a) As part of its information security program, each licensee shall establish a written incident response plan designed to promptly respond to, and recover from, any cybersecurity event that compromises the confidentiality, integrity, or availability of nonpublic information in its possession, the licensee's information systems, or the continuing functionality of any aspect of the licensee's business or operations.

(b) The incident response plan shall address the following areas:
(1) the internal process for responding to a cybersecurity event;

(2) the goals of the incident response plan;

(3) the definition of clear roles, responsibilities, and levels of decision-making authority;

(4) external and internal communications and information sharing;

(5) identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;

(6) documentation and reporting regarding cybersecurity events and related incident response activities; and

(7) the evaluation and revision, as necessary, of the incident response plan following a cybersecurity event.

Subd. 9. Annual certification to commissioner. (a) Subject to paragraph (b), by April 15 of each year, an insurer domiciled in this state shall certify in writing to the commissioner that the insurer is in compliance with the requirements set forth in this section. Each insurer shall maintain all records, schedules, and data supporting this certificate for a period of five years and shall permit examination by the commissioner. To the extent an insurer has identified areas, systems, or processes that require material improvement, updating, or redesign, the insurer shall document the identification and the remedial efforts planned and underway to address such areas, systems, or processes. Such documentation must be available for inspection by the commissioner.

(b) The commissioner must post on the department's website, no later than 60 days prior to the certification required by paragraph (a), the form and manner of submission required and any instructions necessary to prepare the certification.

EFFECTIVE DATE. This section is effective August 1, 2021. Licensees have one year from the effective date to implement subdivisions 1 to 5 and 7 to 9, and two years from the effective date to implement subdivision 6.

Sec. 7. [60A.9852] INVESTIGATION OF A CYBERSECURITY EVENT.

Subdivision 1. Prompt investigation. If the licensee learns that a cybersecurity event has or may have occurred, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall conduct a prompt investigation.

Subd. 2. Investigation contents. During the investigation, the licensee, or an outside vendor or service provider designated to act on behalf of the licensee, shall, at a minimum and to the extent possible:
(1) determine whether a cybersecurity event has occurred;

(2) assess the nature and scope of the cybersecurity event, if any;

(3) identify whether any nonpublic information was involved in the cybersecurity event and, if so, what nonpublic information was involved; and

(4) perform or oversee reasonable measures to restore the security of the information systems compromised in the cybersecurity event in order to prevent further unauthorized acquisition, release, or use of nonpublic information in the licensee's possession, custody, or control.

Subd. 3. Third-party systems. If the licensee learns that a cybersecurity event has or may have occurred in a system maintained by a third-party service provider, the licensee will complete the steps listed in subdivision 2 or confirm and document that the third-party service provider has completed those steps.

Subd. 4. Records. The licensee shall maintain records concerning all cybersecurity events for a period of at least five years from the date of the cybersecurity event and shall produce those records upon demand of the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 8. [60A.9853] NOTIFICATION OF A CYBERSECURITY EVENT.

Subdivision 1. Notification to the commissioner. Each licensee shall notify the commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, without unreasonable delay but in no event later than three business days from a determination that a cybersecurity event has occurred when either of the following criteria has been met:

(1) this state is the licensee's state of domicile, in the case of an insurer, or this state is the licensee's home state, in the case of a producer, as those terms are defined in chapter 60K and the cybersecurity event has a reasonable likelihood of materially harming:

(i) any consumer residing in this state; or

(ii) any part of the normal operations of the licensee; or

(2) the licensee reasonably believes that the nonpublic information involved is of 250 or more consumers residing in this state and that is either of the following:
(i) a cybersecurity event impacting the licensee of which notice is required to be provided
to any government body, self-regulatory agency, or any other supervisory body pursuant
to any state or federal law; or

(ii) a cybersecurity event that has a reasonable likelihood of materially harming:

(A) any consumer residing in this state; or

(B) any part of the normal operations of the licensee.

Subd. 2. Information; notification. A licensee making the notification required under
subdivision 1 shall provide the information in electronic form as directed by the
commissioner. The licensee shall have a continuing obligation to update and supplement
initial and subsequent notifications to the commissioner concerning material changes to
previously provided information relating to the cybersecurity event. The licensee shall
provide as much of the following information as possible:

(1) date of the cybersecurity event;

(2) description of how the information was exposed, lost, stolen, or breached, including
the specific roles and responsibilities of third-party service providers, if any;

(3) how the cybersecurity event was discovered;

(4) whether any lost, stolen, or breached information has been recovered and, if so, how
this was done;

(5) the identity of the source of the cybersecurity event;

(6) whether the licensee has filed a police report or has notified any regulatory,
government, or law enforcement agencies and, if so, when such notification was provided;

(7) description of the specific types of information acquired without authorization.
Specific types of information means particular data elements including, for example, types
of medical information, types of financial information, or types of information allowing
identification of the consumer;

(8) the period during which the information system was compromised by the cybersecurity
event;

(9) the number of total consumers in this state affected by the cybersecurity event. The
licensee shall provide the best estimate in the initial report to the commissioner and update
this estimate with each subsequent report to the commissioner pursuant to this section;
(10) the results of any internal review identifying a lapse in either automated controls or internal procedures, or confirming that all automated controls or internal procedures were followed;

(11) description of efforts being undertaken to remediate the situation which permitted the cybersecurity event to occur;

(12) a copy of the licensee's privacy policy and a statement outlining the steps the licensee will take to investigate and notify consumers affected by the cybersecurity event; and

(13) name of a contact person who is familiar with the cybersecurity event and authorized to act for the licensee.

Subd. 3. Notification to consumers. (a) If a licensee is required to submit a report to the commissioner under subdivision 1, the licensee shall notify any consumer residing in Minnesota if, as a result of the cybersecurity event reported to the commissioner, the consumer's nonpublic information was or is reasonably believed to have been acquired by an unauthorized person, and there is a reasonable likelihood of material harm to the consumer as a result of the cybersecurity event. Consumer notification is not required for a cybersecurity event resulting from the good faith acquisition of nonpublic information by an employee or agent of the licensee for the purposes of the licensee's business, provided the nonpublic information is not used for a purpose other than the licensee's business or subject to further unauthorized disclosure. The notification must be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement or with any measures necessary to determine the scope of the breach, identify the individuals affected, and restore the reasonable integrity of the data system. The notification may be delayed to a date certain if the commissioner determines that providing the notice impedes a criminal investigation. The licensee shall provide a copy of the notice to the commissioner.

(b) For purposes of this subdivision, notice required under paragraph (a) must be provided by one of the following methods:

(1) written notice to the consumer's most recent address in the licensee's records;

(2) electronic notice, if the licensee's primary method of communication with the consumer is by electronic means or if the notice provided is consistent with the provisions regarding electronic records and signatures in United States Code, title 15, section 7001; or
(3) if the cost of providing notice exceeds $250,000, the affected class of consumers to
be notified exceeds 500,000, or the licensee does not have sufficient contact information
for the subject consumers, notice as follows:

(i) e-mail notice when the licensee has an e-mail address for the subject consumers;
(ii) conspicuous posting of the notice on the website page of the licensee; and
(iii) notification to major statewide media.

(c) Notwithstanding paragraph (b), a licensee that maintains its own notification procedure
as part of its information security program that is consistent with the timing requirements
of this subdivision is deemed to comply with the notification requirements if the licensee
notifies subject consumers in accordance with its program.

(d) A waiver of the requirements under this subdivision is contrary to public policy, and
is void and unenforceable.

Subd. 4. Notice regarding cybersecurity events of third-party service providers. (a) In the case of a cybersecurity event in a system maintained by a third-party service provider,
of which the licensee has become aware, the licensee shall treat such event as it would under
subdivision 1 unless the third-party service provider provides the notice required under
subdivision 1.

(b) The computation of a licensee's deadlines shall begin on the day after the third-party
service provider notifies the licensee of the cybersecurity event or the licensee otherwise
has actual knowledge of the cybersecurity event, whichever is sooner.

(c) Nothing in this act shall prevent or abrogate an agreement between a licensee and
another licensee, a third-party service provider, or any other party to fulfill any of the
investigation requirements imposed under section 60A.9854 or notice requirements imposed
under this section.

Subd. 5. Notice regarding cybersecurity events of reinsurers to insurers. (a) In the
case of a cybersecurity event involving nonpublic information that is used by the licensee
that is acting as an assuming insurer or in the possession, custody, or control of a licensee
that is acting as an assuming insurer and that does not have a direct contractual relationship
with the affected consumers, the assuming insurer shall notify its affected ceding insurers
and the commissioner of its state of domicile within three business days of making the
determination that a cybersecurity event has occurred.
(b) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(c) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a third-party service provider of a licensee that is an assuming insurer, the assuming insurer shall notify its affected ceding insurers and the commissioner of its state of domicile within three business days of receiving notice from its third-party service provider that a cybersecurity event has occurred.

(d) The ceding insurers that have a direct contractual relationship with affected consumers shall fulfill the consumer notification requirements imposed under subdivision 3 and any other notification requirements relating to a cybersecurity event imposed under this section.

(e) Any licensee acting as an assuming insurer shall have no other notice obligations relating to a cybersecurity event or other data breach under this section.

Subd. 6. Notice regarding cybersecurity events of insurers to producers of record. (a) In the case of a cybersecurity event involving nonpublic information that is in the possession, custody, or control of a licensee that is an insurer or its third-party service provider and for which a consumer accessed the insurer's services through an independent insurance producer, the insurer shall notify the producers of record of all affected consumers no later than the time at which notice is provided to the affected consumers.

(b) The insurer is excused from this obligation for those instances in which it does not have the current producer of record information for any individual consumer or in those instances in which the producer of record is no longer appointed to sell, solicit, or negotiate on behalf of the insurer.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 9. [60A.9854] POWER OF COMMISSIONER.

(a) The commissioner of commerce or commissioner of health, whichever commissioner otherwise regulates the licensee, shall have power to examine and investigate into the affairs of any licensee to determine whether the licensee has been or is engaged in any conduct in violation of sections 60A.985 to 60A.9857. This power is in addition to the powers which the commissioner has under section 60A.031. Any such investigation or examination shall be conducted pursuant to section 60A.031.

(b) Whenever the commissioner of commerce or commissioner of health has reason to believe that a licensee has been or is engaged in conduct in this state which violates sections
60A.985 to 60A.9857, the commissioner of commerce or commissioner of health may take
action that is necessary or appropriate to enforce those sections.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 10. [60A.9855] **CONFIDENTIALITY.**

**Subdivision 1. Licensee information.** Any documents, materials, or other information
in the control or possession of the department that are furnished by a licensee or an employee
or agent thereof acting on behalf of a licensee pursuant to section 60A.9851, subdivision
9; section 60A.9853, subdivision 2, clauses (2), (3), (4), (5), (8), (10), and (11); or that are
obtained by the commissioner in an investigation or examination pursuant to section
60A.9854 shall be classified as confidential, protected nonpublic, or both; shall not be
subject to subpoena; and shall not be subject to discovery or admissible in evidence in any
private civil action. However, the commissioner is authorized to use the documents, materials,
or other information in the furtherance of any regulatory or legal action brought as a part
of the commissioner's duties.

**Subd. 2. Certain testimony prohibited.** Neither the commissioner nor any person who
received documents, materials, or other information while acting under the authority of the
commissioner shall be permitted or required to testify in any private civil action concerning
any confidential documents, materials, or information subject to subdivision 1.

**Subd. 3. Information sharing.** In order to assist in the performance of the commissioner's
duties under this act, the commissioner:

(1) may share documents, materials, or other information, including the confidential and
privileged documents, materials, or information subject to subdivision 1, with other state,
federal, and international regulatory agencies, with the National Association of Insurance
Commissioners, its affiliates or subsidiaries, and with state, federal, and international law
enforcement authorities, provided that the recipient agrees in writing to maintain the
confidentiality and privileged status of the document, material, or other information;

(2) may receive documents, materials, or information, including otherwise confidential
and privileged documents, materials, or information, from the National Association of
Insurance Commissioners, its affiliates or subsidiaries, and from regulatory and law
enforcement officials of other foreign or domestic jurisdictions, and shall maintain as
confidential or privileged any document, material, or information received with notice or
the understanding that it is confidential or privileged under the laws of the jurisdiction that
is the source of the document, material, or information;
(3) may share documents, materials, or other information subject to subdivision 1, with a third-party consultant or vendor provided the consultant agrees in writing to maintain the confidentiality and privileged status of the document, material, or other information; and

(4) may enter into agreements governing sharing and use of information consistent with this subdivision.

Subd. 4. No waiver of privilege or confidentiality. No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this section or as a result of sharing as authorized in subdivision 3. Any document, material, or information disclosed to the commissioner under this section about a cybersecurity event must be retained and preserved by the licensee for the time period under section 541.05, or longer if required by the licensee’s document retention policy.

Subd. 5. Certain actions public. Nothing in sections 60A.985 to 60A.9857 shall prohibit the commissioner from releasing final, adjudicated actions that are open to public inspection pursuant to chapter 13 to a database or other clearinghouse service maintained by the National Association of Insurance Commissioners, its affiliates, or subsidiaries.

Subd. 6. Classification, protection, and use of information by others. Documents, materials, or other information in the possession or control of the National Association of Insurance Commissioners or a third-party consultant pursuant to sections 60A.985 to 60A.9857 are classified as confidential, protected nonpublic, and privileged; are not subject to subpoena; and are not subject to discovery or admissible in evidence in a private civil action.

**EFFECTIVE DATE.** This section is effective August 1, 2021.

Sec. 11. [60A.9856] EXCEPTIONS.

Subdivision 1. Generally. The following exceptions shall apply to sections 60A.985 to 60A.9857:

(1) a licensee with fewer than 25 employees is exempt from sections 60A.9851 and 60A.9852;

(2) a licensee subject to and in compliance with the Health Insurance Portability and Accountability Act, Public Law 104-191, 110 Stat. 1936 (HIPAA), is considered to comply with sections 60A.9851, 60A.9852, and 60A.9853, subdivisions 3 to 5, provided the licensee submits a written statement certifying its compliance with HIPAA;
(3) a licensee affiliated with a depository institution that maintains an information security program in compliance with the interagency guidelines establishing standards for safeguarding customer information as set forth pursuant to United States Code, title 15, sections 6801 and 6805, shall be considered to meet the requirements of section 60A.9851 provided that the licensee produce, upon request, documentation satisfactory to the commission that independently validates the affiliated depository institution's adoption of an information security program that satisfies the interagency guidelines;

(4) an employee, agent, representative, or designee of a licensee, who is also a licensee, is exempt from sections 60A.9851 and 60A.9852 and need not develop its own information security program to the extent that the employee, agent, representative, or designee is covered by the information security program of the other licensee; and

(5) an employee, agent, representative, or designee of a producer licensee, as defined under section 60K.31, subdivision 6, who is also a licensee, is exempt from sections 60A.985 to 60A.9857.

Subd. 2. Exemption lapse; compliance. In the event that a licensee ceases to qualify for an exception, such licensee shall have 180 days to comply with this act.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 12. [60A.9857] PENALTIES.

In the case of a violation of sections 60A.985 to 60A.9856, a licensee may be penalized in accordance with section 60A.052.

EFFECTIVE DATE. This section is effective August 1, 2021.

Sec. 13. Minnesota Statutes 2020, section 61A.245, subdivision 4, is amended to read:

Subd. 4. Minimum values. The minimum values as specified in subdivisions 5, 6, 7, 8 and 10 of any paid-up annuity, cash surrender or death benefits available under an annuity contract shall be based upon minimum nonforfeiture amounts as defined in this subdivision.

(a) The minimum nonforfeiture amount at any time at or prior to the commencement of any annuity payments shall be equal to an accumulation up to that time at rates of interest as indicated in paragraph (b) of the net considerations, as defined in this subdivision, paid prior to that time, decreased by the sum of clauses (1) through (4):

(1) any prior withdrawals from or partial surrenders of the contract accumulated at rates of interest as indicated in paragraph (b);
(2) an annual contract charge of $50, accumulated at rates of interest as indicated in paragraph (b);

(3) any premium tax paid by the company for the contract and not subsequently credited back to the company, such as upon early termination of the contract, in which case this decrease must not be taken, accumulated at rates of interest as indicated in paragraph (b); and

(4) the amount of any indebtedness to the company on the contract, including interest due and accrued.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to 87.5 percent of the gross considerations credited to the contract during that contract year.

(b) The interest rate used in determining minimum nonforfeiture amounts must be an annual rate of interest determined as the lesser of three percent per annum and the following, which must be specified in the contract if the interest rate will be reset:

(1) the five-year constant maturity treasury rate reported by the Federal Reserve as of a date, or average over a period, rounded to the nearest 1/20 of one percent, specified in the contract no longer than 15 months prior to the contract issue date or redetermination date under clause (4);

(2) reduced by 125 basis points;

(3) where the resulting interest rate is not less than one 0.15 percent; and

(4) the interest rate shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis, and period, if any, shall be stated in the contract.

(c) During the period or term that a contract provides substantive participation in an equity indexed benefit, it may increase the reduction described in clause (2) by up to an additional 100 basis points to reflect the value of the equity index benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction must not exceed the market value of the benefit. The commissioner may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. Lacking such a demonstration that is acceptable to the commissioner, the commissioner may disallow or limit the additional reduction.

EFFECTIVE DATE. This section is effective the day following enactment.
Sec. 14. Minnesota Statutes 2020, section 62J.23, subdivision 2, is amended to read:

Subd. 2. Restrictions. (a) From July 1, 1992, until rules are adopted by the commissioner under this section, the restrictions in the federal Medicare antikickback statutes in section 1128B(b) of the Social Security Act, United States Code, title 42, section 1320a-7b(b), and rules adopted under the federal statutes, apply to all persons in the state, regardless of whether the person participates in any state health care program.

(b) Nothing in paragraph (a) shall be construed to prohibit an individual from receiving a discount or other reduction in price or a limited-time free supply or samples of a prescription drug, medical supply, or medical equipment offered by a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager, so long as:

(1) the discount or reduction in price is provided to the individual in connection with the purchase of a prescription drug, medical supply, or medical equipment prescribed for that individual;

(2) it otherwise complies with the requirements of state and federal law applicable to enrollees of state and federal public health care programs;

(3) the discount or reduction in price does not exceed the amount paid directly by the individual for the prescription drug, medical supply, or medical equipment; and

(4) the limited-time free supply or samples are provided by a physician, advanced practice registered nurse, or pharmacist, as provided by the federal Prescription Drug Marketing Act.

For purposes of this paragraph, "prescription drug" includes prescription drugs that are administered through infusion, injection, or other parenteral methods, and related services and supplies.

(c) No benefit, reward, remuneration, or incentive for continued product use may be provided to an individual or an individual's family by a pharmaceutical manufacturer, medical supply or device manufacturer, or pharmacy benefit manager, except that this prohibition does not apply to:

(1) activities permitted under paragraph (b);

(2) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan company, or pharmacy benefit manager providing to a patient, at a discount or reduced price or free of charge, ancillary products necessary for treatment of the medical condition
for which the prescription drug, medical supply, or medical equipment was prescribed or
provided; and

(3) a pharmaceutical manufacturer, medical supply or device manufacturer, health plan
company, or pharmacy benefit manager providing to a patient a trinket or memento of
insignificant value.

(d) Nothing in this subdivision shall be construed to prohibit a health plan company
from offering a tiered formulary with different co-payment or cost-sharing amounts for
different drugs.

Sec. 15. [62Q.472] SCREENING AND TESTING FOR OPIOIDS.

(a) A health plan company shall not place a lifetime or annual limit on screenings and
urinalysis testing for opioids for an enrollee in an inpatient or outpatient substance use
disorder treatment program when the screening or testing is ordered by a health care provider
and performed by an accredited clinical laboratory. A health plan company is not prohibited
from conducting a medical necessity review when screenings or urinalysis testing for an
enrollee exceeds 24 tests in any 12-month period.

(b) This section does not apply to managed care plans or county-based purchasing plans
when the plan provides coverage to public health care program enrollees under chapter
256B or 256L.

EFFECTIVE DATE. This section is effective January 1, 2022, and applies to health
plans offered, issued, or renewed on or after that date.

Sec. 16. Minnesota Statutes 2020, section 256B.0625, subdivision 10, is amended to read:

Subd. 10. Laboratory and x-ray services. (a) Medical assistance covers laboratory and
x-ray services.

(b) Medical assistance covers screening and urinalysis tests for opioids without lifetime
or annual limits.

EFFECTIVE DATE. This section is effective January 1, 2022.

Sec. 17. REPEALER.

Minnesota Statutes 2020, sections 60A.98; 60A.981; and 60A.982, are repealed.

EFFECTIVE DATE. This section is effective August 1, 2021.
ARTICLE 4

CONSUMER PROTECTION

Section 1. Minnesota Statutes 2020, section 13.712, is amended by adding a subdivision to read:

Subd. 7. Student loan servicers. Data collected, created, received, maintained, or disseminated under chapter 58B are governed by section 58B.10.

Sec. 2. Minnesota Statutes 2020, section 47.59, subdivision 2, is amended to read:

Subd. 2. Application. Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, 47.60, 48.153, 48.185, 48.195, 59A.01 to 59A.15, 334.01, 334.011, 334.012, 334.022, 334.06, and 334.061 to 334.19 may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012, 334.022, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections. A financial institution extending credit under any of the sections listed in this subdivision shall specify in the promissory note, contract, or other loan document the section under which the extension of credit is made.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 3. Minnesota Statutes 2020, section 47.60, subdivision 2, is amended to read:

Subd. 2. Authorization, terms, conditions, and prohibitions. (a) In lieu of the interest, finance charges, or fees in any other law, A consumer small loan lender may charge the following: interest, finance charges, and fees. The sum of any interest, finance charges, and
fees must not exceed an annual percentage rate, as defined in section 47.59, subdivision 1, paragraph (b), of 36 percent.

(1) on any amount up to and including $50, a charge of $5.50 may be added;

(2) on amounts in excess of $50, but not more than $100, a charge may be added equal to ten percent of the loan proceeds plus a $5 administrative fee;

(3) on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;

(4) for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of $350.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.
Sec. 4. Minnesota Statutes 2020, section 47.601, subdivision 2, is amended to read:

Subd. 2. Consumer short-term loan contract. (a) No contract or agreement between a consumer short-term loan lender and a borrower residing in Minnesota may contain the following:

(1) a provision selecting a law other than Minnesota law under which the contract is construed or enforced;

(2) a provision choosing a forum for dispute resolution other than the state of Minnesota;

or

(3) a provision limiting class actions against a consumer short-term lender for violations of subdivision 3 or for making consumer short-term loans:

(i) without a required license issued by the commissioner; or

(ii) in which interest rates, fees, charges, or loan amounts exceed those allowable under section 47.59, subdivision 6, or 47.60, subdivision 2, other than by de minimis amounts if no pattern or practice exists.

(b) Any provision prohibited by paragraph (a) is void and unenforceable.

(c) A consumer short-term loan lender must furnish a copy of the written loan contract to each borrower. The contract and disclosures must be written in the language in which the loan was negotiated with the borrower and must contain:

(1) the name; address, which may not be a post office box; and telephone number of the lender making the consumer short-term loan;

(2) the name and title of the individual employee or representative who signs the contract on behalf of the lender;

(3) an itemization of the fees and interest charges to be paid by the borrower;

(4) in bold, 24-point type, the annual percentage rate as computed under United States Code, chapter 15, section 1606; and

(5) a description of the borrower's payment obligations under the loan.

(d) The holder or assignee of a check or other instrument evidencing an obligation of a borrower in connection with a consumer short-term loan takes the instrument subject to all claims by and defenses of the borrower against the consumer short-term lender.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.
Sec. 5. Minnesota Statutes 2020, section 47.601, subdivision 6, is amended to read:

Subd. 6. Penalties for violation; private right of action. (a) Except for a "bona fide error" as set forth under United States Code, chapter 15, section 1640, subsection (c), an individual or entity who violates subdivision 2 or 3 is liable to the borrower for:

1. all money collected or received in connection with the loan;
2. actual, incidental, and consequential damages;
3. statutory damages of up to $1,000 per violation;
4. costs, disbursements, and reasonable attorney fees; and
5. injunctive relief.

(b) In addition to the remedies provided in paragraph (a), a loan is void, and the borrower is not obligated to pay any amounts owing if the loan is made:

1. by a consumer short-term lender who has not obtained an applicable license from the commissioner;
2. in violation of any provision of subdivision 2 or 3; or
3. in which interest, fees, charges, or loan amounts exceed the interest, fees, charges, or loan amounts allowable under sections 47.59, subdivision 6, and section 47.60, subdivision 2.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 6. Minnesota Statutes 2020, section 48.512, subdivision 2, is amended to read:

Subd. 2. Required information. Before opening or authorizing signatory power over a transaction account, a financial intermediary shall require one applicant to provide the following information on an application document signed by the applicant:

(a) full name;
(b) birth date;
(c) address of residence;
(d) address of current employment, if employed;
(e) telephone numbers of residence and place of employment, if any;
(f) Social Security number;
(g) driver's license or identification card number issued pursuant to section 171.07. If
the applicant does not have a driver's license or identification card, the applicant may provide
an identification document number issued for identification purposes by any state, federal,
or foreign government if the document includes the applicant's photograph, full name, birth
date, and signature. A valid Wisconsin driver's license without a photograph may be accepted
in satisfaction of the requirement of this paragraph until January 1, 1985;

(h) whether the applicant has had a transaction account at the same or another financial
intermediary within 12 months immediately preceding the application, and if so, the name
of the financial intermediary;

(i) whether the applicant has had a transaction account closed by a financial intermediary
without the applicant's consent within 12 months immediately preceding the application,
and if so, the reason the account was closed; and

(j) whether the applicant has been convicted of a criminal offense because of the use of
a check or other similar item within 24 months immediately preceding the application.

A financial intermediary may require an applicant to disclose additional information.

An applicant who makes a false material statement that the applicant does not believe
to be true in an application document with respect to information required to be provided
by this subdivision is guilty of perjury. The financial intermediary shall notify the applicant
of the provisions of this paragraph.

Sec. 7. Minnesota Statutes 2020, section 48.512, subdivision 3, is amended to read:

Subd. 3. **Confirm no involuntary closing.** (a) Before opening or authorizing signatory
power over a transaction account, the financial intermediary shall attempt to verify the
information disclosed for subdivision 2, clause (i). Inquiries made to verify this information
through persons in the business of providing such information must include an inquiry based

(b) The financial intermediary may not open or authorize signatory power over a
transaction account if (i) the applicant had a transaction account closed by a financial
intermediary without consent because of issuance by the applicant of dishonored checks
within 12 months immediately preceding the application, or (ii) the applicant has been
convicted of a criminal offense because of the use of a check or other similar item within
24 months immediately preceding the application. This paragraph does not apply to programs
designed to expand access to financial services to individuals who do not possess a transaction
account.
If the transaction account is refused pursuant to this subdivision, the reasons for the refusal shall be given to the applicant in writing and the applicant shall be allowed to provide additional information.

Sec. 8. Minnesota Statutes 2020, section 48.512, subdivision 7, is amended to read:

Subd. 7. Transaction account service charges and charges relating to dishonored checks. (a) The establishment of transaction account service charges and the amounts of the charges not otherwise limited or prescribed by law or rule is a business decision to be made by each financial intermediary according to sound business judgment and safe, sound financial institution operational standards. In establishing transaction account service charges, the financial intermediary may consider, but is not limited to considering:

(1) costs incurred by the institution, plus a profit margin, in providing the service;

(2) the deterrence of misuse by customers of financial institution services;

(3) the establishment of the competitive position of the financial institution in accordance with the institution's marketing strategy; and

(4) maintenance of the safety and soundness of the institution.

(b) Transaction account service charges must be reasonable in relation to these considerations and should be arrived at by each financial intermediary on a competitive basis and not on the basis of any agreement, arrangement, undertaking, or discussion with other financial intermediaries or their officers.

(c) A financial intermediary may not impose a service charge in excess of $4 $10 for a dishonored check on any person other than the issuer of the check.

Sec. 9. Minnesota Statutes 2020, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. Loans. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted under chapters 47 and 334. Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8. A licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.
(b) Loans made under this subdivision may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the Farmers Home Administration, or approved or certified by the Federal Home Loan Mortgage Corporation, or approved or certified by the Federal National Mortgage Association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 10. Minnesota Statutes 2020, section 56.131, subdivision 1, is amended to read:

Subdivision 1. **Interest rates and charges.** (a) On any loan in a principal amount not exceeding $100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Notwithstanding paragraph (a), a licensee making a loan that is a consumer small loan, as defined in section 47.60, subdivision 1, paragraph (a), must comply with section 47.60. A licensee making a loan that is a consumer short-term loan, as defined in section 47.601, subdivision 1, paragraph (d), must comply with section 47.601.

(b) (c) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.
A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).

A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to consumer short-term loans and small loans originated on or after that date.

Sec. 11. [58B.01] TITLE.

This chapter may be cited as the "Student Loan Borrower Bill of Rights."

Sec. 12. [58B.02] DEFINITIONS.

Subd. 1. Scope. For purposes of this chapter, the following terms have the meanings given them.

Subd. 2. Borrower. "Borrower" means a resident of this state who has received or agreed to pay a student loan or a person who shares responsibility with a resident for repaying a student loan.

Subd. 3. Commissioner. "Commissioner" means the commissioner of commerce.

Subd. 4. Financial institution. "Financial institution" means any of the following organized under the laws of this state, any other state, or the United States: a bank, bank and trust, trust company with banking powers, savings bank, savings association, or credit union.

Subd. 5. Person in control. "Person in control" means any member of senior management, including owners or officers, and other persons who directly or indirectly possess the power to direct or cause the direction of the management policies of an applicant or student loan servicer under this chapter, regardless of whether the person has any ownership interest in the applicant or student loan servicer. Control is presumed to exist if a person directly or indirectly owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer or of a person who owns, controls, or holds with power to vote ten percent or more of the voting stock of an applicant or student loan servicer.

Subd. 6. Servicing. "Servicing" means:
(1) receiving any scheduled periodic payments from a borrower or notification of payments, and applying payments to the borrower's account pursuant to the terms of the student loan or of the contract governing servicing;

(2) during a period when no payment is required on a student loan, maintaining account records for the loan and communicating with the borrower regarding the loan, on behalf of the loan's holder; and

(3) interacting with a borrower, including activities to help prevent default on obligations arising from student loans, conducted to facilitate the requirements in clauses (1) and (2).

Subd. 7. Student loan. "Student loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable education and living expenses.

Subd. 8. Student loan servicer. "Student loan servicer" means any person, wherever located, responsible for the servicing of any student loan to any borrower, including a nonbank covered person, as defined in Code of Federal Regulations, title 12, section 1090.101, who is responsible for the servicing of any student loan to any borrower.

Sec. 13. [58B.03] LICENSING OF STUDENT LOAN SERVICERS.

Subdivision 1. License required. No person shall directly or indirectly act as a student loan servicer without first obtaining a license from the commissioner.

Subd. 2. Exempt persons. The following persons are exempt from the requirements of this chapter:

(1) a financial institution;

(2) a person servicing student loans made with the person's own funds, if no more than three student loans are made in any 12-month period;

(3) an agency, instrumentality, or political subdivision of this state that makes, services, or guarantees student loans;

(4) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction;

(5) the University of Minnesota; or

(6) a person exempted by order of the commissioner.

Subd. 3. Application for licensure. (a) Any person seeking to act within the state as a student loan servicer must apply for a license in a form and manner specified by the commissioner. At a minimum, the application must include:
(1) a financial statement prepared by a certified public accountant or a public accountant;

(2) the history of criminal convictions, excluding traffic violations, for persons in control
of the applicant;

(3) any information requested by the commissioner related to the history of criminal
convictions disclosed under clause (2);

(4) a nonrefundable license fee established by the commissioner; and

(5) a nonrefundable investigation fee established by the commissioner.

(b) The commissioner may conduct a state and national criminal history records check
of the applicant and of each person in control or employee of the applicant.

Subd. 4. Issuance of a license. (a) Upon receipt of a complete application for an initial
license and the payment of fees for a license and investigation, the commissioner must
investigate the financial condition and responsibility, character, financial and business
experience, and general fitness of the applicant. The commissioner may issue a license if
the commissioner finds:

(1) the applicant's financial condition is sound;

(2) the applicant's business will be conducted honestly, fairly, equitably, carefully, and
efficiently within the purposes and intent of this chapter;

(3) each person in control of the applicant is in all respects properly qualified and of
good character;

(4) no person, on behalf of the applicant, has knowingly made any incorrect statement
of a material fact in the application or in any report or statement made pursuant to this
section;

(5) no person, on behalf of the applicant, has knowingly omitted any information required
by the commissioner from an application, report, or statement made pursuant to this section;

(6) the applicant has paid the fees required under this section; and

(7) the application has met other similar requirements as determined by the commissioner.

(b) A license issued under this chapter is not transferable or assignable.

Subd. 5. Notification of a change in status. An applicant or student loan servicer must
notify the commissioner in writing of any change in the information provided in the initial
application for a license or the most recent renewal application for a license. The notification
must be received no later than ten business days after the date of an event that results in the information becoming inaccurate.

Subd. 6. Term of license. Licenses issued under this chapter expire on December 31 of each year and are renewable on January 1.

Subd. 7. Exemption from application. (a) A person is exempt from the application procedures under subdivision 3 if the commissioner determines that the person is servicing student loans in this state pursuant to a contract awarded by the United States Secretary of Education under United States Code, title 20, section 1087f. Documentation of eligibility for this exemption shall be in a form and manner determined by the commissioner.

(b) A person determined to be eligible for the exemption under paragraph (a) shall, upon payment of the fees under subdivision 3, be issued a license and deemed to meet all of the requirements of subdivision 4.

Subd. 8. Notice. (a) A person issued a license under subdivision 7 must provide the commissioner with written notice no less than seven days after the date the person's contract under United States Code, title 20, section 1087f, expires, is revoked, or is terminated.

(b) A person issued a license under subdivision 7 has 30 days from the date the notification under paragraph (a) is provided to complete the requirements of subdivision 3. If a person does not meet the requirements of subdivision 3 within this time period, the commissioner shall immediately suspend the person's license under this chapter.

Sec. 14. [58B.04] LICENSING MULTIPLE PLACES OF BUSINESS.

A person licensed to act as a student loan servicer in this state is prohibited from servicing student loans under any other name or at any other place of business than that named in the license. Any time a student loan servicer changes the location of the servicer's place of business, the servicer must provide prior written notice to the commissioner. A student loan servicer may not maintain more than one place of business under the same license. The commissioner may issue more than one license to the same student loan servicer, provided that the servicer complies with the application procedures in section 58B.03 for each license.

Sec. 15. [58B.05] LICENSE RENEWAL.

Subdivision 1. Term. Licenses are renewable on January 1 of each year.

Subd. 2. Timely renewal. (a) A person whose application is properly and timely filed who has not received notice of denial of renewal is considered approved for renewal. The person may continue to act as a student loan servicer whether or not the renewed license...
has been received on or before January 1 of the renewal year. An application for renewal
of a license is considered timely filed if the application is received by the commissioner, or
mailed with proper postage and postmarked, by the December 15 before the renewal year.
An application for renewal is considered properly filed if the application is made upon forms
duly executed, accompanied by fees prescribed by this chapter, and containing any
information that the commissioner requires.
(b) A person who fails to make a timely application for renewal of a license and who
has not received the renewal license as of January 1 of the renewal year is unlicensed until
the renewal license has been issued by the commissioner and is received by the person.

Subd. 3. Contents of renewal application. An application for renewal of an existing
license must contain the information specified in section 58B.03, subdivision 3, except that
only the requested information having changed from the most recent prior application need
be submitted.

Subd. 4. Cancellation. A student loan servicer ceasing an activity or activities regulated
by this chapter and desiring to no longer be licensed shall inform the commissioner in writing
and, at the same time, surrender the license and all other symbols or indicia of licensure.
The licensee shall include a plan for the withdrawal from student loan servicing, including
a timetable for the disposition of the student loans being serviced.

Subd. 5. Renewal fees. The following fees must be paid to the commissioner for a
renewal license:

(1) a nonrefundable renewal license fee established by the commissioner; and

(2) a nonrefundable renewal investigation fee established by the commissioner.

Sec. 16. [58B.06] DUTIES OF STUDENT LOAN SERVICERS.

Subdivision 1. Response requirements. Upon receiving a written communication from
a borrower, a student loan servicer must:

(1) acknowledge receipt of the communication in less than ten days from the date the
communication is received; and

(2) provide information relating to the communication and, if applicable, the action the
student loan servicer will take to either (i) correct the borrower's issue or (ii) explain why
the issue cannot be corrected. The information must be provided less than 30 days after the
date the written communication was received by the student loan servicer.
Subd. 2. Overpayments. (a) A student loan servicer must ask a borrower in what manner
the borrower would like any overpayment to be applied to a student loan. A borrower's
instruction regarding the application of overpayments is effective for the term of the loan
or until the borrower provides a different instruction.

(b) For purposes of this subdivision, "overpayment" means a payment on a student loan
that exceeds the monthly amount due.

Subd. 3. Partial payments. (a) A student loan servicer must apply a partial payment in
a manner intended to minimize late fees and the negative impact on the borrower's credit
history. If a borrower has multiple student loans with the same student loan servicer, upon
receipt of a partial payment the servicer must apply the payments to satisfy as many
individual loan payments as possible.

(b) For purposes of this subdivision, "partial payment" means a payment on a student
loan that is less than the monthly amount due.

Subd. 4. Transfer of student loan. (a) If a borrower's student loan servicer changes
pursuant to the sale, assignment, or transfer of the servicing, the original student loan servicer
must:

(1) require the new student loan servicer to honor all benefits that were made available,
or which may have become available, to a borrower from the original student loan servicer;
and

(2) transfer to the new student loan servicer all information regarding the borrower, the
account of the borrower, and the borrower's student loan, including but not limited to the
repayment status of the student loan and the benefits described in clause (1).

(b) The student loan servicer must complete the transfer under paragraph (a), clause (2),
less than 45 days from the date of the sale, assignment, or transfer of the servicing.

(c) A sale, assignment, or transfer of the servicing must be completed no less than seven
days from the date the next payment is due on the student loan.

(d) A new student loan servicer must adopt policies and procedures to verify that the
original student loan servicer has met the requirements of paragraph (a).

Subd. 5. Income-driven repayment. A student loan servicer must evaluate a borrower
for eligibility for an income-driven repayment program before placing a borrower in
forbearance or default.
Subd. 6. Records. A student loan servicer must maintain adequate records of each student loan for not less than two years following the final payment on the student loan or the sale, assignment, or transfer of the servicing.

EFFECTIVE DATE. This section is effective July 1, 2021, and applies to student loan contracts executed on or after that date.

Sec. 17. [58B.07] PROHIBITED CONDUCT.

Subdivision 1. Misleading borrowers. A student loan servicer must not directly or indirectly attempt to mislead a borrower.

Subd. 2. Misrepresentation. A student loan servicer must not engage in any unfair or deceptive practice or misrepresent or omit any material information in connection with the servicing of a student loan, including but not limited to misrepresenting the amount, nature, or terms of any fee or payment due or claimed to be due on a student loan, the terms and conditions of the loan agreement, or the borrower's obligations under the loan.

Subd. 3. Misapplication of payments. A student loan servicer must not knowingly or negligently misapply student loan payments.

Subd. 4. Inaccurate information. A student loan servicer must not knowingly or negligently provide inaccurate information to any consumer reporting agency.

Subd. 5. Reporting of payment history. A student loan servicer must not fail to report both the favorable and unfavorable payment history of the borrower to a consumer reporting agency at least annually, if the student loan servicer regularly reports payment history information.

Subd. 6. Refusal to communicate with a borrower's representative. A student loan servicer must not refuse to communicate with a representative of the borrower who provides a written authorization signed by the borrower. The student loan servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the borrower.

Subd. 7. False statements and omissions. A student loan servicer must not knowingly or negligently make any false statement or omission of material fact in connection with any application, information, or reports filed with the commissioner or any other federal, state, or local government agency.
Subd. 8. **Noncompliance with applicable laws.** A student loan servicer must not violate any other federal, state, or local laws, including those related to fraudulent, coercive, or dishonest practices.

Subd. 9. **Incorrect information regarding student loan forgiveness.** A student loan servicer must not misrepresent the availability of student loan forgiveness for which the servicer has reason to know the borrower is eligible. This includes but is not limited to student loan forgiveness programs specific to military borrowers, borrowers working in public service, or borrowers with disabilities.

Subd. 10. **Compliance with servicer duties.** A student loan servicer must comply with the duties and obligations under section 58B.06.

Sec. 18. **[58B.08] EXAMINATIONS.**

The commissioner has the same powers with respect to examinations of student loan servicers under this chapter that the commissioner has under section 46.04.

Sec. 19. **[58B.09] DENIAL; SUSPENSION; REVOCATION OF LICENSES.**

Subdivision 1. **Powers of commissioner.** (a) The commissioner may by order take any or all of the following actions:

1. bar a person from engaging in student loan servicing;
2. deny, suspend, or revoke a student loan servicer license;
3. censure a student loan servicer;
4. impose a civil penalty, as provided in section 45.027, subdivision 6;
5. order restitution to the borrower, if applicable; or
6. revoke an exemption.

(b) In order to take the action in paragraph (a), the commissioner must find:

1. the order is in the public interest; and
2. the student loan servicer, applicant, person in control, employee, or agent has:

(i) violated any provision of this chapter or a rule or order adopted or issued under this chapter;

(ii) violated a standard of conduct or engaged in a fraudulent, coercive, deceptive, or dishonest act or practice, including but not limited to negligently making a false statement.
or knowingly omitting a material fact, whether or not the act or practice involves student
loan servicing;

(iii) engaged in an act or practice that demonstrates untrustworthiness, financial
irresponsibility, or incompetence, whether or not the act or practice involves student loan
servicing;

(iv) pled guilty or nolo contendere to or been convicted of a felony, gross misdemeanor,
or misdemeanor;

(v) paid a civil penalty or been the subject of a disciplinary action by the commissioner,
order of suspension or revocation, cease and desist order, injunction order, or order barring
involvement in an industry or profession issued by the commissioner or any other federal,
state, or local government agency;

(vi) been found by a court of competent jurisdiction to have engaged in conduct
evidencing gross negligence, fraud, misrepresentation, or deceit;

(vii) refused to cooperate with an investigation or examination by the commissioner;

(viii) failed to pay any fee or assessment imposed by the commissioner; or

(ix) failed to comply with state and federal tax obligations.

Subd. 2. Orders of the commissioner. To begin a proceeding under this section, the
commissioner shall issue an order requiring the subject of the proceeding to show cause
why action should not be taken against the person according to this section. The order must
be calculated to give reasonable notice of the time and place for the hearing and must state
the reasons for entry of the order. The commissioner may by order summarily suspend a
license or exemption or summarily bar a person from engaging in student loan servicing
pending a final determination of an order to show cause. If a license or exemption is
summarily suspended or if the person is summarily barred from any involvement in the
servicing of student loans pending final determination of an order to show cause, a hearing
on the merits must be held within 30 days of the issuance of the order of summary suspension
or bar. All hearings must be conducted under chapter 14. After the hearing, the commissioner
shall enter an order disposing of the matter as the facts require. If the subject of the order
fails to appear at a hearing after having been duly notified, the person is considered in default
and the proceeding may be determined against the subject of the order upon consideration
of the order to show cause, the allegations of which may be considered to be true.

Subd. 3. Actions against lapsed license. If a license or certificate of exemption lapses;
is surrendered, withdrawn, or terminated; or otherwise becomes ineffective, the commissioner
may (1) institute a proceeding under this subdivision within two years after the license or certificate of exemption was last effective and enter a revocation or suspension order as of the last date on which the license or certificate of exemption was in effect, and (2) impose a civil penalty as provided for in this section or section 45.027, subdivision 6.

Sec. 20. [58B.10] DATA PRACTICES.

Subdivision 1. Classification of data. Data collected, created, received, maintained, or disseminated by the Department of Commerce under this chapter are governed by section 46.07.

Subd. 2. Data sharing. To the extent data collected, created, received, maintained, or disseminated under this chapter are not public data as defined by section 13.02, subdivision 8a, the data may, when necessary to accomplish the purpose of this chapter, be shared between:

1. the United States Department of Education;
2. the Office of Higher Education;
3. the Department of Commerce;
4. the Office of the Attorney General; and
5. any other local, state, and federal law enforcement agencies.

Sec. 21. Minnesota Statutes 2020, section 65B.15, subdivision 1, is amended to read:

Subdivision 1. Grounds and notice. No cancellation or reduction in the limits of liability of coverage during the policy period of any policy shall be effective unless notice thereof is given and unless based on one or more reasons stated in the policy which shall be limited to the following:

1. nonpayment of premium; or
2. the policy was obtained through a material misrepresentation; or
3. any insured made a false or fraudulent claim or knowingly aided or abetted another in the presentation of such a claim; or
4. the named insured failed to disclose fully motor vehicle accidents and moving traffic violations of the named insured for the preceding 36 months if called for in the written application; or
5. the named insured failed to disclose in the written application any requested information necessary for the acceptance or proper rating of the risk; or

6. the named insured knowingly failed to give any required written notice of loss or notice of lawsuit commenced against the named insured, or, when requested, refused to cooperate in the investigation of a claim or defense of a lawsuit; or

7. the named insured or any other operator who either resides in the same household, or customarily operates an automobile insured under such policy, unless the other operator is identified as a named insured in another policy as an insured:

   (a) has, within the 36 months prior to the notice of cancellation, had that person's driver's license under suspension or revocation because the person committed a moving traffic violation or because the person refused to be tested under section 169A.20, subdivision 1; or

   (b) is or becomes subject to epilepsy or heart attacks, and such individual does not produce a written opinion from a physician testifying to that person's medical ability to operate a motor vehicle safely, such opinion to be based upon a reasonable medical probability; or

   (c) has an accident record, conviction record (criminal or traffic), physical condition or mental condition, any one or all of which are such that the person's operation of an automobile might endanger the public safety; or

   (d) has been convicted, or forfeited bail, during the 24 months immediately preceding the notice of cancellation for criminal negligence in the use or operation of an automobile, or assault arising out of the operation of a motor vehicle, or operating a motor vehicle while in an intoxicated condition or while under the influence of drugs; or leaving the scene of an accident without stopping to report; or making false statements in an application for a driver's license, or theft or unlawful taking of a motor vehicle; or

   (e) has been convicted of, or forfeited bail for, one or more violations within the 18 months immediately preceding the notice of cancellation, of any law, ordinance, or rule which justify a revocation of a driver's license; or

8. the insured automobile is:

   (a) so mechanically defective that its operation might endanger public safety; or

   (b) used in carrying passengers for hire or compensation, provided however that the use of an automobile for a car pool or a private passenger vehicle used by a volunteer driver.
as defined under section 65B.472, subdivision 1, paragraph (h), shall not be considered use
of an automobile for hire or compensation; or
(c) used in the business of transportation of flammables or explosives; or
(d) an authorized emergency vehicle; or
(e) subject to an inspection law and has not been inspected or, if inspected, has failed
to qualify within the period specified under such inspection law; or
(f) substantially changed in type or condition during the policy period, increasing the
risk substantially, such as conversion to a commercial type vehicle, a dragster, sports car
or so as to give clear evidence of a use other than the original use.

Sec. 22. Minnesota Statutes 2020, section 65B.43, subdivision 12, is amended to read:

Subd. 12. Commercial vehicle. "Commercial vehicle" means:
(a) any motor vehicle used as a common carrier,
(b) any motor vehicle, other than a passenger vehicle defined in section 168.002,
subdivision 24, which has a curb weight in excess of 5,500 pounds apart from cargo capacity,
or
(c) any motor vehicle while used in the for-hire transportation of property.

Commercial vehicle does not include a "commuter van," which for purposes of this
chapter shall mean means (1) a motor vehicle having a capacity of seven to 16 persons
which is used principally to provide prearranged transportation of persons to or from their
place of employment or to or from a transit stop authorized by a local transit authority which
vehicle is to be operated by a person who does not drive the vehicle as a principal occupation
but is driving it only to or from the principal place of employment, to or from a transit stop
authorized by a local transit authority or for personal use as permitted by the owner of the
vehicle, or (2) a private passenger vehicle driven by a volunteer driver.

Sec. 23. Minnesota Statutes 2020, section 65B.472, subdivision 1, is amended to read:

Subdivision 1. Definitions. (a) Unless a different meaning is expressly made applicable,
the terms defined in paragraphs (b) through (g) have the meanings given them for the
purposes of this chapter.
(b) A "digital network" means any online-enabled application, software, website, or
system offered or utilized by a transportation network company that enables the
prearrangement of rides with transportation network company drivers.
(c) A "personal vehicle" means a vehicle that is used by a transportation network company driver in connection with providing a prearranged ride and is:

(1) owned, leased, or otherwise authorized for use by the transportation network company driver; and

(2) not a taxicab, limousine, for-hire vehicle, or a private passenger vehicle driven by a volunteer driver.

(d) A "prearranged ride" means the provision of transportation by a driver to a rider, beginning when a driver accepts a ride requested by a rider through a digital network controlled by a transportation network company, continuing while the driver transports a requesting rider, and ending when the last requesting rider departs from the personal vehicle. A prearranged ride does not include transportation provided using a taxicab, limousine, or other for-hire vehicle.

(e) A "transportation network company" means a corporation, partnership, sole proprietorship, or other entity that is operating in Minnesota that uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides.

(f) A "transportation network company driver" or "driver" means an individual who:

(1) receives connections to potential riders and related services from a transportation network company in exchange for payment of a fee to the transportation network company; and

(2) uses a personal vehicle to provide a prearranged ride to riders upon connection through a digital network controlled by a transportation network company in return for compensation or payment of a fee.

(g) A "transportation network company rider" or "rider" means an individual or persons who use a transportation network company's digital network to connect with a transportation network driver who provides prearranged rides to the rider in the driver's personal vehicle between points chosen by the rider.

(h) A "volunteer driver" means an individual who transports persons or goods on behalf of a nonprofit entity or governmental unit in a private passenger vehicle and receives no compensation for services provided other than the reimbursement of actual expenses.
Sec. 24. Minnesota Statutes 2020, section 174.29, subdivision 1, is amended to read:

Subdivision 1. Definition. For the purpose of sections 174.29 and 174.30 "special transportation service" means motor vehicle transportation provided on a regular basis by a public or private entity or person that is designed exclusively or primarily to serve individuals who are elderly or disabled and who are unable to use regular means of transportation but do not require ambulance service, as defined in section 144E.001, subdivision 3. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis, and volunteers driving private automobiles, as defined in section 65B.472, subdivision 1, paragraph (h). Special transportation service also means those nonemergency medical transportation services under section 256B.0625, subdivision 17, that are subject to the operating standards for special transportation service under sections 174.29 to 174.30 and Minnesota Rules, chapter 8840.

Sec. 25. Minnesota Statutes 2020, section 174.30, subdivision 1, is amended to read:

Subdivision 1. Applicability. (a) The operating standards for special transportation service adopted under this section do not apply to special transportation provided by:

(1) a public transit provider receiving financial assistance under sections 174.24 or 473.371 to 473.449;

(2) a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph (h), using a private automobile;

(3) a school bus as defined in section 169.011, subdivision 71; or

(4) an emergency ambulance regulated under chapter 144.

(b) The operating standards adopted under this section only apply to providers of special transportation service who receive grants or other financial assistance from either the state or the federal government, or both, to provide or assist in providing that service; except that the operating standards adopted under this section do not apply to any nursing home licensed under section 144A.02, to any board and care facility licensed under section 144.50, or to any day training and habilitation services, day care, or group home facility licensed under sections 245A.01 to 245A.19 unless the facility or program provides transportation to nonresidents on a regular basis and the facility receives reimbursement, other than per diem payments, for that service under rules promulgated by the commissioner of human services.

(c) Notwithstanding paragraph (b), the operating standards adopted under this section do not apply to any vendor of services licensed under chapter 245D that provides...
transportation services to consumers or residents of other vendors licensed under chapter 245D and transports 15 or fewer persons, including consumers or residents and the driver.

Sec. 26. Minnesota Statutes 2020, section 174.30, subdivision 10, is amended to read:

Subd. 10. **Background studies.** (a) Providers of special transportation service regulated under this section must initiate background studies in accordance with chapter 245C on the following individuals:

(1) each person with a direct or indirect ownership interest of five percent or higher in the transportation service provider;

(2) each controlling individual as defined under section 245A.02;

(3) managerial officials as defined in section 245A.02;

(4) each driver employed by the transportation service provider;

(5) each individual employed by the transportation service provider to assist a passenger during transport; and

(6) all employees of the transportation service agency who provide administrative support, including those who:

(i) may have face-to-face contact with or access to passengers, their personal property, or their private data;

(ii) perform any scheduling or dispatching tasks; or

(iii) perform any billing activities.

(b) The transportation service provider must initiate the background studies required under paragraph (a) using the online NETStudy system operated by the commissioner of human services.

(c) The transportation service provider shall not permit any individual to provide any service or function listed in paragraph (a) until the transportation service provider has received notification from the commissioner of human services indicating that the individual:

(1) is not disqualified under chapter 245C; or

(2) is disqualified, but has received a set-aside of that disqualification according to sections 245C.22 and 245C.23 related to that transportation service provider.

(d) When a local or contracted agency is authorizing a ride under section 256B.0625, subdivision 17, by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph...
(h), and the agency authorizing the ride has reason to believe the volunteer driver has a
history that would disqualify the individual or that may pose a risk to the health or safety
of passengers, the agency may initiate a background study to be completed according to
chapter 245C using the commissioner of human services' online NETStudy system, or
through contacting the Department of Human Services background study division for
assistance. The agency that initiates the background study under this paragraph shall be
responsible for providing the volunteer driver with the privacy notice required under section
245C.05, subdivision 2c, and payment for the background study required under section
245C.10, subdivision 11, before the background study is completed.

Sec. 27. Minnesota Statutes 2020, section 221.031, subdivision 3b, is amended to read:

Subd. 3b. Passenger transportation; exemptions. (a) A person who transports
passengers for hire in intrastate commerce, who is not made subject to the rules adopted in
section 221.0314 by any other provision of this section, must comply with the rules for
hours of service of drivers while transporting employees of an employer who is directly or
indirectly paying the cost of the transportation.

(b) This subdivision does not apply to:

(1) a local transit commission;

(2) a transit authority created by law; or

(3) persons providing transportation:

(i) in a school bus as defined in section 169.011, subdivision 71;

(ii) in a Head Start bus as defined in section 169.011, subdivision 34;

(iii) in a commuter van;

(iv) in an authorized emergency vehicle as defined in section 169.011, subdivision 3;

(v) in special transportation service certified by the commissioner under section 174.30;

(vi) that is special transportation service as defined in section 174.29, subdivision 1,
when provided by a volunteer driver, as defined in section 65B.472, subdivision 1, paragraph
(h), operating a private passenger vehicle as defined in section 169.011, subdivision 52;

(vii) in a limousine the service of which is licensed by the commissioner under section
221.84; or

(viii) in a taxicab, if the fare for the transportation is determined by a meter inside the
taxicab that measures the distance traveled and displays the fare accumulated.
Sec. 28. Minnesota Statutes 2020, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) "Nonemergency medical transportation service" means motor vehicle transportation provided by a public or private person that serves Minnesota health care program beneficiaries who do not require emergency ambulance service, as defined in section 144E.001, subdivision 3, to obtain covered medical services.

(b) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, nonemergency medical transportation company, or other recognized providers of transportation services. Medical transportation must be provided by:

1. nonemergency medical transportation providers who meet the requirements of this subdivision;
2. ambulances, as defined in section 144E.001, subdivision 2;
3. taxicabs that meet the requirements of this subdivision;
4. public transit, as defined in section 174.22, subdivision 7; or
5. not-for-hire vehicles, including volunteer drivers, as defined in section 65B.472, subdivision 1, paragraph (h).

(c) Medical assistance covers nonemergency medical transportation provided by nonemergency medical transportation providers enrolled in the Minnesota health care programs. All nonemergency medical transportation providers must comply with the operating standards for special transportation service as defined in sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, and all drivers must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service. All nonemergency medical transportation providers shall bill for nonemergency medical transportation services in accordance with Minnesota health care programs criteria. Publicly operated transit systems, volunteers, and not-for-hire vehicles are exempt from the requirements outlined in this paragraph.

(d) An organization may be terminated, denied, or suspended from enrollment if:

1. the provider has not initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3); or
2. the provider has initiated background studies on the individuals specified in section 174.30, subdivision 10, paragraph (a), clauses (1) to (3), and:
(i) the commissioner has sent the provider a notice that the individual has been disqualified under section 245C.14; and

(ii) the individual has not received a disqualification set-aside specific to the special transportation services provider under sections 245C.22 and 245C.23.

(e) The administrative agency of nonemergency medical transportation must:

1. adhere to the policies defined by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee;
2. pay nonemergency medical transportation providers for services provided to Minnesota health care programs beneficiaries to obtain covered medical services;
3. provide data monthly to the commissioner on appeals, complaints, no-shows, canceled trips, and number of trips by mode; and
4. by July 1, 2016, in accordance with subdivision 18e, utilize a web-based single administrative structure assessment tool that meets the technical requirements established by the commissioner, reconciles trip information with claims being submitted by providers, and ensures prompt payment for nonemergency medical transportation services.

(f) Until the commissioner implements the single administrative structure and delivery system under subdivision 18e, clients shall obtain their level-of-service certificate from the commissioner or an entity approved by the commissioner that does not dispatch rides for clients using modes of transportation under paragraph (i), clauses (4), (5), (6), and (7).

(g) The commissioner may use an order by the recipient's attending physician, advanced practice registered nurse, or a medical or mental health professional to certify that the recipient requires nonemergency medical transportation services. Nonemergency medical transportation providers shall perform driver-assisted services for eligible individuals, when appropriate. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs, child seats, or stretchers in the vehicle.

Nonemergency medical transportation providers must take clients to the health care provider using the most direct route, and must not exceed 30 miles for a trip to a primary care provider or 60 miles for a trip to a specialty care provider, unless the client receives authorization from the local agency.

Nonemergency medical transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Nonemergency medical
transportation providers must maintain trip logs, which include pickup and drop-off times, signed by the medical provider or client, whichever is deemed most appropriate, attesting to mileage traveled to obtain covered medical services. Clients requesting client mileage reimbursement must sign the trip log attesting mileage traveled to obtain covered medical services.

(h) The administrative agency shall use the level of service process established by the commissioner in consultation with the Nonemergency Medical Transportation Advisory Committee to determine the client's most appropriate mode of transportation. If public transit or a certified transportation provider is not available to provide the appropriate service mode for the client, the client may receive a onetime service upgrade.

(i) The covered modes of transportation are:

(1) client reimbursement, which includes client mileage reimbursement provided to clients who have their own transportation, or to family or an acquaintance who provides transportation to the client;

(2) volunteer transport, which includes transportation by volunteers using their own vehicle;

(3) unassisted transport, which includes transportation provided to a client by a taxicab or public transit. If a taxicab or public transit is not available, the client can receive transportation from another nonemergency medical transportation provider;

(4) assisted transport, which includes transport provided to clients who require assistance by a nonemergency medical transportation provider;

(5) lift-equipped/ramp transport, which includes transport provided to a client who is dependent on a device and requires a nonemergency medical transportation provider with a vehicle containing a lift or ramp;

(6) protected transport, which includes transport provided to a client who has received a prescreening that has deemed other forms of transportation inappropriate and who requires a provider: (i) with a protected vehicle that is not an ambulance or police car and has safety locks, a video recorder, and a transparent thermoplastic partition between the passenger and the vehicle driver; and (ii) who is certified as a protected transport provider; and

(7) stretcher transport, which includes transport for a client in a prone or supine position and requires a nonemergency medical transportation provider with a vehicle that can transport a client in a prone or supine position.
(j) The local agency shall be the single administrative agency and shall administer and
reimburse for modes defined in paragraph (i) according to paragraphs (m) and (n) when the
commissioner has developed, made available, and funded the web-based single administrative
structure, assessment tool, and level of need assessment under subdivision 18e. The local
agency's financial obligation is limited to funds provided by the state or federal government.

(k) The commissioner shall:

1) in consultation with the Nonemergency Medical Transportation Advisory Committee,
verify that the mode and use of nonemergency medical transportation is appropriate;

2) verify that the client is going to an approved medical appointment; and

3) investigate all complaints and appeals.

(1) The administrative agency shall pay for the services provided in this subdivision and
seek reimbursement from the commissioner, if appropriate. As vendors of medical care,
local agencies are subject to the provisions in section 256B.041, the sanctions and monetary
recovery actions in section 256B.064, and Minnesota Rules, parts 9505.2160 to 9505.2245.

(m) Payments for nonemergency medical transportation must be paid based on the client's
assessed mode under paragraph (h), not the type of vehicle used to provide the service. The
medical assistance reimbursement rates for nonemergency medical transportation services
that are payable by or on behalf of the commissioner for nonemergency medical
transportation services are:

1) $0.22 per mile for client reimbursement;

2) up to 100 percent of the Internal Revenue Service business deduction rate for volunteer
transport;

3) equivalent to the standard fare for unassisted transport when provided by public
transit, and $11 for the base rate and $1.30 per mile when provided by a nonemergency
medical transportation provider;

4) $13 for the base rate and $1.30 per mile for assisted transport;

5) $18 for the base rate and $1.55 per mile for lift-equipped/ramp transport;

6) $75 for the base rate and $2.40 per mile for protected transport; and

7) $60 for the base rate and $2.40 per mile for stretcher transport, and $9 per trip for
an additional attendant if deemed medically necessary.
(n) The base rate for nonemergency medical transportation services in areas defined under RUCA to be super rural is equal to 111.3 percent of the respective base rate in paragraph (m), clauses (1) to (7). The mileage rate for nonemergency medical transportation services in areas defined under RUCA to be rural or super rural areas is:

1. for a trip equal to 17 miles or less, equal to 125 percent of the respective mileage rate in paragraph (m), clauses (1) to (7); and
2. for a trip between 18 and 50 miles, equal to 112.5 percent of the respective mileage rate in paragraph (m), clauses (1) to (7).

(o) For purposes of reimbursement rates for nonemergency medical transportation services under paragraphs (m) and (n), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(p) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

Sec. 29. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2b. Purchase of catalytic converters. (a) Any person who purchases or receives a catalytic converter must comply with this section. (b) Every scrap metal dealer, including an agent, employee, or representative of the dealer, must create a permanent record, written in English and using an electronic record program, at the time of each catalytic converter purchase or acquisition. The record must include:

1. the vehicle identification number of the vehicle from which the catalytic converter was removed; and
2. the name of the person who removed the catalytic converter. (c) A scrap metal dealer must make the information under paragraph (b) available for examination by a law enforcement agency or a person who has reported theft of a catalytic converter.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 30. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 2c. Catalytic converter theft prevention pilot project. (a) The catalytic converter theft prevention pilot project is created to deter the theft of catalytic converters by marking catalytic converters with vehicle identification numbers or other unique identifiers.

(b) The commissioner must establish a procedure to mark the catalytic converters of vehicles most likely to be targeted for theft with unique identification numbers using labels, engraving, theft deterrence paint, or other methods that permanently mark the catalytic converter without damaging the catalytic converter's function.

(c) The commissioner must work with law enforcement agencies, insurance companies, and scrap metal dealers to (1) identify vehicles that are most frequently targeted for catalytic converter theft, and (2) establish the most effective methods for marking catalytic converters.

(d) Materials purchased under this program may be distributed to dealers, as defined in section 168.002, subdivision 6, automobile repair shops and service centers, law enforcement agencies, and community organizations to arrange the catalytic converters of vehicles most likely to be targeted for theft to be marked at no cost to the vehicle owners.

(e) The commissioner may prioritize distribution of materials to areas experiencing the highest rates of catalytic converter theft.

(f) The commissioner must make educational information resulting form the pilot program available to law enforcement agencies and scrap metal dealers, and is encouraged to publicize the program to the general public.

(g) The commissioner must include a report on the pilot project in the report required under section 65B.84, subdivision 2. The report must describe the progress, results, and any findings of the pilot project including the total number of catalytic converters marked under the program, and, to the extent known, whether any catalytic converters marked under the pilot project were stolen and the outcome of any criminal investigation into the thefts.

Sec. 31. [325E.80] ABNORMAL MARKET DISRUPTIONS; UNCONSCIONABLY EXCESSIVE PRICES.

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

(b) "Abnormal market disruption" means a change in the market resulting from a natural or man-made disaster, a national or local emergency, a public health emergency, or an event
resulting in a declaration of a state of emergency by the governor; and occurs when
specifically declared by the governor. The governor's declaration of an abnormal market
disruption must note the geographic area to which this section applies. An abnormal market
disruption terminates no later than 30 days after the end of the state of emergency for which
the abnormal market disruption was activated.

(c) "Essential consumer good or service" means a good or service vital and necessary
for the health, safety, and welfare of the public, including without limitation: food; water;
fuel; gasoline; shelter; transportation; health care services; pharmaceuticals; and medical,
personal hygiene, sanitation, and cleaning supplies.

(d) "Seller" means a manufacturer, supplier, wholesaler, distributor, or retail seller of
goods or services.

(e) "Unconscionably excessive" means there is a gross disparity between the seller's
price of a good or service offered for sale or sold in the usual course of business during the
30 days immediately prior to the governor's declaration of an abnormal market disruption
and the seller's price of the same or similar good or service after the governor's declaration
of an abnormal market disruption, and the gross disparity is not substantially related to an
increase in the cost of obtaining or selling the good or of providing the service. A gross
disparity between the price of a good or service does not occur when the amount charged
after the abnormal market disruption increased the price 30 percent or less.

Subd. 2. Prohibition. If the governor declares an abnormal market disruption a person
is prohibited from selling or offering to sell an essential consumer good or service for an
amount that represents an unconscionably excessive price.

Subd. 3. Civil penalty. A person who is found to have violated this section is subject
to a civil penalty of not more than $1,000 per sale or transaction, with a maximum penalty
of $10,000 per day.

Subd. 4. Enforcement authority. The attorney general may investigate an alleged
violation of this section. The authority of the attorney general under this section includes
but is not limited to the authority provided under section 8.31.

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

Sec. 32. Minnesota Statutes 2020, section 325F.171, is amended by adding a subdivision
to read:

Subd. 5. Enforcement. This section may be enforced as provided under sections 325F.10
to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may
coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 33. Minnesota Statutes 2020, section 325F.172, is amended by adding a subdivision to read:

Subd. 4. **Enforcement.** Sections 325F.173 to 325F.175 may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 34. **[325F.179] ENFORCEMENT.**

Sections 325F.177 and 325F.178 may be enforced as provided under sections 325F.10 to 325F.12, 325F.14 to 325F.16, and 45.027, subdivisions 1 to 6. The commissioner may coordinate with the commissioner of the Pollution Control Agency and the commissioner of health to enforce this section.

Sec. 35. Minnesota Statutes 2020, section 514.972, subdivision 4, is amended to read:

Subd. 4. **Denial of access.** Upon default, the owner shall mail notice of default as provided under section 514.974. The owner may deny the occupant access to the personal property contained in the self-service storage facility after default, service of the notice of default, expiration of the date stated for denial of access, and application of any security deposit to unpaid rent. The notice of default must state the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility and that access will be denied until the owner's claim has been satisfied. The notice of default must state that any dispute regarding denial of access can be raised by the occupant beginning legal action in court. Notice of default must further state the rights of the occupant contained in subdivision 5.

Sec. 36. Minnesota Statutes 2020, section 514.972, subdivision 5, is amended to read:

Subd. 5. **Access to certain items.** The occupant may remove from the self-service storage facility personal papers, health aids, personal clothing of the occupant and the occupant's dependents, and personal property that is necessary for the livelihood of the occupant, that has a market value of less than $50 per item, if demand is made to any of the persons listed in section 514.976, subdivision 1. The occupant shall present a list of the items, and may remove them during the facility's ordinary business hours prior to the sale authorized by.
section 514.973. If the owner unjustifiably denies the occupant access for the purpose of
removing the items specified in this subdivision, the occupant is entitled to an order allowing
access to the storage unit for removal of the specified items. The self-service storage facility
is liable to the occupant for the costs, disbursements and attorney fees expended by the
occupant to obtain this order. (a) Any occupant may remove from the self-storage facility
personal papers and health aids upon demand made to any of the persons listed in section
514.976, subdivision 1.

(b) An occupant who provides documentation from a government or nonprofit agency
or legal aid office that the occupant is a recipient of relief based on need, is eligible for legal
aid services, or is a survivor of domestic violence or sexual assault may remove, in addition
to the items provided in paragraph (a), personal clothing of the occupant and the occupant's
dependents and tools of the trade that are necessary for the livelihood of the occupant that
has a market value not to exceed $125 per item.

(c) The occupant shall present a list of the items and may remove the items during the
facility's ordinary business hours prior to the sale authorized by section 514.973. If the
owner unjustifiably denies the occupant access for the purpose of removing the items
specified in this subdivision, the occupant is entitled to request relief from the court for an
order allowing access to the storage space for removal of the specified items. The self-service
storage facility is liable to the occupant for the costs, disbursements, and attorney fees
expended by the occupant to obtain this order.

(d) For the purposes of this subdivision, "relief based on need" includes but is not limited
to receipt of a benefit from the Minnesota family investment program and diversionary
work program, medical assistance, general assistance, emergency general assistance,
Minnesota supplemental aid, Minnesota supplemental aid housing assistance, MinnesotaCare,
Supplemental Security Income, energy assistance, emergency assistance, Supplemental
Nutrition Assistance Program benefits, earned income tax credit, or Minnesota working
family tax credit. Relief based on need can also be proven by providing documentation from
a legal aid organization that the individual is receiving legal aid assistance, or by providing
documentation from a government agency, nonprofit, or housing assistance program that
the individual is receiving assistance due to domestic violence or sexual assault.

Sec. 37. Minnesota Statutes 2020, section 514.973, subdivision 3, is amended to read:

Subd. 3. Contents of notice. The notice must include:

(1) a statement of the amount owed for rent and other charges and demand for payment
within a specified time not less than 14 days after delivery of the notice;
(2) pursuant to section 514.972, subdivision 4, a notice of denial of access to the storage space, if this denial is permitted under the terms of the rental agreement;

(3) the date that the occupant will be denied access to the occupant's personal property in the self-service storage facility;

(4) a statement that access will be denied until the owner's claim has been satisfied;

(5) a statement that any dispute regarding denial of access can be raised by an occupant beginning legal action in court;

(6) the name, street address, and telephone number of the owner, or of the owner's designated agent, whom the occupant may contact to respond to the notice;

(7) a conspicuous statement that unless the claim is paid within the time stated in the notice, the personal property will be advertised for sale. The notice must specify the time and place of the sale; and

(8) a conspicuous statement of the items that the occupant may remove without charge pursuant to section 514.972, subdivision 5, if the occupant is denied general access to the storage space.

Sec. 38. Minnesota Statutes 2020, section 514.973, subdivision 4, is amended to read:

Subd. 4. Sale of property. (a) A sale of personal property may take place no sooner than 45 days after default or, if the personal property is a motor vehicle or watercraft, no sooner than 60 days after default.

(b) After the expiration of the time given in the notice, the sale must be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The sale may take place no sooner than 15 days after the first publication. If the lien is satisfied before the second publication occurs, the second publication is waived. If there is no qualified newspaper under chapter 331A where the sale is to be held, the advertisement may be posted on an independent, publicly accessible website that advertises self-storage lien sales or public notices. The advertisement must include a general description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale.

(c) A sale of the personal property must conform to the terms of the notification.

(d) A sale of the personal property must be public and must be either:

(1) held via an online auction; or
(2) held at the storage facility, or at the nearest suitable place at which the personal
property is held or stored.

Owners shall require all bidders, including online bidders, to register and agree to the rules
of the sale.

(e) The sale must be conducted in a commercially reasonable manner. A sale is
commercially reasonable if the property is sold in conformity with the practices among
dealers in the property sold or sellers of similar distressed property sales.

Sec. 39. Minnesota Statutes 2020, section 514.974, is amended to read:

514.974 ADDITIONAL NOTIFICATION REQUIREMENT.

Notification of the proposed sale of personal property must include a notice of denial
of access to the personal property until the owner's claim has been satisfied. Any notice the
owner is required to mail to the occupant under sections 514.970 to 514.979 shall be sent
to:

(1) the e-mail address, if consented to by the occupant, as provided in section 514.973,
subdivision 2;

(2) the mailing address and any alternate mailing address provided by the occupant in
the rental agreement; or

(3) the last known mailing address of the occupant, if the last known mailing address
differs from the mailing address listed by the occupant in the rental agreement and the owner
has reason to believe that the last known mailing address is more current.

Sec. 40. Minnesota Statutes 2020, section 514.977, is amended to read:

514.977 DEFAULT ADDITIONAL REMEDIES.

Subdivision 1. Default; breach of rental agreement. If an occupant defaults in the
payment of rent for the storage space or otherwise breaches the rental agreement, the owner
may commence an eviction action under chapter 504B to terminate the rental agreement,
recover possession of the storage space, remove the occupant, and dispose of the stored
personal property. The action shall be conducted in accordance with the Minnesota Rules
of Civil Procedure, except as provided in this section.

Subd. 2. Service of summons. The summons must be served at least seven days before
the date of the court appearance as provided in subdivision 3.
Subd. 3. Appearance. Except as provided in subdivision 4, in an action filed under this section the appearance shall be not less than seven or more than 14 days from the day of issuing the summons.

Subd. 4. Expedited hearing. If the owner files a motion and affidavit stating specific facts and instances in support of an allegation that the occupant is causing a nuisance or engaging in illegal or other behavior that seriously endangers the safety of others, others' property, or the storage facility's property, the appearance shall be not less than three days nor more than seven days from the date the summons is issued. The summons in an expedited hearing shall be served upon the occupant within 24 hours of issuance unless the court orders otherwise for good cause shown.

Subd. 5. Answer; trial; continuance. At the court appearance specified in the summons, the defendant may answer the complaint, and the court shall hear and decide the action, unless it grants a continuance of the trial, which may be for no longer than six days, unless all parties consent to longer continuance.

Subd. 6. Counterclaims. The occupant is prohibited from bringing counterclaims in the action that are unrelated to the possession of the storage space. Nothing in this section prevents the occupant from bringing the claim in a separate action.

Subd. 7. Judgment; writ. Judgment in matters adjudicated under this section shall be in accordance with section 504B.345, paragraph (a). Execution of a writ issued under this section shall be in accordance with section 504B.365.

Sec. 41. THIRD-PARTY FOOD DELIVERY FEES; LIMITATION.

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

(b) "Delivery fee" means a fee charged by a third-party food delivery service to a food and beverage establishment for a service that delivers food or beverages from the establishment to customers. Delivery fee does not include (1) any other fee that may be charged by a third-party food delivery service to a food and beverage establishment, including but not limited to fees for marketing, listing, or advertising the food and beverage establishment on the third-party food delivery service platform, or (2) fees related to processing an online order.

(c) "Food and beverage establishment" or "establishment" means a retail business that sells prepared food or beverages to the public.
(d) "Online order" means an order, including a telephone order, placed by a customer through or with the assistance of a platform provided by a third-party food delivery service.

(e) "Purchase price" means the total price of the items contained in an online order that are listed on the menu of the food and beverage establishment where the order is placed. Purchase price does not include taxes, gratuities, or other fees that may make up the total cost of a customer's online order.

(f) "Third-party food delivery service" means a platform offered through an online-enabled application, software, website, or other Internet service that offers or arranges for the sale of food and beverages prepared by, delivered by, or picked up from a food and beverage establishment.

Subd. 2. Limitation on food delivery fees. (a) A third-party food delivery service is prohibited from:

(1) charging a food and beverage establishment a delivery fee that totals more than ten percent of an online order's purchase price;

(2) charging a food and beverage establishment any fee, other than the delivery fee described in clause (1), to use the third-party delivery service that totals more than five percent of an online order's purchase price;

(3) charging a customer a purchase price that is higher than the price set by the food and beverage establishment or, if no price is set by the food and beverage establishment, the price listed on the establishment's menu; or

(4) reducing the compensation rates paid to third-party food delivery service drivers as a result of the limitations on fees instituted by this section.

(b) A food and beverage establishment may choose, but a third-party food delivery service is prohibited from requiring, an exemption for marketing or advertising the food and beverage establishment on the third-party food delivery service platform from the limitations in paragraph (a).

Subd. 3. Enforcement by attorney general. (a) The attorney general must enforce this section under Minnesota Statutes, section 8.31.

(b) In addition to the remedies otherwise provided by law, a person injured by a violation of subdivision 2 may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney fees, and receive other equitable relief as determined by the court.
Section 1. Minnesota Statutes 2020, section 332.31, subdivision 3, is amended to read:

Subd. 3. Collection agency. "Collection agency" or "licensee" means and includes any
(1) a person engaged in the business of collection for others any account, bill, or other
indebtedness, except as hereinafter provided; or (2) a debt buyer. It includes persons who
furnish collection systems carrying a name which simulates the name of a collection agency
and who supply forms or form letters to be used by the creditor, even though such forms
direct the debtor to make payments directly to the creditor rather than to such fictitious
agency.

Sec. 2. Minnesota Statutes 2020, section 332.31, subdivision 6, is amended to read:

Subd. 6. Collector. "Collector" is a person acting under the authority of a collection
agency under subdivision 3 or a debt buyer under subdivision 8, and on its behalf in the
business of collection for others an account, bill, or other indebtedness except as otherwise
provided in this chapter.

Sec. 3. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to
read:

Subd. 8. Debt buyer. "Debt buyer" means a business engaged in the purchase of any
charged-off account, bill, or other indebtedness for collection purposes, whether the business
collects the account, bill, or other indebtedness, hires a third party for collection, or hires
an attorney for litigation related to the collection.

Sec. 4. Minnesota Statutes 2020, section 332.31, is amended by adding a subdivision to
read:

Subd. 9. Affiliated company. "Affiliated company" means a company that: (1) directly
or indirectly controls, is controlled by, or is under common control with another company
or companies; (2) has the same executive management team or owner that exerts control
over the business operations of the company; (3) maintains a uniform network of corporate
and compliance policies and procedures; and (4) does not engage in active collection of
debts.

Sec. 5. Minnesota Statutes 2020, section 332.311, is amended to read:

332.311 TRANSFER OF ADMINISTRATIVE FUNCTIONS.

The powers, duties, and responsibilities of the consumer services section under sections
332.31 to 332.44 relating to collection agencies and debt buyers are hereby transferred to
and imposed upon the commissioner of commerce.

Sec. 6. Minnesota Statutes 2020, section 332.32, is amended to read:

332.32 EXCLUSIONS.

(a) The term "collection agency" shall not include persons whose collection activities
are confined to and are directly related to the operation of a business other than that of a
collection agency such as, but not limited to, banks when collecting accounts owed to the
banks and when the bank will sustain any loss arising from uncollectible accounts, abstract
companies doing an escrow business, real estate brokers, public officers, persons acting
under order of a court, lawyers, trust companies, insurance companies, credit unions, savings
associations, loan or finance companies unless they are engaged in asserting, enforcing or
prosecuting unsecured claims which have been purchased from any person, firm, or
association when there is recourse to the seller for all or part of the claim if the claim is not
collected.

(b) The term "collection agency" shall not include a trade association performing services
authorized by section 604.15, subdivision 4a, but the trade association in performing the
services may not engage in any conduct that would be prohibited for a collection agency
under section 332.37.

Sec. 7. Minnesota Statutes 2020, section 332.33, subdivision 1, is amended to read:

Subdivision 1. Requirement. Except as otherwise provided in this chapter, no person
shall conduct within this state a collection agency or engage within this state in the business
of collecting claims for others in Minnesota as a collection agency or debt buyer,
as defined in sections 332.31 to 332.44, without having first applied for and obtained a
collection agency license. A person acting under the authority of a collection agency, debt
buyer, or as a collector, must first register with the commissioner under this section. A
registered collector may use one additional assumed name only if the assumed name is
registered with and approved by the commissioner. A business that operates as a debt buyer
must submit a completed license application no later than January 1, 2022. A debt buyer
who has filed an application with the commissioner for a collection agency license prior to
January 1, 2022, and whose application remains pending with the commissioner thereafter,
may continue to operate without a license until the commissioner approves or denies the
application.

Sec. 8. Minnesota Statutes 2020, section 332.33, subdivision 2, is amended to read:

Subd. 2. Penalty. A person who carries on business as a collection agency or debt buyer
without first having obtained a license or acts as a collector without first having registered
with the commissioner pursuant to sections 332.31 to 332.44, or who carries on this business
after the revocation, suspension, or expiration of a license or registration is guilty of a
misdemeanor.

Sec. 9. Minnesota Statutes 2020, section 332.33, subdivision 5, is amended to read:

Subd. 5. Collection agency License rejection. On finding that an applicant for a
collection agency license is not qualified under sections 332.31 to 332.44, the commissioner
shall reject the application and shall give the applicant written notice of the rejection and
the reasons for the rejection.

Sec. 10. Minnesota Statutes 2020, section 332.33, subdivision 5a, is amended to read:

Subd. 5a. Individual collector registration. A licensed collection agency licensee, on
behalf of an individual collector, must register with the state all individuals in the collection
agency's employ who are performing the duties of a collector as defined in sections
332.31 to 332.44. The collection agency licensee must apply for an individual collection
registration in a form prescribed by the commissioner. The collection agency licensee shall
verify on the form that the applicant has confirmed that the applicant meets the requirements
to perform the duties of a collector as defined in sections 332.31 to 332.44. Upon submission
of the application to the department, the individual may begin to perform the duties of a
collector and may continue to do so unless the licensed collection agency licensee is informed
by the commissioner that the individual is ineligible.

Sec. 11. Minnesota Statutes 2020, section 332.33, subdivision 7, is amended to read:

Subd. 7. Changes; notice to commissioner. (a) A licensed collection agency licensee
must give the commissioner written notice of a change in company name, address, or
ownership not later than ten days after the change occurs. A registered individual collector
must give written notice of a change of address, name, or assumed name no later than ten
days after the change occurs.

(b) Upon the death of any collection agency licensee, the license of the decedent may
be transferred to the executor or administrator of the estate for the unexpired term of the
license. The executor or administrator may be authorized to continue or discontinue the
collection business of the decedent under the direction of the court having jurisdiction of
the probate.

Sec. 12. Minnesota Statutes 2020, section 332.33, subdivision 8, is amended to read:

Subd. 8. Screening process requirement. (a) Each licensed collection agency licensee
must establish procedures to follow when screening an individual collector applicant prior
to submitting an applicant to the commissioner for initial registration and at renewal.

(b) The screening process for initial registration must be done at the time of hiring. The
process must include a national criminal history record search, an attorney licensing search,
and a county criminal history search for all counties where the applicant has resided within
the five years immediately preceding the initial registration, to determine whether the
applicant is eligible to be registered under section 332.35. Each licensed collection agency
licensee shall use a vendor that is a member of the National Association of Professional
Background Screeners, or an equivalent vendor, to conduct this background screening
process.

(c) Screening for renewal of individual collector registration must include a national
criminal history record search and a county criminal history search for all counties where
the individual has resided during the immediate preceding year. Screening for renewal of
individual collector registrations must take place no more than 60 days before the license
expiration or renewal date. A renewal screening is not required if an individual collector
has been subjected to an initial background screening within 12 months of the first registration
renewal date. A renewal screening is required for all subsequent annual registration renewals.

(d) The commissioner may review the procedures to ensure the integrity of the screening
process. Failure by a licensed collection agency licensee to establish these procedures is
subject to action under section 332.40.
Sec. 13. Minnesota Statutes 2020, section 332.33, is amended by adding a subdivision to read:

Subd. 9. Affiliated companies. The commissioner must permit affiliated companies to operate under a single license and be subject to a single examination, provided that all of the affiliated company names are listed on the license.

Sec. 14. Minnesota Statutes 2020, section 332.34, is amended to read:

332.34 BOND.

The commissioner of commerce shall require each collection agency licensee to file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least $50,000 plus an additional $5,000 for each $100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed $100,000. A collection agency licensee may deposit cash in and with a depository acceptable to the commissioner in an amount and in the manner prescribed and approved by the commissioner in lieu of a bond.

Sec. 15. Minnesota Statutes 2020, section 332.345, is amended to read:

332.345 SEGREGATED ACCOUNTS.

A payment collected by a collector or collection agency on behalf of a customer shall be held by the collector or collection agency in a separate trust account clearly designated for customer funds. The account must be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States. This section does not apply to a debt buyer, except to the extent the debt buyer engages in third-party debt collection for others.

Sec. 16. Minnesota Statutes 2020, section 332.355, is amended to read:

332.355 AGENCY RESPONSIBILITY FOR COLLECTORS.

The commissioner may take action against a collection agency licensee for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.
Sec. 17. Minnesota Statutes 2020, section 332.37, is amended to read:

332.37 PROHIBITED PRACTICES.

(a) No collection agency, debt buyer, or collector shall:

(1) in collection letters or publications, or in any communication, oral or written threaten wage garnishment or legal suit by a particular lawyer, unless it has actually retained the lawyer;

(2) use or employ sheriffs or any other officer authorized to serve legal papers in connection with the collection of a claim, except when performing their legally authorized duties;

(3) use or threaten to use methods of collection which violate Minnesota law;

(4) furnish legal advice or otherwise engage in the practice of law or represent that it is competent to do so;

(5) communicate with debtors in a misleading or deceptive manner by using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process;

(6) exercise authority on behalf of a creditor to employ the services of lawyers unless the creditor has specifically authorized the agency in writing to do so and the agency’s course of conduct is at all times consistent with a true relationship of attorney and client between the lawyer and the creditor;

(7) publish or cause to be published any list of debtors except for credit reporting purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, or use similar devices or methods of intimidation;

(8) refuse to return any claim or claims and all valuable papers deposited with a claim or claims upon written request of the creditor, claimant or forwarder after tender of the amounts due and owing to the collection agency within 30 days after the request; refuse or intentionally fail to account to its clients for all money collected within 30 days from the last day of the month in which the same is collected; or, refuse or fail to furnish at intervals of not less than 90 days upon written request of the claimant or forwarder, a written report upon claims received from the claimant or forwarder;
(9) operate under a name or in a manner which implies that the collection agency or debt buyer is a branch of or associated with any department of federal, state, county or local government or an agency thereof;

(10) commingle money collected for a customer with the collection agency's operating funds or use any part of a customer's money in the conduct of the collection agency's business;

(11) transact business or hold itself out as a debt prorater, settlement company, debt management company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee;

(12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977, Public Law 95-109, while attempting to collect on any account, bill or other indebtedness;

(13) communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device unless the recorded message is immediately preceded by a live operator who discloses prior to the message the name of the collection agency and the fact the message intends to solicit payment and the operator obtains the consent of the debtor to hearing the message after the debtor expressly informs the agency or collector to cease communication utilizing an automatic dialing announcing device;

(14) in collection letters or publications, or in any communication, oral or written, imply or suggest that health care services will be withheld in an emergency situation;

(15) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the licensee or collector, except a person who resides with the debtor or a third party with whom the debtor has authorized the licensee or collector to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited to the licensee's or collector's telephone number and name;

(16) when attempting to collect a debt, fail to provide the debtor with the full name of the collection agency or debt buyer as it appears on its license or as listed on any "doing business as" or "d/b/a" registered with the Department of Commerce;

(17) collect any money from a debtor that is not reported to a creditor or client;

(18) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;
accept currency or coin as payment for a debt without issuing an original receipt to the debtor and maintaining a duplicate receipt in the debtor's payment records;

(19) attempt to collect any amount of money, including any interest, fee, charge, or expense incidental to the charge-off obligation, from a debtor unless the amount is expressly authorized by the agreement creating the debt or is otherwise permitted by law;

(21) charge a fee to a creditor that is not authorized by agreement with the client;

(20) falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency;

(24) when initially contacting a Minnesota debtor by mail, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice. The disclosure must state: "This collection agency is licensed by the Minnesota Department of Commerce" or "This debt buyer is licensed by the Minnesota Department of Commerce" as applicable; or

(22) commence legal action to collect a debt outside the limitations period set forth in section 541.053.

(b) Paragraph (a), clauses (6), (8), (10), (17), and (21), do not apply to debt buyers except to the extent the debt buyer engages in third-party debt collection for others.

Sec. 18. Minnesota Statutes 2020, section 332.385, is amended to read:

332.385 NOTIFICATION TO COMMISSIONER.

The collection agency or debt buyer licensee shall notify the commissioner of any employee termination within ten days of the termination if the termination is based in whole or in part on a violation of this chapter.

Sec. 19. Minnesota Statutes 2020, section 332.40, subdivision 3, is amended to read:

Subd. 3. Commissioner's powers. (a) For the purpose of any investigation or proceeding under sections 332.31 to 332.44, the commissioner or any person designated by the commissioner may administer oaths and affirmations, subpoena collection agencies, debt buyers, or collectors and compel their attendance, take evidence and require the production of any books, papers, correspondence, memoranda, agreements or other documents or records which the commissioner deems relevant or material to the inquiry. The subpoena shall contain a written statement setting forth the circumstances which have reasonably
caused the commissioner to believe that a violation of sections 332.31 to 332.44 may have occurred.

(b) In the event that the collection agency, debt buyer, or collector refuses to obey the subpoena, or should the commissioner, upon completion of the examination of the collection agency, debt buyer, or collector, reasonably conclude that a violation has occurred, the commissioner may examine additional witnesses, including third parties, as may be necessary to complete the investigation.

(c) Any subpoena issued pursuant to this section shall be served by certified mail or by personal service. Service shall be made at least 15 days prior to the date of appearance.

Sec. 20. Minnesota Statutes 2020, section 332.42, subdivision 1, is amended to read:

Subdivision 1. Verified financial statement. The commissioner of commerce may at any time require a collection agency licensee to submit a verified financial statement for examination by the commissioner to determine whether the collection agency licensee is financially responsible to carry on a collection agency business within the intents and purposes of sections 332.31 to 332.44.

Sec. 21. Minnesota Statutes 2020, section 332.42, subdivision 2, is amended to read:

Subd. 2. Record keeping. The commissioner shall require the collection agency or debt buyer licensee to keep such books and records in the licensee's place of business in this state as will enable the commissioner to determine whether there has been compliance with the provisions of sections 332.31 to 332.44, unless the agency is a foreign corporation duly authorized, admitted, and licensed to do business in this state and complies with all the requirements of chapter 303 and with all other requirements of sections 332.31 to 332.44. Every collection agency licensee shall preserve the records of final entry used in such business for a period of five years after final remittance is made on any amount placed with the licensee for collection or after any account has been returned to the claimant on which one or more payments have been made. Every debt buyer licensee must preserve the records of final entry used in the business for a period of five years after final collection of any purchased account.

Sec. 22. GARNISHMENT PROHIBITIONS ON COVID-19 GOVERNMENT ASSISTANCE.

(a) Federal, state, local, and tribal governmental payments issued to relieve the adverse economic impact caused by the COVID-19 pandemic are exempt from all claims for
garnishments and levies of consumer debtors of debt primarily for personal, family, or household purposes governed by Minnesota Statutes, chapters 550, 551, and 571.

(b) Paragraph (a) does not apply to domestic support orders and obligations, including child support and spousal maintenance obligations, including but not limited to orders and obligations under Minnesota Statutes, chapters 518 and 518A.

c) This section expires on December 31, 2022.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to government assistance provided on or after March 13, 2020.

ARTICLE 6
COMMERCE MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 45.305, subdivision 1, is amended to read:

Subdivision 1. Appraiser and Insurance Internet prelicense courses. The design and delivery of an appraiser prelicense education course or an insurance prelicense education course must be approved by the International Distance Education Certification Center (IDECC) before the course is submitted for the commissioner's approval.

Sec. 2. Minnesota Statutes 2020, section 45.305, is amended by adding a subdivision to read:

Subd. 1a. Appraiser Internet prelicense courses. The requirements for the design and delivery of an appraiser prelicense education course are the requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

Sec. 3. Minnesota Statutes 2020, section 45.306, is amended by adding a subdivision to read:

Subd. 1a. Appraiser Internet continuing education courses. The requirements for the design and delivery of an appraiser continuing education course are the requirements established by the Appraiser Qualifications Board of the Appraisal Foundation and published in the most recent version of the Real Property Appraiser Qualification Criteria.

Sec. 4. Minnesota Statutes 2020, section 45.33, subdivision 1, is amended to read:

Subdivision 1. Prohibitions. In connection with an approved course, coordinators and instructors must not:
94.1 (1) recommend or promote the services or practices of a particular business;
94.2 (2) encourage or recruit individuals to engage the services of, or become associated with, a particular business;
94.3 (3) use materials, clothing, or other evidences of affiliation with a particular entity, except as provided under subdivision 3;
94.4 (4) require students to participate in other programs or services offered by the instructor, coordinator, or education provider;
94.5 (5) attempt, either directly or indirectly, to discover questions or answers on an examination for a license;
94.6 (6) disseminate to any other person specific questions, problems, or information known or believed to be included in licensing examinations;
94.7 (7) misrepresent any information submitted to the commissioner;
94.8 (8) fail to cover, or ensure coverage of, all points, issues, and concepts contained in the course outline approved by the commissioner during the approved instruction; and
94.9 (9) issue inaccurate course completion certificates.

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

Sec. 5. Minnesota Statutes 2020, section 45.33, is amended by adding a subdivision to read:

Subd. 3. **Exceptions, In** connection with an approved course, coordinators and instructors may:

94.19 (1) display a company or course provider's logo or branding;
94.20 (2) establish a trade-show or conference booth outside the classroom where the educational content is being delivered that is separate from a registration location used to track or facilitate student attendance;
94.21 (3) display the logo or branding associated with a particular entity to thank the entity as an organizational partner of the course provider during a scheduled and approved break in the delivery of course content. The display must be separate from a registration location used to track or facilitate student attendance; and
94.22 (4) display a third-party logo, promotion, advertisement, or affiliation with a particular entity as part of a course program or advertising for an approved course. For purposes of this subdivision, course program means digital or paper literature describing the schedule
of the events, presenters, duration, or background information of the approved course or
courses. A course program may be made available in the classroom or at a registration
location used to track or facilitate student attendance.

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

Sec. 6. Minnesota Statutes 2020, section 60A.71, subdivision 7, is amended to read:

Subd. 7. **Duration; fees.** (a) Each applicant for a reinsurance intermediary license shall
pay to the commissioner a fee of $200 for an initial two-year license and a fee of $150 for
each renewal. Applications shall be submitted on forms prescribed by the commissioner.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months
and expire on October 31 of the renewal year assigned by the commissioner. Each renewal
reinsurance intermediary license is valid for a period of 24 months. Licensees who submit
renewal applications postmarked or delivered on or before October 15 of the renewal year
may continue to transact business whether or not the renewal license has been received by
November 1. Licensees who submit applications postmarked or delivered after October 15
of the renewal year must not transact business after the expiration date of the license until
the renewal license has been received:

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded
upon proper application.

Sec. 7. Minnesota Statutes 2020, section 79.55, subdivision 10, is amended to read:

Subd. 10. **Duties of commissioner; report.** The commissioner shall issue a report by
March 1 of each year, comparing the average rates charged by workers' compensation
insurers in the state to the pure premium base rates filed by the association, as reviewed by
the Rate Oversight Commission. The Rate Oversight Commission shall review the
commissioner's report and if the experience indicates that rates have not reasonably reflected
changes in pure premiums, the rate oversight commission shall recommend to the legislature
appropriate legislative changes to this chapter.

(a) By March 1 of each year, the commissioner must issue a report that evaluates the
competitiveness of the workers' compensation market in Minnesota in order to evaluate
whether the competitive rating law is working.

(b) The report under this subdivision must: (1) compare the average rates charged by
workers' compensation insurers in Minnesota with the pure premium base rates filed by the
association; and (2) provide market information, including but not limited to the number of
carriers, market shares, the loss-cost multipliers used by companies, and the residual market
and self-insurance.

(c) The commissioner must provide the report to the Rate Oversight Commission for
review. If after reviewing the report the Rate Oversight Commission concludes that concerns
exist regarding the competitiveness of the workers' compensation market in Minnesota, the
Rate Oversight Commission must recommend to the legislature appropriate modifications
to this chapter.

Sec. 8. Minnesota Statutes 2020, section 80G.06, subdivision 1, is amended to read:

Subdivision 1. Surety bond requirement. (a) Every dealer shall maintain a current,
valid surety bond issued by a surety company admitted to do business in Minnesota in an
amount based on the transactions conducted with Minnesota consumers (purchases from
and sales to consumers at retail) during the 12-month period prior to registration, or renewal,
whichever is applicable.

(b) The amount of the surety bond shall be as specified in the table below:

<table>
<thead>
<tr>
<th>Transaction Amount in Preceding 12-month Period</th>
<th>Surety Bond Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,000 to $200,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>$200,000.01 to $500,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>$500,000.01 to $1,000,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>$1,000,000.01 to $2,000,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Over $2,000,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

Sec. 9. [80G.11] NOTIFICATION TO COMMISSIONER.

A dealer must notify the commissioner of any dealer representative termination within
ten days of the termination if the termination is based in whole or in part on a violation of
this chapter.

Sec. 10. Minnesota Statutes 2020, section 82.57, subdivision 1, is amended to read:

Subdivision 1. Amounts. The following fees shall be paid to the commissioner:

(a) a fee of $150 for each initial individual broker's license, and a fee of $100 for each
renewal thereof;

(b) a fee of $70 for each initial salesperson's license, and a fee of $40 for each renewal
thereof;
(c) a fee of $85 for each initial real estate closing agent license, and a fee of $60 for each
renewal thereof;

(d) a fee of $150 for each initial corporate, limited liability company, or partnership
license, and a fee of $100 for each renewal thereof;

(e) a fee for payment to the education, research and recovery fund in accordance with
section 82.86;

(f) a fee of $20 for each transfer;

(g) a fee of $50 for license reinstatement;

(h) a fee of $20 for reactivating a corporate, limited liability company, or partnership
license; and

(i) in addition to the fees required under this subdivision, individual licensees under
clauses (a) and (b) shall pay, for each initial license and renewal, a technology surcharge
of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as
permitted under that section.

Sec. 11. Minnesota Statutes 2020, section 82.57, subdivision 5, is amended to read:

Subd. 5. Initial license expiration; fee reduction. If an initial license issued under
subdivision 1, paragraph (a), (b), (c), or (d) expires less than 12 months after issuance, the
license fee shall be reduced by an amount equal to one-half the fee for a renewal of the
license. An initial license issued under this chapter expires in the year that results in the
term of the license being at least 12 months, but no more than 24 months.

Sec. 12. Minnesota Statutes 2020, section 82.62, subdivision 3, is amended to read:

Subd. 3. Timely renewals. A person whose application for a license renewal has not
been timely submitted and who has not received notice of approval of renewal may not
continue to transact business either as a real estate broker, salesperson, or closing agent
after June 30 of the renewal year until approval of renewal is received. Application for
renewal of a license is timely submitted if: all requirements for renewal, including continuing
education requirements, have been completed and reported pursuant to section 45.43.

subdivision 1.

(1) all requirements for renewal, including continuing education requirements, have
been completed by June 15 of the renewal year; and
(2) the application is submitted before the renewal deadline in the manner prescribed
by the commissioner, duly executed and sworn to, accompanied by fees prescribed by this
chapter, and containing any information the commissioner requires.

Sec. 13. Minnesota Statutes 2020, section 82.81, subdivision 12, is amended to read:

Subd. 12. Fraudulent, deceptive, and dishonest practices. (a) Prohibitions. For the
purposes of section 82.82, subdivision 1, clause (b), the following acts and practices constitute
fraudulent, deceptive, or dishonest practices:

(1) act on behalf of more than one party to a transaction without the knowledge and
consent of all parties;

(2) act in the dual capacity of licensee and undisclosed principal in any transaction;

(3) receive funds while acting as principal which funds would constitute trust funds if
received by a licensee acting as an agent, unless the funds are placed in a trust account.
Funds need not be placed in a trust account if a written agreement signed by all parties to
the transaction specifies a different disposition of the funds, in accordance with section
82.82, subdivision 1;

(4) violate any state or federal law concerning discrimination intended to protect the
rights of purchasers or renters of real estate;

(5) make a material misstatement in an application for a license or in any information
furnished to the commissioner;

(6) procure or attempt to procure a real estate license for himself or herself the procuring
individual or any person by fraud, misrepresentation, or deceit;

(7) represent membership in any real estate-related organization in which the licensee
is not a member;

(8) advertise in any manner that is misleading or inaccurate with respect to properties,
terms, values, policies, or services conducted by the licensee;

(9) make any material misrepresentation or permit or allow another to make any material
misrepresentation;

(10) make any false or misleading statements, or permit or allow another to make any
false or misleading statements, of a character likely to influence, persuade, or induce the
consummation of a transaction contemplated by this chapter;
(11) fail within a reasonable time to account for or remit any money coming into the licensee's possession which belongs to another;

(12) commingle with his or her the individual's own money or property trust funds or any other money or property of another held by the licensee;

(13) a demand from a seller for a commission to or compensation to which the licensee is not entitled, knowing that he or she the individual is not entitled to the commission or compensation;

(14) pay or give money or goods of value to an unlicensed person for any assistance or information relating to the procurement by a licensee of a listing of a property or of a prospective buyer of a property (this item does not apply to money or goods paid or given to the parties to the transaction);

(15) fail to maintain a trust account at all times, as provided by law;

(16) engage, with respect to the offer, sale, or rental of real estate, in an anticompetitive activity;

(17) represent on advertisements, cards, signs, circulars, letterheads, or in any other manner, that he or she the individual is engaged in the business of financial planning unless he or she the individual provides a disclosure document to the client. The document must be signed by the client and a copy must be left with the client. The disclosure document must contain the following:

(i) the basis of fees, commissions, or other compensation received by him or her an individual in connection with rendering of financial planning services or financial counseling or advice in the following language:

"My compensation may be based on the following:

(a) ... commissions generated from the products I sell you;
(b) ... fees; or
(c) ... a combination of (a) and (b). [Comments];"

(ii) the name and address of any company or firm that supplies the financial services or products offered or sold by him or her an individual in the following language:

"I am authorized to offer or sell products and/or services issued by or through the following firm(s):

[List]"
The products will be traded, distributed, or placed through the clearing/trading firm(s) of:

(List)

(iii) the license(s) held by the person under this chapter or chapter 60A or 80A in the following language:

"I am licensed in Minnesota as a(n):

(a) ... insurance agent;
(b) ... securities agent or broker/dealer;
(c) ... real estate broker or salesperson;
(d) ... investment adviser;" and

(iv) the specific identity of any financial products or services, by category, for example mutual funds, stocks, or limited partnerships, the person is authorized to offer or sell in the following language:

"The license(s) entitles me to offer and sell the following products and/or services:

(a) ... securities, specifically the following: [List];
(b) ... real property;
(c) ... insurance; and
(d) ... other: [List]."

(b) **Determining violation.** A licensee shall be deemed to have violated this section if the licensee has been found to have violated sections 325D.49 to 325D.66, by a final decision or order of a court of competent jurisdiction.

(c) **Commissioner's authority.** Nothing in this section limits the authority of the commissioner to take actions against a licensee for fraudulent, deceptive, or dishonest practices not specifically described in this section.

Sec. 14. Minnesota Statutes 2020, section 82B.021, is amended by adding a subdivision to read:

Subd. 14a. **Evaluation.** "Evaluation" means an estimate of the value of real property, made in accordance with the Interagency Appraisal and Evaluation Guidelines provided to an entity regulated by a federal financial institution's regulatory agency, for use in a real estate-related financial transaction for which an appraisal is not required by federal law.
Sec. 15. Minnesota Statutes 2020, section 82B.021, is amended by adding a subdivision to read:

Subd. 16a. **Interagency Appraisal and Evaluation Guidelines.** "Interagency Appraisal and Evaluation Guidelines" means the appraisal and evaluation guidelines provided by a federal financial institution's regulatory agency, as provided by Federal Register, volume 75, page 77450 (2010), as amended.

Sec. 16. Minnesota Statutes 2020, section 82B.021, subdivision 18, is amended to read:

Subd. 18. **Licensed real property appraiser.** "Licensed real property appraiser" means an individual licensed under this chapter to perform appraisals on noncomplex one-family to four-family residential units or agricultural property having a transactional value of less than $1,000,000 and complex one-family to four-family residential units or agricultural property having a transactional value of less than $250,000.

Sec. 17. Minnesota Statutes 2020, section 82B.03, is amended by adding a subdivision to read:

Subd. 3. **Evaluation.** A licensed real estate appraiser may provide an evaluation. When providing an evaluation, a licensed real estate appraiser is not engaged in real estate appraisal activity and is not subject to this chapter. An evaluation by a licensed real estate appraiser under this subdivision must contain a disclosure that the evaluation is not an appraisal.

Sec. 18. Minnesota Statutes 2020, section 82B.11, subdivision 3, is amended to read:

Subd. 3. **Licensed residential real property appraiser.** A licensed residential real property appraiser may appraise noncomplex residential property or agricultural property having a transaction value less than $1,000,000 and complex residential or agricultural property having a transaction value less than $250,000.

Sec. 19. Minnesota Statutes 2020, section 82B.195, is amended by adding a subdivision to read:

Subd. 5. **Evaluation.** When providing an evaluation, a licensed real estate appraiser is not required to comply with the Uniform Standards of Professional Appraisal Practice.

Sec. 20. [82B.25] **VALUATION BIAS.**

Subdivision 1. **Definition.** For the purposes of this section, "valuation bias" means to explicitly, implicitly, or structurally select data and apply that data to an appraisal.
methodology or technique in a biased manner that harms a protected class, as defined by the Fair Housing Act of 1968, as amended.

Subd. 2. Education. Within two years of receiving a license under this chapter, and as required by the Appraiser Qualifications Board, a real property appraiser shall provide to the commissioner evidence of satisfactory completion of a continuing education course on the valuation bias of real property.

EFFECTIVE DATE. This section is effective September 1, 2021. A real property appraiser who has received their license prior to the effective date of this section must complete the course required by this section by August 31, 2023.

Sec. 21. Minnesota Statutes 2020, section 115C.094, is amended to read:

115C.094 ABANDONED UNDERGROUND STORAGE TANKS.

(a) As used in this section, an abandoned underground petroleum storage tank means an underground petroleum storage tank that was:

(1) taken out of service prior to December 22, 1988; or

(2) taken out of service on or after December 22, 1988, if the current property owner did not know of the existence of the underground petroleum storage tank and could not have reasonably been expected to have known of the tank’s existence at the time the owner first acquired right, title, or interest in the tank; or

(3) taken out of service and is located on property that is being held by the state in trust for local taxing districts under section 281.25.

(b) The board may contract for:

(1) a statewide assessment in order to determine the quantity, location, cost, and feasibility of removing abandoned underground petroleum storage tanks;

(2) the removal of an abandoned underground petroleum storage tank; and

(3) the removal and disposal of petroleum-contaminated soil if the removal is required by the commissioner at the time of tank removal.

(c) Before the board may contract for removal of an abandoned petroleum storage tank, the tank owner must provide the board with written access to the property and release the board from any potential liability for the work performed.

(d) If at the time of the forfeiture of property identified under paragraph (a), clause (3), the property owner or the owner’s heirs, devisees, or representatives, or any person to whom
the right to pay taxes was granted by statute, mortgage, or other agreement, repurchases the
property under section 282.241, the board's contracted costs for the underground storage
tank removal project must be included as a special assessment included in the repurchase
price, as provided under section 282.251, and must be returned to the board upon the sale
of the property.

Money in the fund is appropriated to the board for the purposes of this section.

Sec. 22. Minnesota Statutes 2020, section 308A.201, subdivision 12, is amended to read:

Subd. 12. Electric cooperative powers. (a) An electric cooperative has the power and
authority to:

(1) make loans to its members;
(2) prerefund debt;
(3) obtain funds through negotiated financing or public sale;
(4) borrow money and issue its bonds, debentures, notes, or other evidence of
indebtedness;
(5) mortgage, pledge, or otherwise hypothecate its assets as may be necessary;
(6) invest its resources;
(7) deposit money in state and national banks and trust companies authorized to receive
deposits; and
(8) exercise all other powers and authorities granted to cooperatives.

(b) A cooperative organized to provide rural electric power may enter agreements and
contracts with other electric power cooperatives or with a cooperative constituted of electric
power cooperatives to share losses and risk of losses to their transmission and distribution
lines, transformers, substations, and related appurtenances from storm, sleet, hail, tornado,
cyclone, hurricane, or windstorm. An agreement or contract or a cooperative formed to
share losses under this paragraph is not subject to the laws of this state relating to insurance
and insurance companies.

(c) An electric cooperative, an affiliate of the cooperative formed to provide broadband,
or another entity pursuant to an agreement with the cooperative or the cooperative's affiliate
may use the cooperative, affiliate, or entity's existing or subsequently acquired electric
transmission or distribution easements for broadband infrastructure and to provide broadband
service, which may include an agreement to lease fiber capacity. To exercise rights granted
under this paragraph, the cooperative must provide to the property owner on which the
easement is located two written notices, at least two months apart, that the cooperative
intends to use the easement for broadband purposes. The use of the easement for broadband
services vests and runs with the land beginning six months after the first notice is provided
under paragraph (d) unless a court action challenging the use of the easement for broadband
purposes has been filed before that time by the property owner as provided under paragraph
(e). The cooperative must also file evidence of the notices for recording with the county
recorder.

(d) The cooperative's notices under paragraph (c) must be sent by first class mail to the
last known address of the owner of the property on which the easement is located or by
printed insertion in the property owner's utility bill. The notice must include the following:

(1) the name and mailing address of the cooperative;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from
the intended use, including the anticipated time frame for the work;

(4) a phone number of a cooperative employee to contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge
by the deadline to preserve any legal rights you may have."

(e) A property owner, within six months after receiving notice under paragraph (d), may
commence an action seeking to recover damages for an electric cooperative's use of an
electric transmission or distribution easement for broadband service purposes. If the claim
for damages is under $15,000, the claim may be brought in conciliation court.

Notwithstanding any other law to the contrary, the procedures and substantive matters set
forth in this subdivision govern an action under this paragraph and are the exclusive means
to bring a claim for compensation with respect to a notice of intent to use a cooperative
transmission or distribution easement for broadband purposes. To commence an action
under this paragraph, the property owner must serve a complaint upon the electric cooperative
as in a civil action and file the complaint with the district court for the county in which the
easement is located. The complaint must state whether the property owner (1) is challenging
the electric cooperative's right to use the easement for broadband services or infrastructure
as authorized under paragraph (c), (2) is seeking damages as provided under paragraph (f),
or (3) both.
(f) If the property owner is seeking damages, the electric cooperative may, at any time after answering the complaint, (1) deposit with the court administrator an amount equal to the cooperative's estimate of damages, up to $5,000, and (2) after making the deposit, use the electric transmission or service line easements for broadband purposes, conditioned on an obligation to pay the amount of damages determined by the court. If the property owner is challenging the electric cooperative's right to use the easement for broadband services or infrastructure as authorized under paragraph (c), after the electric cooperative answers the complaint the district court must promptly hold a hearing on the property owner's challenge. If the district court denies the property owner's challenge, the electric cooperative may proceed to make a deposit and make use of the easement for broadband service purposes, as provided under clause (2).

(g) In an action involving a property owner's claim for damages, the landowner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, as well as any benefit to the property from access to broadband service. Consequential or special damages must not be awarded. Evidence of revenue, profits, fees, income, or similar benefits to the electric cooperative, the cooperative's affiliate, or a third party is inadmissible. Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs.

(h) Nothing in this section limits in any way an electric cooperative's existing easement rights, including but not limited to rights an electric cooperative has or may acquire to transmit communications for electric system operations or otherwise.

(i) Placement of broadband infrastructure for use in providing broadband service under paragraphs (c) to (h) in any portion of an electric transmission or distribution easement located in the public right-of-way is subject to local government permitting and right-of-way management authority under section 237.163, and the placement must be coordinated with the relevant local government unit to minimize potential future relocations. The cooperative must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

(j) For purposes of this subdivision:

(1) "broadband infrastructure" has the meaning given in section 116J.394; and

(2) "broadband service" means broadband infrastructure and any services provided over the infrastructure that offer advanced telecommunications capability and Internet access.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 23. [332.61] INFORMATIVE DISCLOSURE.

A lead generator must prominently make the following disclosure on all print, electronic, and nonprint solicitations, including advertising on websites, radio, or television: "This company does not actually provide any of the credit services you are seeking. We ONLY refer you to companies that want to provide some or all of those services."

Sec. 24. Minnesota Statutes 2020, section 349.11, is amended to read:

349.11 PURPOSE.

The purpose of sections 349.11 to 349.22 is to regulate lawful gambling, to insure integrity of operations, and to provide for the use of net profits only for lawful purposes, and to authorize only those games or game features discussed in this chapter.

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 25. Minnesota Statutes 2020, section 349.12, subdivision 12a, is amended to read:

Subd. 12a. Electronic bingo device. "Electronic bingo device" means a handheld and portable electronic device that:

(1) is used by a bingo player to:

(i) monitor bingo paper sheets or a facsimile of a bingo paper sheet purchased and played at the time and place of an organization's bingo occasion, or to play an electronic bingo game that is linked with other permitted premises;

(ii) activate numbers announced or displayed, and to compare the numbers to the bingo faces previously stored in the memory of the device;

(iii) identify a winning bingo pattern or game requirement; and

(iv) play against other bingo players;

(2) limits the play of bingo faces to 36 faces per game;

(3) requires coded entry to activate play but does not allow the use of a coin, currency, or tokens to be inserted to activate play;

(4) may only be used for play against other bingo players in a bingo game;

(5) may only display the results of the electronic bingo game in a manner typically associated with bingo played in a paper format, may only display the grid of numbers and...
letters typically associated with paper bingo, and may not display or simulate any other
form of gambling, entertainment, slot machines, electronic video lotteries, or video games
of chance;

(6) has no spinning reels or other representations that mimic a slot machine, including
but not limited to nonstraight win line graphics, nonstraight pay line graphics, open all
features, single button press reveals, hold and spin features, delayed reveals, cascading or
tumbling reveals, bonus games, bonus wheels, free play, free spins, or screens or game
features that are triggered after the initial symbols are revealed that display the results of
the game;

(7) has no additional function as an amusement or gambling device other than as an
electronic pull-tab game defined under section 349.12, subdivision 12c;

(8) has the capability to ensure adequate levels of security internal controls;

(9) has the capability to permit the board to electronically monitor the operation of
the device and the internal accounting systems; and

(10) has the capability to allow use by a player who is visually impaired.

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 26. Minnesota Statutes 2020, section 349.12, subdivision 12b, is amended to read:

Subd. 12b. Electronic pull-tab device. "Electronic pull-tab device" means a handheld
and portable electronic device that:

(1) is used to play one or more electronic pull-tab games;

(2) requires coded entry to activate play but does not allow the use of coin, currency, or
tokens to be inserted to activate play;

(3) requires that a player must manually activate or open each electronic pull-tab ticket
and also manually activate or open each individual line, row, or column of each electronic
pull-tab ticket symbols on each electronic pull-tab ticket with a separate push of a button,
and must display the underlying symbols in a given line, row, or column immediately after
the player manually activates or opens the applicable line, row, or column of symbols;

(4) maintains information pertaining to accumulated win credits that may be applied to
games in play or redeemed upon termination of play;

(5) may only display the results of the electronic pull-tab game in a manner typically
associated with paper pull-tabs tickets, may only display symbols typically associated with
paper pull-tab tickets, may not include continuation play, bonus games, or additional screens
or game features that display the results of the game after the initial symbols are revealed,
and may not display or simulate any other form of gambling, entertainment, slot machines,
electronic video lotteries, or video games of chance;

(5) has no spinning reels or other representations that mimic a video slot machine,
including but not limited to nonstraight win line graphics, nonstraight pay line graphics,
open all features, single button press reveals, hold and spin features, delayed reveals,
cascading or tumbling reveals, bonus games, bonus wheels, free play, free spins, progressive
prizes or jackpots, or screens or game features that are triggered after the initial symbols
are revealed that display the results of the game;

(6) has no additional function as a gambling device other than as an electronic-linked
bingo game played on a device defined under section 349.12, subdivision 12a;

(7) may incorporate an amusement game feature as part of the pull-tab game but
may not require additional consideration for that feature or award any prize, or other benefit
for that feature;

(8) may have auditory or visual enhancements to promote or provide information
about the game being played, provided the component does not affect the outcome of a
game or display the results of a game;

(9) maintains, on nonresettable meters, a printable, permanent record of all
transactions involving each device and electronic pull-tab games played on the device;

(10) is not a pull-tab dispensing device as defined under subdivision 32a; and

(11) has the capability to allow use by a player who is visually impaired.

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 27. Minnesota Statutes 2020, section 349.12, subdivision 12c, is amended to read:

Subd. 12c. Electronic pull-tab game. "Electronic pull-tab game" means a pull-tab game
containing:

(1) facsimiles of pull-tab tickets that are played on an electronic pull-tab device, provided
that any game with multiple lines, rows, or columns of symbols requires a separate push of
a button to reveal the symbols underneath the applicable line, row, or column and results
are displayed pursuant to subdivision 12b;

(2) a predetermined, finite number of winning and losing tickets, not to exceed 7,500
tickets;
(3) the same price for each ticket in the game;

(4) a price paid by the player of not less than 25 cents per ticket;

(5) tickets that are in conformance with applicable board rules for pull-tabs;

(6) winning tickets that comply with prize limits under section 349.211;

(7) a unique serial number that may not be regenerated;

(8) an electronic flare that displays the game name; form number; predetermined, finite number of tickets in the game; and prize tier; and

(9) no spinning reels or other representations that mimic a video slot machine as provided in subdivision 12b, clause (6).

EFFECTIVE DATE. This section is effective September 6, 2022.

Sec. 28. Minnesota Statutes 2020, section 386.375, subdivision 3, is amended to read:

Subd. 3. Consumer education information. (a) A person other than the mortgagor or fee owner who transfers or offers to transfer an abstract of title shall present to the mortgagor or fee owner basic information in plain English about abstracts of title. This information must be sent in a form prepared and approved by the commissioner of commerce and must contain at least the following items:

(1) a definition and description of abstracts of title;

(2) an explanation that holders of abstracts of title must maintain it with reasonable care;

(3) an approximate cost or range of costs to replace a lost or damaged abstract of title; and

(4) an explanation that abstracts of title may be required to sell, finance, or refinance real estate; and

(5) an explanation of options for storage of abstracts.

(b) The commissioner shall prepare the form for use under this subdivision as soon as possible. This subdivision does not apply until 60 days after the form is approved by the commissioner.

(c) A person violating this subdivision is subject to a penalty of $200 for each violation.
Sec. 29. **APPRASIER INTERNET COURSE REQUIREMENTS.**

Notwithstanding Minnesota Statutes, sections 45.305, subdivision 1a, and 45.306, subdivision 1a, education providers may submit to the commissioner of commerce for approval a classroom course under Minnesota Statutes, section 45.25, subdivision 2a, clause (3), or a distance learning course, as defined in Minnesota Statutes, section 45.25, subdivision 5a, that has not been approved by the International Distance Education Certification Center.

EFFECTIVE DATE. This section is effective the day following final enactment and expires after the peacetime emergency declared by the governor in an executive order that relates to the infectious disease known as COVID-19 is terminated or rescinded or December 31, 2021, whichever is later.

Sec. 30. **MINNESOTA COUNCIL ON ECONOMIC EDUCATION.**

(a) The Minnesota Council on Economic Education, with funds made available through grants from the commissioner of education in fiscal years 2022 and 2023, must:

(1) provide professional development to Minnesota's kindergarten through grade 12 teachers implementing state graduation standards in learning areas related to economic education;

(2) support the direct-to-student ancillary economic and personal finance programs that Minnesota teachers supervise and coach; and

(3) provide support to geographically diverse affiliated higher education-based centers for economic education, including those based at Minnesota State University Mankato, Minnesota State University Moorhead, St. Cloud State University, St. Catherine University, and the University of St. Thomas, as the centers' work relates to activities in clauses (1) and (2).

(b) By February 15 of each year following the receipt of a grant, the Minnesota Council on Economic Education must report to the commissioner of education on the number and type of in-person and online teacher professional development opportunities provided by the Minnesota Council on Economic Education or affiliated state centers. The report must include a description of the content, length, and location of the programs; the number of preservice and licensed teachers receiving professional development through each of these opportunities; and a summary of evaluations of professional opportunities for teachers.

(c) On August 15, 2021, the Department of Education must pay the full amount of the grant for fiscal year 2022 to the Minnesota Council on Economic Education. On August 15, 2022, the Department of Education must pay the full amount of the grant for fiscal year
2023 to the Minnesota Council on Economic Education. The Minnesota Council on Economic Education must submit its fiscal reporting in the form and manner specified by the commissioner. The commissioner may request additional information as necessary.

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

Sec. 31. **CONSUMER DEBT COLLECTION LANGUAGE BARRIER WORKING GROUP.**

Subdivision 1. **Establishment.** The commissioner of commerce shall convene a working group to review language barriers and the effect on creditors, debt collectors, and limited English proficient communities.

Subd. 2. **Membership.** The working group consists of the following members:

1. the commissioner of commerce or a designee;
2. one member appointed by the Attorney General's Office;
3. two members of the public representing creditors or debt collectors, appointed by the industry and subject to approval by the commissioner of commerce;
4. two members of the public representing consumer rights, appointed by consumer rights advocate organizations and subject to approval by the commissioner of commerce;
5. one member appointed by the Council for Minnesotans of African Heritage;
6. one member appointed by the Minnesota Council on Latino Affairs;
7. one member appointed by the Council on Asian-Pacific Minnesotans;
8. two members appointed by the Indian Affairs Council; and
9. one member appointed by Mid-Minnesota Legal Aid.

Subd. 3. **Report.** (a) By January 1, 2022, the commissioner of commerce shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over commerce with the working group's recommendations to address language barriers between creditors, debt collectors, and consumers.

(b) The working group shall examine:

1. current practices for communicating with consumers in the consumer's preferred language when attempting to collect a debt or enforce a lien;
2. the availability of translation services or a written glossary of financial terms for consumers whose primary language is not English; and
Sec. 32. COLLECTION AGENCY EMPLOYEES; WORK FROM HOME.

An employee of a collection agency licensed under Minnesota Statutes, chapter 332, may work from a location other than the licensee's business location if the licensee and employee comply with all the requirements of Minnesota Statutes, section 332.33, that would apply if the employee were working at the business location. The fee for a collector registration or renewal under Minnesota Statutes, section 332.33, subdivision 3, entitles the individual collector to work at a licensee's business location or a location otherwise acceptable under this section. An additional branch license is not required for a location used under this section. This section expires May 31, 2022.

Sec. 33. REPEALER.

Minnesota Statutes 2020, sections 45.017; 45.306, subdivision 1; and 115C.13, are repealed.

ARTICLE 7
ENERGY CONSERVATION AND STORAGE

Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

16B.86 PRODUCTIVITY STATE BUILDING ENERGY CONSERVATION IMPROVEMENT REVOLVING LOAN ACCOUNT.

Subdivision 1. Definitions. (a) For purposes of this section and section 16B.87, the following terms have the meanings given.

(b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1, paragraph (d).

(c) "Energy conservation improvement" has the meaning given in section 216B.241, subdivision 1, paragraph (e).

(d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f).

(e) "Project" means the energy conservation improvements financed by a loan made under this section.

(f) "State building" means an existing building owned by the state of Minnesota.
Subd. 2. Account established. The productivity state building energy conservation improvement revolving loan account is established as a special separate account in the state treasury. The commissioner shall manage the account and shall credit to the account investment income, repayments of principal and interest, and any other earnings arising from assets of the account. Money in the account is appropriated to the commissioner of administration to make loans to finance agency projects that will result in either reduced operating costs or increased revenues, or both, for state agency state agencies to implement energy conservation and energy efficiency improvements in state buildings under section 16B.87.

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

Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

16B.87 AWARD AND REPAYMENT OF PRODUCTIVITY STATE BUILDING ENERGY IMPROVEMENT CONSERVATION LOANS.

Subdivision 1. Committee. The Productivity State Building Energy Conservation Improvement Loan Committee consists of the commissioners of administration, management and budget, and revenue commerce. The commissioner of administration serves as chair of the committee. The members serve without compensation or reimbursement for expenses.

Subd. 2. Award and terms of loans. (a) An agency shall apply for a loan on a form provided developed by the commissioner of administration that requires an applicant to submit the following information:

1. a description of the proposed project, including existing equipment, structural elements, operating characteristics, and other conditions affecting energy use that the energy conservation improvements financed by the loan modify or replace;

2. the total estimated project cost and the loan amount sought;

3. a detailed project budget;

4. projections of the proposed project's expected energy and monetary savings;

5. information demonstrating the agency's ability to repay the loan;

6. a description of the energy conservation programs offered by the utility providing service to the state building from which the applicant seeks additional funding for the project;

and

7. any additional information requested by the commissioner.
(b) The committee shall review applications for loans and shall award a loan based upon
criteria adopted by the committee. The committee shall determine the amount, interest, and
other terms of the loan. The time for repayment of a loan may not exceed five years. A loan
made under this section must:

1. be at or below the market rate of interest, including a zero interest loan; and
2. have a term no longer than seven years.

(c) In making awards, the committee shall give preference to:

1. applicants that have sought funding for the project through energy conservation
   projects offered by the utility serving the state building that is the subject of the application;
   and
2. to the extent feasible, applications for state buildings located within the electric retail
   service area of the utility that is subject to section 116C.779.

Subd. 3. Repayment. An agency receiving a loan under this section shall repay the loan
according to the terms of the loan agreement. The principal and interest must be paid to the
commissioner of administration, who shall deposit it in the productivity state building energy
conservation improvement revolving loan fund account. Payments of loan principal and
interest must begin no later than one year after the project is completed.

Sec. 3. [216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.

(a) For purposes of this section, "innovative clean technology" means advanced energy
technology that is:

1. environmentally superior to technologies currently in use;
2. expected to offer energy-related, environmental, or economic benefits; and
3. not widely deployed by the utility industry.

(b) A public utility may petition the commission for authorization to invest in a project
or projects to deploy one or more innovative clean technologies to further the development,
commercialization, and deployment of innovative clean technologies that benefit the public
utility's customers.

(c) The commission may approve a petition under paragraph (b) if it finds:

1. the technologies proposed are innovative clean technologies;
2. the investment in an innovative clean energy technology is likely to provide benefits
to customers that exceed the technology's cost;
(3) the public utility is meeting its energy conservation goals under section 216B.241;

and

(4) the project complies with the spending limits under paragraph (d).

(d) Over any three consecutive years, a public utility must not spend more on innovative clean technologies under this section than:

(1) for a public utility providing service to 200,000 or more retail Minnesota customers, $6,000,000; or

(2) for a public utility providing service to fewer than 200,000 retail Minnesota customers, $3,000,000.

(e) The commission may authorize a public utility to file a rate schedule containing provisions that automatically adjust charges for public utility service in direct relation to changes in prudent costs incurred by a public utility under this section, up to the amounts allowed under paragraph (d). To the extent the public utility investment under this section is for a capital asset, the utility may request that the asset be included in the utility's rate base.

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

Sec. 4. Minnesota Statutes 2020, section 216B.2401, is amended to read:

216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.

(a) The legislature finds that energy savings are an energy resource, and that cost-effective energy savings are preferred over all other energy resources. In addition, the legislature finds that optimizing the timing and method used by energy consumers to manage energy use provides significant benefits to the consumers and to the utility system as a whole. The legislature further finds that cost-effective energy savings and load management programs should be procured systematically and aggressively in order to reduce utility costs for businesses and residents, improve the competitiveness and profitability of businesses, create more energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and emissions that cause climate change. Therefore, it is the energy policy of the state of Minnesota to achieve annual energy savings equal equivalent to at least 1.5 to 2.5 percent of annual retail energy sales of electricity and natural gas through cost-effective energy conservation improvement programs and rate design, energy efficiency achieved by energy consumers without direct utility involvement, energy codes and appliance standards, programs designed to transform the market or change consumer behavior, energy savings resulting from efficiency improvements to the utility infrastructure and system, and other efforts to

Article 7 Sec. 4.
promote energy efficiency and energy conservation. Multiple measures, including but not
limited to:

1. cost-effective energy conservation improvement programs and efficient fuel-switching
utility programs under sections 216B.2402 to 216B.241;
2. rate design;
3. energy efficiency achieved by energy consumers without direct utility involvement;
4. advancements in statewide energy codes and cost-effective appliance and equipment
standards;
5. programs designed to transform the market or change consumer behavior;
6. energy savings resulting from efficiency improvements to the utility infrastructure
and system; and
7. other efforts to promote energy efficiency and energy conservation.

(b) A utility is encouraged to design and offer to customers load management programs
that enable: (1) customers to maximize the economic value gained from the energy purchased
from the customer's utility service provider; and (2) utilities to optimize the infrastructure
and generation capacity needed to effectively serve customers and facilitate the integration
of renewable energy into the energy system.

(c) The commissioner must provide a reasonable estimate of progress made toward the
statewide energy-savings goal under paragraph (a) in the annual report required under section
216B.241, subdivision 1c, and make recommendations for administrative or legislative
initiatives to increase energy savings toward that goal. The commissioner must annually
report on the energy productivity of the state's economy by estimating the ratio of economic
output produced in the most recently completed calendar year to the primary energy inputs
used in that year.

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

Sec. 5. [216B.2402] DEFINITIONS.

Subdivision 1. Definitions. For the purposes of section 216B.16, subdivision 6b, and
sections 216B.2401 to 216B.241, the following terms have the meanings given them.

Subd. 2. Consumer-owned utility. "Consumer-owned utility" means a municipal gas
utility, a municipal electric utility, or a cooperative electric association.
Subd. 3. **Cumulative lifetime savings.** "Cumulative lifetime savings" means the total electric energy or natural gas savings in a given year from energy conservation improvements installed in that given year and energy conservation improvements installed in previous years that are still in operation.

Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement" means a project that:

1. replaces a fuel used by a customer with electricity or natural gas delivered at retail by a utility subject to section 216B.2403 or 216B.241;
2. results in a net increase in the use of electricity or natural gas and a net decrease in source energy consumption on a fuel-neutral basis;
3. otherwise meets the criteria established for consumer-owned utilities in section 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11 and 12; and
4. requires the installation of equipment that utilizes electricity or natural gas, resulting in a reduction or elimination of the previous fuel used.

An efficient fuel-switching improvement is not an energy conservation improvement or energy efficiency even if it results in a net reduction in electricity or natural gas consumption.

Subd. 5. **Energy conservation.** "Energy conservation" means an action that results in a net reduction in electricity or natural gas consumption. Energy conservation does not include an efficient fuel-switching improvement.

Subd. 6. **Energy conservation improvement.** "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity or used as thermal energy, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636.

Subd. 7. **Energy efficiency.** "Energy efficiency" means measures or programs, including energy conservation measures or programs, that: (1) target consumer behavior, equipment, processes, or devices; (2) are designed to reduce the consumption of electricity or natural gas on either an absolute or per unit of production basis; and (3) do not reduce the quality or level of service provided to an energy consumer.

Subd. 8. **Fuel.** "Fuel" means energy, including electricity, propane, natural gas, heating oil, gasoline, diesel fuel, or steam, consumed by a retail utility customer.
Subd. 9. **Fuel neutral.** "Fuel neutral" means an approach that compares the use of various fuels for a given end use, using a common metric.

Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

1. gas sales to:
   
   (i) a large energy facility;

   (ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; or

   (iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility;

2. electric sales to a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large customer facility; or

3. the amount of electric sales prior to December 31, 2032, that are associated with a utility's program, rate, or tariff for electric vehicle charging based on a methodology and assumptions developed by the department in consultation with interested stakeholders no later than December 31, 2021. After December 31, 2032, incremental sales to electric vehicles must be included in calculating a utility's gross annual retail sales.

Subd. 11. **Investments and expenses of a public utility.** "Investments and expenses of a public utility" means the investments and expenses incurred by a public utility in connection with an energy conservation improvement.

Subd. 12. **Large customer facility.** "Large customer facility" means all buildings, structures, equipment, and installations at a single site that in aggregate: (1) impose a peak electrical demand on an electric utility's system of at least 20,000 kilowatts, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; or (2) consume at least 500,000,000 cubic feet of natural gas annually. When calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may include peak energy demand from the large customer facility's mining processing operations.
Subd. 13. **Large energy facility.** "Large energy facility" has the meaning given in section 216B.2421, subdivision 2, clause (1).

Subd. 14. **Lifetime energy savings.** "Lifetime energy savings" means the amount of savings a particular energy conservation improvement is projected to produce over the improvement's effective useful lifetime.

Subd. 15. **Load management.** "Load management" means an activity, service, or technology that changes the timing or the efficiency of a customer's use of energy that allows a utility or a customer to: (1) respond to local and regional energy system conditions; or (2) reduce peak demand for electricity or natural gas. Load management that reduces a customer's net annual energy consumption is also energy conservation.

Subd. 16. **Low-income household.** "Low-income household" means a household whose household income is 60 percent or less of the state median household income.

Subd. 17. **Low-income programs.** "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income households, including low-income renters.

Subd. 18. **Member.** "Member" has the meaning given in section 308B.005, subdivision 15.

Subd. 19. **Multifamily building.** "Multifamily building" means a residential building containing five or more dwelling units.

Subd. 20. **Preweatherization measure.** "Preweatherization measure" means an improvement that is necessary to allow energy conservation improvements to be installed in a home.

Subd. 21. **Qualifying utility.** "Qualifying utility" means a utility that supplies a customer with energy that enables the customer to qualify as a large customer facility.

Subd. 22. **Waste heat recovered and used as thermal energy.** "Waste heat recovered and used as thermal energy" means the capture of heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes, and productively using the recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

Subd. 23. **Waste heat recovery converted into electricity.** "Waste heat recovery converted into electricity" means an energy recovery process that converts to electricity energy from the heat of exhaust stacks or pipes used for engines or manufacturing or...
industrial processes, or from the reduction of high pressure in water or gas pipelines, that
would otherwise be lost.

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

Sec. 6. [216B.2403] CONSUMER-OWNED UTILITIES; ENERGY CONSERVATION
AND OPTIMIZATION.

Subdivision 1. **Applicability.** This section applies to:

(1) a cooperative electric association that provides retail service to more than 5,000
members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales
to natural gas retail customers.

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual
consumer-owned utility subject to this section has an annual energy-savings goal equivalent
to 1.5 percent of gross annual retail energy sales, which must be met with a minimum of
energy savings from energy conservation improvements equivalent to at least one percent
of the consumer-owned utility's gross annual retail energy sales. The balance of energy
savings toward the annual energy-savings goal may be achieved only by the following
consumer-owned utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
1, that result in increased efficiency greater than would have occurred through normal
maintenance activity;

(3) net energy savings from efficient fuel-switching improvements that meet the criteria
under subdivision 8; or

(4) subject to department approval, demand-side natural gas or electric energy displaced
by use of waste heat recovered and used as thermal energy, including the recovered thermal
energy from a cogeneration or combined heat and power facility.

(b) The energy-savings goals specified in this section must be calculated based on
weather-normalized sales averaged over the most recent three years. A consumer-owned
utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the
next three years, except that energy savings from electric utility infrastructure projects may
be carried forward for five years. A particular energy savings can only be used to meet one
year's goal.

(c) A consumer-owned utility subject to this section is not required to make energy
conservation improvements that are not cost-effective, even if the improvement is necessary
to attain the energy-savings goal. A consumer-owned utility subject to this section must
make reasonable efforts to implement energy conservation improvements that exceed the
minimum level established under this subdivision if cost-effective opportunities and funding
are available, considering other potential investments the consumer-owned utility intends
to make to benefit customers during the term of the plan filed under subdivision 3.

Subd. 3. Consumer-owned utility; energy conservation and optimization plans. (a)
By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
file with the commissioner an energy conservation and optimization plan that describes the
programs for energy conservation, efficient fuel-switching, load management, and other
measures the consumer-owned utility intends to offer to achieve the utility's energy savings
goal.

(b) A plan's term may extend up to three years. A multiyear plan must identify the total
energy savings and energy savings resulting from energy conservation improvements that
are projected to be achieved in each year of the plan. A multiyear plan that does not, in each
year of the plan, meet both the minimum energy savings goal from energy conservation
improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by
the commissioner under paragraph (k), must:

(1) state why each goal is projected to be unmet; and

(2) demonstrate how the consumer-owned utility proposes to meet both goals on an
average basis over the duration of the plan.

(c) A plan filed under this subdivision must provide:

(1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned
utility's programs offered under the plan, using a list of baseline energy- and capacity-savings
assumptions developed in consultation with the department; and

(2) for new programs, a preliminary analysis upon which the program will proceed, in
parallel with further development of assumptions and standards.

(d) The commissioner must evaluate a plan filed under this subdivision based on the
plan's likelihood to achieve the energy-savings goals established in subdivision 2. The
commissioner may make recommendations to a consumer-owned utility regarding ways to
increase the effectiveness of the consumer-owned utility's energy conservation activities and programs under this subdivision. The commissioner may recommend that a consumer-owned utility implement a cost-effective energy conservation program, including an energy conservation program suggested by an outside source, including but not limited to a political subdivision, nonprofit corporation, or community organization.

(c) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of the plan filed under this subdivision, including: (i) total expenditures and investments made to date under the plan; and (ii) any intended changes to the plan; and (2) a summary of the annual energy-savings achievements under a plan. An annual filing made in the last year of a plan must contain a new plan that complies with this section.

(f) When evaluating the cost-effectiveness of a consumer-owned utility's energy conservation programs, the consumer-owned utility and the commissioner must consider the costs and benefits to ratepayers, the utility, participants, and society. The commissioner must also consider the rate at which the consumer-owned utility is increasing energy savings and expenditures on energy conservation, and lifetime energy savings and cumulative energy savings.

(g) A consumer-owned utility may annually spend and invest up to ten percent of the total amount spent and invested on energy conservation improvements on research and development projects that meet the definition of energy conservation improvement.

(h) A generation and transmission cooperative electric association or municipal power agency that provides energy services to consumer-owned utilities may file a plan under this subdivision on behalf of the consumer-owned utilities to which the association or agency provides energy services and may make investments, offer conservation programs, and otherwise fulfill the energy-savings goals and reporting requirements under this subdivision for the consumer-owned utilities on an aggregate basis.

(i) A consumer-owned utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

(j) The energy conservation and optimization plan of a consumer-owned utility may include activities to improve energy efficiency in the public schools served by the utility. These activities may include programs to:

(1) increase the efficiency of the school's lighting and heating and cooling systems;
(2) recommission buildings;

(3) train building operators; and

(4) provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(k) A consumer-owned utility may request that the commissioner adjust the consumer-owned utility's minimum goal for energy savings from energy conservation improvements under subdivision 2, paragraph (a), for the duration of the plan filed under this subdivision. The request must be made by January 1 of the year the consumer-owned utility is required to file a plan under this subdivision. The request must be based on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective energy conservation potential that exists in the consumer-owned utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by the consumer-owned utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an adjustment.

The commissioner must adjust the energy savings goal to a level the commissioner determines is supported by the record, but must not approve a minimum energy savings goal from energy conservation improvements that is less than an average of one percent per year over the consecutive years of the plan's duration, including the year the minimum energy savings goal is adjusted.

Subd. 4. Consumer-owned utility; energy savings investment. (a) Except as otherwise provided, a consumer-owned utility that the commissioner determines falls short of the minimum energy savings goal from energy conservation improvements established in subdivision 2, paragraph (a), for three consecutive years during which the utility has annually spent on energy conservation improvements less than 1.5 percent of gross operating revenues for an electric utility, or less than 0.5 percent of gross operating revenues for a natural gas utility, must spend no less than the following amounts for energy conservation improvements:

(1) for a municipality, 0.5 percent of gross operating revenues from the sale of gas and 1.5 percent of gross operating revenues from the sale of electricity, excluding gross operating...
revenues from electric and gas service provided in Minnesota to large electric customer
facilities; and

(2) for a cooperative electric association, 1.5 percent of gross operating revenues from
service provided in Minnesota, excluding gross operating revenues from service provided
in Minnesota to large electric customers facilities indirectly through a distribution cooperative
electric association.

(b) The commissioner must not impose the spending requirement under this subdivision
if the commissioner has determined that the utility has followed the commissioner's
recommendations, if any, provided under subdivision 3, paragraph (d).

(c) Upon request of a consumer-owned utility, the commissioner may reduce the amount
or duration of the spending requirement imposed under this subdivision, or both, if the
commissioner determines that the consumer-owned utility's failure to maintain the minimum
energy savings goal is the result of:

(1) a natural disaster or other emergency that is declared by the executive branch through
an emergency executive order that affects the consumer-owned utility's service area;

(2) a unique load distribution experienced by the consumer-owned utility; or

(3) other factors that the commissioner determines justifies a reduction.

(d) Unless the commissioner reduces the duration of the spending requirement under
paragraph (c), the spending requirement under this subdivision remains in effect until the
consumer-owned utility has met the minimum energy savings goal for three consecutive
years.

Subd. 5. Energy conservation programs for low-income households. (a) A
consumer-owned utility subject to this section must provide energy conservation programs
to low-income households. The commissioner must evaluate a consumer-owned utility's
plans under this section by considering the consumer-owned utility's historic spending on
energy conservation programs directed to low-income households, the rate of customer
participation in and the energy savings resulting from those programs, and the number of
low-income persons residing in the consumer-owned utility's service territory. A municipal
utility that furnishes natural gas service must spend at least 0.2 percent of the municipal
utility's most recent three-year average gross operating revenue from residential customers
in Minnesota on energy conservation programs for low-income households. A
consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the
consumer-owned utility's gross operating revenue from residential customers in Minnesota
on energy conservation programs for low-income households. The requirement under this paragraph applies to each generation and transmission cooperative association's aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota by all of the association's member distribution cooperatives.

(b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account established in section 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount of contributions the consumer-owned utility plans to make to the energy and conservation account. Contributions to the account must be used for energy conservation programs serving low-income households, including renters, located in the service area of the consumer-owned utility making the contribution. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish energy conservation programs for low-income households funded through contributions made to the energy and conservation account under paragraph (b). When establishing energy conservation programs for low-income households, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations providing energy and weatherization assistance to low-income households. The commissioner must record and report expenditures and energy savings achieved as a result of energy conservation programs for low-income households funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify the required spending under this subdivision if the consumer-owned utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to...

125.1  on energy conservation programs for low-income households. The requirement under this paragraph applies to each generation and transmission cooperative association's aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota by all of the association's member distribution cooperatives.

125.2  (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account established in section 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount of contributions the consumer-owned utility plans to make to the energy and conservation account. Contributions to the account must be used for energy conservation programs serving low-income households, including renters, located in the service area of the consumer-owned utility making the contribution. Contributions must be remitted to the commissioner by February 1 each year.

125.3  (c) The commissioner must establish energy conservation programs for low-income households funded through contributions made to the energy and conservation account under paragraph (b). When establishing energy conservation programs for low-income households, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations providing energy and weatherization assistance to low-income households. The commissioner must record and report expenditures and energy savings achieved as a result of energy conservation programs for low-income households funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or consumer-owned utility to implement low-income programs funded through the energy and conservation account.

125.4  (d) A consumer-owned utility may petition the commissioner to modify the required spending under this subdivision if the consumer-owned utility and the commissioner were unable to expend the amount required for three consecutive years.

125.5  (e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by July 1, 2022, and at least once every five years thereafter. The stakeholder group must include but is not limited to...
representatives of public utilities; municipal electric or gas utilities; electric cooperative
associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a consumer-owned utility's spending on low-income energy
conservation programs may be spent on preweatherization measures. A consumer-owned
utility is prohibited from claiming energy savings from preweatherization measures toward
the consumer-owned utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures
eligible for inclusion in low-income energy conservation programs no later than March 15,
2022.

(h) A consumer-owned utility may elect to contribute money to the Healthy AIR account
under section 216B.241, subdivision 7, paragraph (h), to provide preweatherization measures
for households eligible for weatherization assistance from the state weatherization assistance
program in section 216C.264. Remediation activities must be executed in conjunction with
federal weatherization assistance program services.

Subd. 6. Recovery of expenses. The commission must allow a cooperative electric
association subject to rate regulation under section 216B.026 to recover expenses resulting
from: (1) a plan under this section; and (2) assessments and contributions to the energy and
conservation account under section 216B.241, subdivision 2a.

Subd. 7. Ownership of preweatherization measure or energy conservation
improvement. (a) A preweatherization measure or energy conservation improvement
installed in a building under this section, excluding a system owned by a consumer-owned
utility that is designed to turn off, limit, or vary the delivery of energy, is the exclusive
property of the building owner, except to the extent that the improvement is subject to a
security interest in favor of the consumer-owned utility in case of a loan to the building
owner for the improvement.

(b) A consumer-owned utility has no liability for loss, damage, or injury directly or
indirectly caused by a preweatherization measure or energy conservation improvement,
unless a consumer-owned utility is determined to have been negligent in purchasing,
installing, or modifying a preweatherization measure or energy conservation improvement.

Subd. 8. Criteria for efficient fuel-switching improvements. (a) A fuel-switching
improvement is deemed efficient if, applying the technical criteria established under section
216B.241, subdivision 1d, paragraph (b), the improvement, relative to the fuel being
displaced:
(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric consumer-owned utility, the reduction in emissions must be measured based on the hourly emissions profile of the consumer-owned utility or the utility's electricity supplier, as reported in the most recent resource plan approved by the commission under section 216B.2422. If the hourly emissions profile is not available, the commissioner must develop a method consumer-owned utilities must use to estimate that value;

(3) is cost-effective, considering the costs and benefits from the perspective of the consumer-owned utility, participants, and society; and

(4) is installed and operated in a manner that improves the consumer-owned utility's system load factor.

(b) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Subd. 9. Manner of filing and service. (a) A consumer-owned utility must submit the filings required under this section to the department using the department's electronic filing system. The commissioner may approve an exemption from this requirement if a consumer-owned utility is unable to submit filings via the department's electronic filing system. All other interested parties must submit filings to the department via the department's electronic filing system whenever practicable but may also file by personal delivery or by mail.

(b) The submission of a document to the department's electronic filing system constitutes service on the department. If a department rule requires service of a notice, order, or other document by the department, a consumer-owned utility, or an interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service. Electronic service may be made only to persons on the service list that have previously agreed in writing to accept electronic service at an e-mail address provided to the department for electronic service purposes.

Subd. 10. Assessment. The commission or department may assess consumer-owned utilities subject to this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An assessment under this subdivision must be proportionate to a
consumer-owned utility's gross operating revenue from sales of gas or electric service in Minnesota during the previous calendar year, as applicable. Assessments under this subdivision are not subject to the cap on assessments under section 216B.62 or any other law.

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

Sec. 7. Minnesota Statutes 2020, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. Investment, expenditure, and contribution; public utility large customer facility. (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

1. for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;
2. for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and
3. for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), or from commercial gas customers that are exempted under paragraph (c) or (e).

(b) (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of paragraph (a) contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility

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qualifies as a large customer facility solely due to its peak electrical demand or annual
natural gas usage, the exemption may be limited to the qualifying utility if the commissioner
finds that the owner of the large customer facility has failed to take reasonable measures to
identify, evaluate, and implement energy conservation and efficiency improvements with
respect to the nonqualifying utility. Once an exemption is approved, the commissioner may
request the owner of a large customer facility to submit, not more often than once every
five years, a report demonstrating the large customer facility's ongoing commitment to
energy conservation and efficiency improvement after the exemption filing. The
commissioner may request such reports for up to ten years after the effective date of the
exemption, unless the majority ownership of the large customer facility changes, in which
case the commissioner may request additional reports for up to ten years after the change
in ownership occurs. The commissioner may, within 180 days of receiving a report submitted
under this paragraph, rescind any exemption granted under this paragraph upon a
determination that the large customer facility is not continuing to make reasonable efforts
to identify, evaluate, and implement energy conservation improvements. A large customer
facility that is, under an order from the commissioner, exempt from the investment and
expenditure requirements of paragraph (a) as of December 31, 2010, is not required to
submit a report to retain its exempt status, except as otherwise provided in this paragraph
with respect to ownership changes. No exempt large customer facility may participate in a
utility conservation improvement program unless the owner of the facility submits a filing
with the commissioner to withdraw its exemption.

(b) A commercial gas customer that is not a large customer facility and that purchases
or acquires natural gas from a public utility having fewer than 600,000 natural gas customers
in Minnesota may petition the commissioner to exempt gas utilities serving the commercial
gas customer from the investment and expenditure requirements of paragraph (a) contributing
to investments and expenditures made under an energy and conservation optimization plan
filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues
attributable to the commercial gas customer. The petition must be supported by evidence
demonstrating that the commercial gas customer has acquired or can reasonably acquire
the capability to bypass use of the utility's gas distribution system by obtaining natural gas
directly from a supplier not regulated by the commission. The commissioner shall grant the
exemption if the commissioner finds that the petitioner has made the demonstration required
by this paragraph.

(d) The commissioner may require investments or spending greater than the amounts
required under this subdivision for a public utility whose most recent advance forecast
required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100
megawatts or greater within five years under midrange forecast assumptions.

(e) (c) A public utility, consumer-owned utility, or owner of a large customer facility
may appeal a decision of the commissioner under paragraph (a) or (b), (c), or (d) to the
commission under subdivision 2. In reviewing a decision of the commissioner under
paragraph (a) or (b), (c), or (d), the commission shall rescind the decision if it finds that the
required investments or spending will:

(1) not result in cost-effective energy conservation improvements; or

(2) otherwise the decision is not be in the public interest.

(d) A public utility is prohibited from spending for or investing in energy conservation
improvements that directly benefit a large energy facility or a large electric customer facility
to which the commissioner has issued an exemption under this section.

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

Sec. 8. Minnesota Statutes 2020, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. Public utility; energy-saving goals. (a) The commissioner shall establish
energy-saving goals for energy conservation improvement expenditures and
shall evaluate an energy conservation improvement program on how well it meets the goals
set.

(b) Each individual A public utility and association shall have providing electric service
has an annual energy-savings goal equivalent to 1.5% to 1.75 percent of gross annual retail
energy sales unless modified by the commissioner under paragraph (d). (c) A public utility
providing natural gas service has an annual energy-savings goal equivalent to one percent
of gross annual retail energy sales, which must not be lowered by the commissioner. The
savings goals must be calculated based on the most recent three-year weather-normalized
average. A public utility or association providing electric service may elect to carry forward
energy savings in excess of 1.5% to 1.75 percent for a year to the succeeding three calendar
years, except that savings from electric utility infrastructure projects allowed under paragraph
(d) may be carried forward for five years. A public utility providing natural gas service may
elect to carry forward energy savings in excess of one percent for a year to the succeeding
three calendar years. A particular energy savings can only be used only for to meet one
year’s goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities
and associations operating under an energy savings plan by calendar year 2010.
(d) In its energy conservation improvement and optimization plan filing, a public utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment.

(d) The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A utility or association may include in its energy conservation plan energy savings from:

The balance of the 1.75 percent annual energy savings goal may be achieved through energy savings from:

(1) additional energy conservation improvements;

(2) electric utility infrastructure projects approved by the commission under section 216B.1636 that result in increased efficiency greater than would have occurred through normal maintenance activity; or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity

(3) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(e) An energy savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy savings goal established in this subdivision.

(f) An association or (e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits to ratepayers, the utility, participants, and society—In addition, the commissioner shall consider; (2) the rate at which an association or municipal...
utility is increasing both its energy savings and its expenditures on energy conservation; and (3) the public utility's lifetime energy savings and cumulative energy savings.

(f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

(i) This subdivision does not apply to:

(1) a cooperative electric association with fewer than 5,000 members;

(2) a municipal utility with fewer than 1,000 retail electric customers; or

(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.

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

Sec. 9. Minnesota Statutes 2020, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs filed under this section and section 216B.2403 on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used by utilities when filing energy conservation improvement programs. The department must track a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime energy savings reported in plans submitted under this section and section 216B.2403.

(b) The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance
concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness.

(c) The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program.

(d) The commissioner may assess up to $850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to $400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018.

(e) The commissioner must work with stakeholders to develop technical guidelines that public utilities and consumer-owned utilities must use to:

(1) determine whether deployment of a fuel-switching improvement meets the criteria established in subdivision 11, paragraph (e), or section 216B.2403, subdivision 8, as applicable; and

(2) calculate the amount of energy saved by deploying a fuel-switching improvement.

The guidelines under this paragraph must be issued by the commissioner by order no later than March 15, 2022, and must be updated as the commissioner determines is necessary.

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

Sec. 10. Minnesota Statutes 2020, section 216B.241, subdivision 1f, is amended to read:

Subd. 1f. Facilities energy efficiency. (a) The commissioner of administration and the commissioner of commerce shall maintain and, as needed, revise the sustainable building design guidelines developed under section 16B.325.

(b) The commissioner of administration and the commissioner of commerce shall maintain and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section 3, so that all public buildings can use the benchmarking tool to maintain energy use.
information for the purposes of establishing energy efficiency benchmarks, tracking building
performance, and measuring the results of energy efficiency and conservation improvements.

(c) The commissioner shall require that utilities include in their conservation improvement
plans programs that facilitate professional engineering verification to qualify a building as
Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or
Green Globes-certified. The state goal is to achieve certification of 1,000 commercial
buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green
Globes-certified by December 31, 2010.

(d) The commissioner may assess up to $500,000 annually for the purposes of this
subdivision. The assessments must be deposited in the state treasury and credited to the
energy and conservation account created under subdivision 2a. An assessment made under
this subdivision is not subject to the cap on assessments provided by section 216B.62, or
any other law.

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

Sec. 11. Minnesota Statutes 2020, section 216B.241, subdivision 1g, is amended to read:

Subd. 1g. Manner of filing and service. (a) A public utility, generation and transmission
cooperative electric association, municipal power agency, cooperative electric association,
and municipal utility shall submit filings to the department via the department's electronic
filing system. The commissioner may approve an exemption from this requirement in the
event an affected a public utility or association is unable to submit filings via the department's
electronic filing system. All other interested parties shall submit filings to the department
via the department's electronic filing system whenever practicable but may also file by
personal delivery or by mail.

(b) Submission of a document to the department's electronic filing system constitutes
service on the department. Where department rule requires service of a notice, order, or
other document by the department, public utility, association, or interested party upon
persons on a service list maintained by the department, service may be made by personal
delivery, mail, or electronic service, except that electronic service may only be made upon
persons on the service list who have previously agreed in writing to accept electronic service
at an electronic address provided to the department for electronic service purposes.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 12. Minnesota Statutes 2020, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Programs** **Public utility; energy conservation and optimization plans.** (a) The commissioner may require a public utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period.

(b) A public utility shall file an energy conservation improvement plan and an optimization plan by June 1, on a schedule determined by order of the commissioner, but at least every three years. Plans received as provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative lifetime energy savings projected to be achieved under the plan. A plan filed by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year.

(c) The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the energy conservation program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(d) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.

(e) Each public utility subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the public utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.
(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).

(f) The commissioner shall consider and may require a public utility to undertake an energy conservation program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

(g) A public utility, a political subdivision, or a nonprofit or community organization that has suggested an energy conservation program, the attorney general acting on behalf of consumers and small business interests, or a public utility customer that has suggested an energy conservation program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the energy conservation program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that an energy conservation program is not in the public interest.

(h) The commissioner may order a public utility to include, with the filing of the public utility's annual status report, the results of an independent audit of the public utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the public utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the public utility that is the result of the public utility's spending and investments. The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.

(i) The energy conservation and optimization plan of each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. As applicable to each public utility, at a minimum the activities must include programs.
to increase the efficiency of the school's lighting and heating and cooling systems, and to
provide for building recommissioning, building operator training, and opportunities to
educate students, teachers, and staff regarding energy efficiency measures implemented at
the school.

(j) The commissioner may require investments or spending greater than the amounts
proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose
most recent advanced forecast required under section 216B.2422 projects a peak demand
deficit of 100 megawatts or more within five years under midrange forecast assumptions.

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

Sec. 13. Minnesota Statutes 2020, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. Recovery of expenses. (a) The commission shall allow a public utility to
recover expenses resulting from an energy conservation improvement program required
and optimization plan approved by the department under this section and contributions and
assessments to the energy and conservation account, unless the recovery would be
inconsistent with a financial incentive proposal approved by the commission. The commission
shall allow a cooperative electric association subject to rate regulation under section
216B.026, to recover expenses resulting from energy conservation improvement programs,
load management programs, and assessments and contributions to the energy and
conservation account unless the recovery would be inconsistent with a financial incentive
proposal approved by the commission. In addition,

(b) A public utility may file annually, or the Public Utilities Commission may require
the public utility to file, and the commission may approve, rate schedules containing
provisions for the automatic adjustment of charges for utility service in direct relation to
changes in the expenses of the public utility for real and personal property taxes, fees, and
permits, the amounts of which the public utility cannot control. A public utility is eligible
to file for adjustment for real and personal property taxes, fees, and permits under this
subdivision only if, in the year previous to the year in which it files for adjustment, it has
spent or invested at least 1.75 percent of its gross revenues from provision of electric service,
excluding gross operating revenues from electric service provided in the state to large electric
customer facilities for which the commissioner has issued an exemption under subdivision
1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service,
excluding gross operating revenues from gas services provided in the state to large electric
customer facilities for which the commissioner has issued an exemption under subdivision
1a, paragraph (b), for that year for energy conservation improvements under this section.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2020, section 216B.241, subdivision 3, is amended to read:

Subd. 3. Ownership of preweatherization measure or energy conservation improvement. An (a) preweatherization measure or energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by the a public utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of the public utility in case of a loan to the building owner. The

(b) A public utility has no liability for loss, damage, or injury caused directly or indirectly by an a preweatherization measure or energy conservation improvement except for negligence by the utility in purchase, installation, or modification of the product. purchasing, installing,

or modifying a preweatherization measure or energy conservation improvement.

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

Sec. 15. Minnesota Statutes 2020, section 216B.241, subdivision 5, is amended to read:

Subd. 5. Efficient lighting program. (a) Each public utility, cooperative electric association, and municipal and consumer-owned utility that provides electric service to retail customers and is subject to subdivision 1c or section 216B.2403 shall include as part of its conservation improvement activities a program to strongly encourage the use of LED lamps. The program must include at least a public information campaign to encourage use of LED lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new LED lamps, a cash back system, or any other financial
incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal or a consumer-owned utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality or consumer-owned utility that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal or consumer-owned utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal or consumer-owned utility to promote the use of LED lamps and to collect fluorescent and high-intensity discharge collect LED lamps under this subdivision are conservation improvement spending under this section.

(h) For the purposes of this subdivision, "LED lamp" means a light-emitting diode lamp that consists of a solid state device that emits visible light when an electric current passes through a semiconductor bulb or lighting product.

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

Sec. 16. Minnesota Statutes 2020, section 216B.241, subdivision 7, is amended to read:

Subd. 7. Low-income programs. (a) The commissioner shall ensure that each public utility and association subject to subdivision 1c provides low-income energy conservation programs to low-income households. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings achieved by low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at
least 0.4 0.8 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A public utility or association that furnishes electric service must spend at least 0.4 0.4 percent of its gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association’s members’ aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.

(b) To meet the requirements of paragraph (a), a public utility or association may contribute money to the energy and conservation account established under subdivision 2a. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the public utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income energy conservation programs to utilize money contributed contributions made to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons households. Money contributed Contributions made to the energy and conservation account under paragraph (b) must provide programs for low-income persons households, including low-income renters, in the service territory of the public utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g) (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A public utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The commissioner must develop and establish guidelines to determine the eligibility of multifamily buildings to participate in low-income energy conservation programs.

Notwithstanding the definition of low-income household in section 216B.2402, for purposes
of determining the eligibility of multifamily buildings for low-income programs a public
utility may apply the most recent guidelines published by the department. The commissioner
must convene a stakeholder group to review and update guidelines by July 1, 2022, and at
least once every five years thereafter. The stakeholder group must include but is not limited
to representatives of public utilities as defined in section 216B.02, subdivision 4; municipal
electric or gas utilities; electric cooperative associations; multifamily housing owners and
developers; and low-income advocates.

(f) Up to 15 percent of a public utility's spending on low-income programs may be spent
on preweatherization measures. A public utility is prohibited from claiming energy savings
from preweatherization measures toward the public utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures
eligible for inclusion in low-income programs no later than March 15, 2022.

(h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate
account in the special revenue fund in the state treasury. A public utility may elect to
contribute money to the Healthy AIR account to provide preweatherization measures to
households eligible for weatherization assistance under section 216C.264. Remediation
activities must be executed in conjunction with federal weatherization assistance program
services. Money contributed to the account counts toward: (1) the minimum low-income
spending requirement in paragraph (a); and (2) the cap on preweatherization measures under
paragraph (f). Money in the account is annually appropriated to the commissioner of
commerce to pay for Healthy AIR-related activities.

(i) The costs and benefits associated with any approved low-income gas or electric
conservation improvement program that is not cost-effective when considering the costs
and benefits to the public utility may, at the discretion of the utility, be excluded from the
calculation of net economic benefits for purposes of calculating the financial incentive to
the public utility. The energy and demand savings may, at the discretion of the public utility,
be applied toward the calculation of overall portfolio energy and demand savings for purposes
determining progress toward annual goals and in the financial incentive mechanism.

EFFECTIVE DATE. This section is effective the day following final enactment.
gross operating revenue from sales of gas or electric service within **the state** Minnesota during the last calendar year to carry out the purposes of subdivisions 1d, 1e, and 1f. Those assessments, as applicable. Assessments made under this subdivision are not subject to the cap on assessments provided by section 216B.62, or any other law.

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

Sec. 18. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

**Subd. 11. Programs for efficient fuel-switching improvements; electric utilities. (a)**

A public utility providing electric service at retail may include in the plan required under subdivision 2 programs to implement efficient fuel-switching improvements or combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the public utility must provide a proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if the department determines the improvements meet the requirements of paragraph (d). For fuel-switching improvements that require the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program if the department determines the primary purpose and effect of the program is energy efficiency.

(c) A public utility may file a rate schedule with the commission that provides for annual cost recovery of reasonable and prudent costs incurred to implement and promote efficient fuel-switching programs. The commission may not approve a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service.

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (b), the improvement meets the following criteria, relative to the fuel that is being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
improvement installed by an electric utility, the reduction in emissions must be measured based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422;

(3) is cost-effective, considering the costs and benefits from the perspective of the utility, participants, and society; and

(4) is installed and operated in a manner that improves the utility's system load factor.

(e) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

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

Sec. 19. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 12. Programs for efficient fuel-switching improvements; natural gas utilities. (a) As part of a public utility's plan filed under subdivision 2, a public utility that provides natural gas service to Minnesota retail customers may propose as an energy conservation improvement one or more programs to install electric technologies that reduce the consumption of natural gas by the utility's retail customers. The commissioner may approve a proposed program if the commissioner, applying the technical criteria developed under section 216B.241, subdivision 1d, paragraph (b), determines:

(1) the electric technology to be installed meets the criteria established under section 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

(2) the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(b) If a program is approved by the commission under this subdivision, the public utility may count the program's energy savings toward the public utility's energy savings goal under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient fuel-switching achieved through programs approved under this subdivision is energy conservation.

(c) A public utility may file rate schedules with the commission that provide annual cost-recovery for programs approved by the department under this subdivision, including reasonable and prudent costs incurred to implement and promote the programs.
(d) The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage efficient fuel-switching programs approved under this subdivision, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive mechanism that is calculated based on the combined energy savings and net benefits that the commission determines have been achieved by a program approved under this subdivision, provided the commission determines that the financial incentive mechanism is in the ratepayers' interest.

(e) A public utility is not eligible for a financial incentive for an efficient fuel-switching program under this subdivision in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through fuel-switching programs.

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

Sec. 20. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 13. **Cost-effective load management programs.** (a) A public utility may include in the utility's plan required under subdivision 2 programs to implement load management activities, or combinations of energy conservation improvements, fuel-switching improvements, and load management activities. For each program the public utility must provide a proposed budget, cost-effectiveness analysis, and estimated net energy and demand savings.

(b) The commissioner may approve a proposed program if the commissioner determines the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(c) A public utility providing retail service to Minnesota customers may file rate schedules with the commission that provide for annual cost recovery of reasonable and prudent costs incurred to implement and promote cost-effective load management programs approved by the department under this subdivision.

(d) In determining whether to approve, modify, or reject a proposal made by the department or a public utility for an incentive plan to encourage investments in load management programs, the commission shall consider whether the plan:

1. is needed to increase the public utility's investment in cost-effective load management;
2. is compatible with the interest of the public utility's ratepayers; and
(3) links the incentive to the public utility's performance in achieving cost-effective load
management.

(e) The commission may structure an incentive plan to encourage cost-effective load
management programs as an asset on which a public utility earns a rate of return at a level
the commission determines is reasonable and in the public interest.

(f) The commission may include the net benefits from a load management activity
integrated with an energy efficiency program approved under this section in the net benefits
of the energy efficiency program for purposes of a financial incentive program under section
216B.16, subdivision 6c, if the department determines the primary purpose of the load
management activity is energy efficiency.

(g) A public utility is not eligible for a financial incentive for a load management program
in any year in which the utility achieves energy savings below one percent of gross annual
retail energy sales, excluding savings achieved through load management programs.

(h) The commission may include net benefits from a particular load management activity
in an incentive plan under this subdivision or section 216B.16, subdivision 6c, but not both.

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

Sec. 21. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision
to read:

Subd. 14. Minnesota efficient technology accelerator. (a) A nonprofit organization
with extensive experience implementing energy efficiency programs and conducting
energy-efficient technology research in Minnesota may file a proposal with the commissioner
for a program to accelerate deployment and reduce the cost of emerging and innovative
efficient technologies and approaches and result in lower energy costs for Minnesota
ratepayers. The program must include strategic initiatives with technology manufacturers
to improve the efficiency and performance of products, and with equipment installers and
other key actors in the technology supply chain. The program's goals are to achieve
cost-effective energy savings for Minnesota utilities, provide bill savings to Minnesota
utility consumers, enhance employment opportunities in Minnesota, and avoid greenhouse
gas emissions.

(b) Prior to developing and filing a proposal, the nonprofit must submit to the
commissioner a notice of intent to file a proposal under this subdivision that describes the
nonprofit's eligibility with respect to the requirements of paragraph (a). The commissioner
shall review the notice of intent and issue a determination of eligibility within 30 days of the date the notice of intent is filed.

(c) Upon receiving approval from the commissioner to file a proposal under this section, a nonprofit organization must engage interested stakeholders in discussions regarding, at a minimum, the following elements required of a program proposal under this subdivision:

(1) a proposed budget and operational guidelines for the accelerator;

(2) proposed methodologies to estimate, evaluate, and allocate energy savings and net benefits from program activities. Energy savings and net benefits from program activities must be allocated to participating utilities and must be considered when determining the cost-effectiveness of energy savings achieved by the program and related incentives;

(3) a process to identify and select technologies that:

(i) address energy use in residential, commercial, and industrial buildings; and

(ii) benefit utility customers in proportion to the funds contributed to the program by electric and natural gas utilities, respectively; and

(4) a process to identify and track performance metrics for each technology selected so that progress toward achieving energy savings can be measured, including one or more methods to evaluate cost-effectiveness.

(d) No earlier than 180 days from the date of the commissioner's eligibility determination under paragraph (b), the nonprofit may file a program proposal under this subdivision. The filing must address each of the elements listed in paragraph (c), clauses (1) to (4), and the recommendations and concerns identified in the stakeholder engagement process required under paragraph (c). Within 90 days of the filing of the proposal, after notice and comment, and after the commissioner has considered the estimated program costs and benefits from the perspectives of ratepayers, utilities, and society, the commissioner shall approve, modify, or reject the proposal. An approved program may have a term extending up to five years, and may be renewed by the commissioner one or more times for additional terms of up to five years.

(e) Upon approval of a program under paragraph (d), each public utility with over 30,000 customers must participate in the program and contribute to the approved program budget in proportion to the public utility's gross operating revenue from sales of gas or electric service in Minnesota, excluding revenues from large customer facilities exempted under subdivision 1a. A participating utility is not required to contribute more than the following percentages of the utility's spending approved by the commission in the plan filed under Article 7 Sec. 21.
subdivision 2: (1) two percent in the program's initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent each year thereafter. Other utilities may elect to participate in an approved program.

(f) A participating utility may request the commissioner to adjust its approved annual budget under subdivision 2, if necessary to meet approved energy savings goals under subdivision 2. Other utilities may elect to participate in the accelerator program.

(g) Costs incurred by a public utility under this subdivision are recoverable under subdivision 2b as an assessment to the energy and conservation account. Amounts provided to the account under this subdivision are not subject to the cap on assessments in section 216B.62. The commissioner may make expenditures from the account for the purposes of this subdivision, including amounts necessary to reimburse administrative costs incurred by the department under this subdivision. Costs for research projects under this subdivision that the commissioner determines may be duplicative to projects that would be eligible for funding under subdivision 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities participating in the accelerator.

EFFECTIVE DATE. This section is effective immediately upon enactment.

Sec. 22. Minnesota Statutes 2020, section 216B.2412, subdivision 3, is amended to read:

Subd. 3. Pilot programs. The commission shall allow one or more rate-regulated utilities to participate in a pilot program to assess the merits of a rate-decoupling strategy to promote energy efficiency and conservation. Each pilot program must utilize the criteria and standards established in subdivision 2 and be designed to determine whether a rate-decoupling strategy achieves energy savings. On or before a date established by the commission, the commission shall require electric and gas utilities that intend to implement a decoupling program to file a decoupling pilot plan, which shall be approved or approved as modified by the commission. A pilot program may not exceed three years in length. Any extension beyond three years can only be approved in a general rate case, unless that decoupling program was previously approved as part of a general rate case. The commission shall report on the programs annually to the chairs of the house of representatives and senate committees with primary jurisdiction over energy policy.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 23. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 7a. Energy storage systems; installation. The commission shall, as part of an order with respect to a public utility's integrated resource plan filed under this section, require a public utility to install one or more energy storage systems, provided that the commission finds the investments are reasonable, prudent, and in the public interest. In determining the aggregate capacity of the energy storage systems ordered under this subdivision, the commission must consider the public utility's assessment of energy storage systems contained in the public utility's integrated resource plan, as required under subdivision 7.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any order issued to a public utility by the commission in an integrated resource plan proceeding after July 1, 2021.

Sec. 24. [216B.2427] ENERGY STORAGE SYSTEM; APPLICATION.

Subdivision 1. Definition. For the purposes of this section, "energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

Subd. 2. Application requirement. No later than one year following the commission's order to a public utility in an integrated resource plan proceeding under section 216B.2422, the public utility must submit an application to the commission for review and approval to install one or more energy storage systems whose aggregate capacity meets or exceeds that ordered by the commission in the public utility's most recent integrated resource plan proceeding under section 216B.2422, subdivision 7a.

Subd. 3. Application contents. (a) Each application submitted under this section shall contain the following information:

(1) technical specifications of the energy storage system, including but not limited to:

(i) the maximum amount of electric output that the energy storage system can provide;

(ii) the length of time the energy storage system can sustain maximum output;

(iii) the location of the project and a description of the analysis conducted to determine the location;

(iv) a description of the public utility's electric system needs that the proposed energy storage system address;
(v) a description of the types of services the energy storage system is expected to provide;

and

(vi) a description of the technology required to construct, operate, and maintain the energy storage system, including any data or communication system necessary to operate the energy storage system;

(2) the estimated cost of the project, including:

(i) capital costs;

(ii) the estimated cost per unit of energy delivered by the energy storage system; and

(iii) an evaluation of the cost-effectiveness of the energy storage system;

(3) the estimated benefits of the energy storage system to the public utility's electric system, including but not limited to:

(i) deferred investments in generation, transmission, or distribution capacity;

(ii) reduced need for electricity during times of peak demand;

(iii) improved reliability of the public utility's transmission or distribution system; and

(iv) improved integration of the public utility's renewable energy resources;

(4) how the addition of an energy storage system complements proposed actions of the public utility described in the most recent integrated resource plan submitted under section 216B.2422 to meet expected demand with the least cost combination of resources; and

(5) any additional information required by the commission.

(b) A public utility must include in the application an evaluation of the potential to store energy in the public utility's electric system and must identify geographic areas in the public utility's service area where the deployment of energy storage systems has the greatest potential to achieve the economic benefits identified in paragraph (a), clause (3).

Subd. 4. Commission review. The commission shall review each proposal submitted under this section and may approve, reject, or modify the proposal. The commission shall approve a proposal the commission determines is in the public interest and reasonably balances the value derived from the deployment of an energy storage system for ratepayers and the public utility's operations with the costs of procuring, constructing, operating, and maintaining the energy storage system.

Subd. 5. Cost recovery. A public utility may recover from ratepayers all costs prudently incurred by the public utility to deploy an energy storage system approved by the commission.
under this section, net of any revenues generated by the operation of the energy storage system.

Subd. 6. Commission authority; orders. The commission may issue orders necessary to implement and administer this section.

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

Sec. 25. Minnesota Statutes 2020, section 216C.05, subdivision 2, is amended to read:

Subd. 2. Energy policy goals. It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives;

(3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025; and

(4) statewide greenhouse gas emissions from energy use in existing commercial and residential buildings is reduced by 50 percent by 2035 through: (i) continued use of the most effective current energy-saving incentives programs, evaluated by participation and efficacy; and (ii) development and implementation of new programs, prioritizing solutions that achieve the highest overall carbon reduction; and

(5) retail electricity rates for each customer class be at least five percent below the national average.

Sec. 26. [216C.402] REBUILD RIGHT GRANT PROGRAM.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Cold climate air-source heat pump" means a mechanism that heats and cools indoor air by transferring heat from outdoor or indoor air using a fan, a refrigerant-filled heat exchanger, and an inverter-driven compressor that varies the pressure of the refrigerant to warm or cool the refrigerant vapor.

(c) "Commercial building" means a building:

(1) with an occupant that is (i) engaged in wholesale or retail trade or the provision of services, or (ii) a restaurant; or
(2) that contains four or more dwelling units.

(d) "Energy conservation" has the meaning given in section 216B.241, subdivision 1.

(e) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1.

(f) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(g) "Envelope" means the physical elements separating a building's interior and exterior.

(h) "Grantee" means a person awarded a grant by the commissioner under this section.

(i) "Ground-source heat pump" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed in the ground to transfer heat between the surrounding earth and a building.

(j) "Institutional building" means a building with occupants that provide health care, educational, or government services.

(k) "Preweatherization measure" means a general repair or measure that affects the health or safety of residents of a dwelling unit and that is required under federal law in order for weatherization services to be provided to the dwelling unit.

(l) "Qualified energy technology" means:

(1) a solar energy system;

(2) a measure installed in a building that results in energy efficiency or energy conservation, excluding a natural gas furnace that does not function solely as a backup to a primary heating system utilizing a ground-source heat pump or a cold climate air-source heat pump; or

(3) an energy storage system.

(m) "Residential building" means a building containing one to three residential units.

(n) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 2. **Program establishment.** A rebuild right grant program is established in the Department of Commerce to award grants to incorporate qualified energy technologies as part of the renovation or new construction of buildings damaged or destroyed by civil unrest in May and June 2020.
Subd. 3. **Application.** (a) An application for a grant under this section must be made to
the commissioner on a form developed by the commissioner. The application must include:

1. evidence substantiating the applicant's experience required under subdivision 4, paragraph (b);
2. information detailing how property owners are notified that financial assistance is
available;
3. the geographic area within which an applicant proposes to target financial assistance;
4. information detailing (i) how the applicant determines whether a proposed project
meets the applicable energy standards required under subdivision 5, and (ii) what
post-implementation methods are used to assess whether the standards have been met;
5. information detailing how the applicant evaluates and ranks project proposals; and
6. any other information required by the commissioner.

(b) The commissioner must develop administrative procedures and processes to review
applications and award grants under this section.

Subd. 4. **Eligible applicants.** (a) Multiple organizations, including political subdivisions
and nonprofit organizations, may jointly file a single application for a grant award under
this section.

(b) Applicants for a grant awarded under this section must have experience:

1. analyzing the energy and economic impacts of installing qualified energy technologies
in buildings;
2. working with contractors to implement projects that install qualified energy
technologies in buildings; and
3. successfully working with small businesses, community groups, and residents of
neighborhoods where a preponderance of the total number of households are low-income
households.

Subd. 5. **Eligible activities; energy standards.** (a) Except as provided in paragraph (b),
a renovated or newly constructed commercial or institutional building awarded grant funds
under this section must meet, at a minimum, the current Sustainable Building 2030 energy

(b) A renovated or newly constructed residential building or a commercial building
containing four or more dwelling units awarded grant funds under this section must meet,
at a minimum, the current energy performance standards for new residential construction or renovations, as applicable, contained in the International Passive House Standard promoted by the North American Passive House Network or the United States Department of Energy's Zero Energy Ready Home.

Subd. 6. Eligible properties. A property is eligible to receive a grant awarded under this section if the property: (1) was damaged or destroyed by civil unrest that occurred in the state in May and June 2020; and (2) is being renovated or constructed to operate as a residential, commercial, or institutional property.

Subd. 7. Eligible expenditures. An appropriation made to support activities under this section may be used to:

1. conduct outreach activities to:
   1. cities and business associations affected by the civil unrest that occurred in Minnesota in May and June 2020;
   2. persons listed in subdivision 8, clause (1), items (i) to (iv); and
   3. potential building owners who may receive services under the program;
2. purchase and install qualified energy technologies in buildings;
3. pay the reasonable costs incurred by the department to administer this section; and
4. compensate task force members under subdivision 12.

Subd. 8. Grant priorities. When awarding grants under this section, the commissioner must give priority to applications that:

1. commit to conduct aggressive outreach programs to provide assistance under this section to eligible owners of buildings:
   1. located in census tracts in which 50 percent or more of households have household incomes at or below 60 percent of the state median household income;
   2. located in census tracts designated by the governor as Opportunity Zones under United States Code, title 26, section 1400Z-1, et. seq.;
   3. containing minority-owned businesses, as defined in section 116J.8737; or
   4. containing women-owned businesses, as defined in section 116J.8737;
2. commit to employ contractors that pay employees a wage comparable to, as determined by the commissioner, the prevailing wage rate, as defined in section 177.42; or
Subd. 9. Limits. Grant funds awarded under this section to support the renovation or construction of building envelopes and energy systems in commercial or institutional buildings may be used to pay the difference between (1) the cost to renovate or construct a building's envelope or energy system to meet the current applicable energy code, and (2) the cost to meet the standards required under subdivision 5. The commissioner must develop a methodology to calculate the cost to renovate or construct a commercial or institutional building's envelope and energy system to meet current applicable energy code standards, which must be used by a grantee to determine the amount awarded to a building owner.

Subd. 10. Awards to building owners. A commercial or institutional building owner seeking funding from a grant awarded under this section must submit an application to the grantee that includes:

(1) evidence that the building is eligible to receive a grant under this section, including documentation of damage done to the building;

(2) a description of the project, including cost estimates for major project elements;

(3) documentation that the measures funded result in the building meeting the applicable energy standards of subdivision 5; and

(4) any other information required by a grantee.

Subd. 11. Grantee reports. Recipients of a grant awarded under this section must file semiannual reports with the commissioner containing:

(1) a list of properties where grant funds have been expended, the amount of the expenditures, and the nature of the energy efficiency measures and renewable energy systems installed;

(2) estimated energy savings and greenhouse gas emissions reductions resulting from expenditures made under this section compared with estimated levels of energy use and greenhouse gas emissions associated with those properties in 2019; and

(3) any other information required by the commissioner.

Subd. 12. Advisory task force. (a) Within 60 days of the effective date of this act, the commissioner must select and appoint eight members to a Rebuild Right Advisory Task Force and must convene the initial meeting of the task force. The advisory task force must include:

(1) one representative of the public utility subject to section 116C.779, subdivision 1;
(2) one representative of the Prairie Island Indian Community;

(3) one representative of organized labor;

(4) two representatives of organizations with expertise installing energy conservation measures and renewable energy programs in buildings;

(5) one representative of organizations that advocate for energy policies addressing low-income households; and

(6) two representatives of organizations representing businesses located in areas that experienced extensive property damage from civil unrest in Minnesota in May and June 2020.

(b) Within 60 days of the effective date of this act, the state senators and state representatives representing Minneapolis neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(c) Within 60 days of the effective date of this act, the state senators and state representatives representing St. Paul neighborhoods that suffered extensive property damage from civil unrest in May and June 2020 must jointly appoint as task force members two residents who live in the neighborhoods where the property damage occurred.

(d) Members of the advisory task force appointed under paragraph (a), clauses (1) to (3), are nonvoting members. All other members are voting members.

(e) The Department of Commerce must serve as staff and provide administrative support to the advisory task force.

(f) The advisory task force must advise the commissioner throughout the development of the request for proposal and grant award process, and may recommend funding priorities in addition to those listed in subdivision 8. Within 60 days of the initial meeting, the advisory task force must present recommendations to the commissioner regarding the content of the request for proposal.

(g) An organization that is represented on the advisory task force must not be awarded a grant under this section.

(h) Notwithstanding section 15.059, subdivision 6, advisory task force members may be compensated as provided under section 15.059, subdivision 3.

(i) The advisory task force established under this subdivision expires two years after the effective date of this act.
Subd. 13. Report. Beginning January 15, 2022, and continuing each January 15 through 2026, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy. The report must contain:

1. a list of the grant awards made under this section;
2. summaries of the grantee reports submitted under subdivision 10; and
3. other information deemed relevant by the commissioner.

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

Sec. 27. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. Adoption of code. (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.
(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. Beginning in 2022, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard, and amending the standard as necessary to achieve a minimum of eight percent energy efficiency with each edition, as measured against energy consumption by an average building in each applicable building sector in 2003. These amendments must achieve a net zero energy standard for new commercial buildings by 2036 and thereafter. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

Sec. 28. SUPPLEMENTING WEATHERIZATION SERVICES.

(a) The state may implement preweatherization measures and qualified energy technologies in dwelling units of low-income households that are: (1) receiving weatherization services delivered under the federal Weatherization Assistance Program authorized under United States Code, title 42, section 6861, et. seq.; and (2) located in neighborhoods adjacent to areas that experienced property damage resulting from civil unrest in May and June 2020, as determined by the commissioner of commerce.

(b) Minnesota Statutes, section 216C.264, subdivisions 1 to 3 and 6, apply to assistance provided under this section.

(c) The commissioner of commerce may require the design heating load of a dwelling unit receiving assistance under this section to be no more than 12 British Thermal Units per hour per square foot after all preweatherization measures financed under this section,
qualified energy technologies financed under this section, and weatherization measures
provided under the federal weatherization program are implemented.

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

Sec. 29. TASK FORCE ON EXPANDING THE PROVISION OF
WEATHERIZATION SERVICES.

Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
the meanings given.

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

c) "Weatherization Assistance Program" means the federal program described in Code
of Federal Regulations, title 10, part 440 et. seq., designed to assist low-income households
to cost-effectively reduce energy use.

(d) "Weatherization service providers" means the network of contracted entities that
administer the Weatherization Assistance Program.

(e) "Weatherization assistance services" means the energy conservation measures installed
in households under the Weatherization Assistance Program.

Subd. 2. Establishment. A task force is established to explore ways to expand existing
funding sources and identify potential new funding sources in order to increase the number
of low-income Minnesota households served or the scope of services provided by the
Weatherization Assistance Program.

Subd. 3. Membership. (a) No later than August 1, 2021, the commissioner must appoint
members to the task force representing the following stakeholders:

(1) a statewide association representing Weatherization Assistance Program providers;

(2) individual Weatherization Assistance Program service providers;

(3) investor-owned utilities;

(4) electric cooperatives and municipal utilities;

(5) low-income energy advocates;

(6) Tribal nations; and

(7) delivered fuel dealers.

(b) Task force members serve without compensation.
(c) The commissioner must fill task force vacancies to maintain the representation required under paragraph (a).

Subd. 4. Meetings; officers. (a) The commissioner must convene the first meeting of the task force no later than August 15, 2021.

(b) At the first meeting, the task force must elect a chair and vice-chair from among the task force's members and may elect other officers as necessary.

(c) The task force must meet according to a schedule determined by the task force and may also meet at the call of the chair. The task force must meet as often as necessary to accomplish the duties listed under subdivision 5.

(d) Task force meetings are subject to the open meeting provisions of Minnesota Statutes, chapter 13D.

Subd. 5. Duties. The task force must:

1. develop a strategy to reduce, each year, a targeted number of eligible households denied weatherization services due to unaddressed health, environmental, or structural hazards in the home;

2. explore new sources of funding in order to increase the number of households receiving weatherization assistance services;

3. analyze existing program models in other states that offer services that complement the Weatherization Assistance Program;

4. analyze the current distribution of weatherization services across ethnic groups; among different regions of Minnesota; in urban, suburban, and rural areas; and with respect to other demographic factors in order to determine how to distribute weatherization services more equitably throughout Minnesota;

5. discuss how additional funding would impact the ability of weatherization assistance service providers to provide weatherization assistance services to more eligible households;

6. identify services that a supplemental funding program could provide to address necessary repairs to homes that the federal Weatherization Assistance Program requires before weatherization assistance is provided, but which cannot be funded with federal Weatherization Assistance Program funds; and

7. examine other related issues the task force deems relevant.

Subd. 6. Administrative support. The commissioner must provide administrative support and physical or virtual meeting space needed to complete the task force's work.
Subd. 7. Report. No later than February 1, 2022, the task force must submit a report on
the task force's findings and recommendations to the chairs and ranking minority members
of the senate and house of representatives committees with jurisdiction over energy. The
report must include recommendations for legislation to supplement funding for the
Weatherization Assistance Program.

Subd. 8. Expiration. This section expires April 15, 2022.

EFFECTIVE DATE. This section is effective July 1, 2021.

Sec. 30. TRANSFER.

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
$5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are transferred from the
renewable development account established under Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of administration for deposit in the state building energy
conservation improvement account established in Minnesota Statutes, section 16B.86, to
provide loans to state agencies for energy conservation projects under Minnesota Statutes,
section 16B.87.

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

Sec. 31. APPROPRIATION.

Subdivision 1. State building energy conservation loan account. Notwithstanding
Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $249,000 in fiscal year
2022 and $137,000 in fiscal year 2023 are appropriated from the renewable development
account to the commissioner of administration for software and administrative costs
associated with the state building energy conservation improvement revolving loan program
under Minnesota Statutes, section 16B.87. The base in fiscal years 2024 and 2025 is
$137,000.

Subd. 2. Building energy codes. $146,000 in fiscal year 2023 is appropriated from the
general fund to the commissioner of labor and industry to implement new commercial
energy codes, as described in Minnesota Statutes, section 326B.106, subdivision 1. This is
a onetime appropriation.

Subd. 3. Rebuild right grants. Notwithstanding Minnesota Statutes, section 116C.779,
subdivision 1, paragraph (j), $3,000,000 in fiscal year 2022 is appropriated from the
renewable development account established under Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of commerce to award rebuild right grants to building
 owners, as described in Minnesota Statutes, section 216C.402. This is a onetime
appropriation.  

 EFFECTIVE DATE. This section is effective July 1, 2021.

 Sec. 32. REPEALER.  

 Minnesota Statutes 2020, section 216B.241, subdivisions 1, 1b, 2c, 4, and 10, are
repealed.  

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

 ARTICLE 8  

 ENERGY TRANSITION  

 Section 1. [116J.5491] ENERGY TRANSITION OFFICE.  

 Subdivision 1. Definitions. (a) For purposes of sections 116J.5491 to 116J.5493, the
following terms have the meanings given.  

 (b) "Impacted facility" means an electric generating unit that is or was owned by a public
utility, as defined in section 216B.02, subdivision 4, and that:  

 (1) is currently operating and (i) is scheduled to cease operations, or (ii) whose cessation
of operations has been proposed in an integrated resource plan filed with the Public Utilities
Commission under section 216B.2422; or  

 (2) ceased operations or was removed from the local property tax base no earlier than
five years before the effective date of this section.  

 (c) "Impacted community" means a municipality, Tribal government, or county in which
an impacted facility is located.  

 (d) "Impacted worker" means a Minnesota resident:  

 (1) employed at an impacted facility and who is facing the loss of employment as a result
of the impacted facility's retirement; or  

 (2) employed by a company that, under contract, regularly performs construction,
maintenance, or repair work at an impacted facility, and who is facing the loss of employment
or of work opportunities as a result of the impacted facility's retirement.  

 Subd. 2. Office established; director. (a) The Energy Transition Office is established
in the Department of Employment and Economic Development.
(b) The director of the Energy Transition Office is appointed by the governor. The director must be qualified by experience in issues related to energy, economic development, and the environment.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 3. Purpose. The purpose of the office is to:

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;

(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;

(3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;

(4) address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce economic dislocations of impacted communities and impacted workers; and

(5) assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools, for impacted communities and impacted workers.

Subd. 4. Duties. The office is authorized to:

(1) administer programs to support impacted communities and impacted workers;

(2) coordinate resources at local, state, and federal levels to support impacted communities and impacted workers that are subject to significant economic transition;

(3) coordinate the development of a statewide policy on impacted communities and impacted workers;

(4) deliver programs and resources to impacted communities and impacted workers;

(5) support impacted workers by establishing benefits and educating impacted workers on applying for benefits;

(6) act as a liaison among impacted communities, impacted workers, and state agencies;

(7) assist state agencies to (i) address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support impacted communities and impacted workers;
(8) review existing programs supporting impacted workers and identify gaps that need to be addressed;

(9) support the activities of the energy transition advisory committee members;

(10) monitor transition efforts in other states and localities;

(11) identify impacted facility closures and estimate job losses and the effect on impacted communities and impacted workers;

(12) maintain communication regarding closure dates with all affected parties; and

(13) monitor and participate in administrative proceedings that affect the office’s activities, including matters before the Public Utilities Commission, the Department of Commerce, the Department of Revenue, and other entities.

Subd. 5. Reporting. (a) Beginning January 15, 2023, and each year thereafter, the Energy Transition Office must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy, economic development, and tax policy and finance on the office’s activities during the previous year.

(b) The report must contain:

(1) a list of impacted facility closures, projected associated job losses, and the effect on impacted communities and impacted workers;

(2) recommendations to support impacted communities and impacted workers;

(3) information on the administration of assistance programs administered by the office; and

(4) updates on implementation of the Minnesota energy transition plan.

Subd. 6. Gifts; grants; donations. The office may accept gifts and grants on behalf of the state that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the purposes of the office.

Sec. 2. [116J.5492] ENERGY TRANSITION ADVISORY COMMITTEE.

Subdivision 1. Creation; purpose. The Energy Transition Advisory Committee is established to develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy.
Subd. 2. **Membership.** (a) The advisory committee consists of 18 voting members and seven ex officio nonvoting members.

(b) The voting members of the advisory committee are appointed by the commissioner of employment and economic development, except as specified below:

1. two members of the senate, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

2. two members of the house of representatives, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives;

3. one representative of the Prairie Island Indian community;

4. four representatives of impacted communities, of which two must represent counties and two must represent municipalities, and, to the extent possible, of the impacted facilities in those communities, at least one must be a coal plant, at least one must be a nuclear plant, and at least one must be a natural gas plant;

5. three representatives of impacted workers at impacted facilities;

6. one representative of impacted workers employed by companies that, under contract, regularly perform construction, maintenance, or repair work at an impacted facility;

7. one representative with professional economic development or workforce retraining experience;

8. two representatives of utilities that operate an impacted facility;

9. one representative from a nonprofit organization with expertise and experience delivering energy efficiency and conservation programs; and

10. one representative from the Coalition of Utility Cities.

(c) The ex officio nonvoting members of the advisory committee consist of:

1. the governor or the governor's designee;

2. the commissioner of employment and economic development or the commissioner's designee;

3. the commissioner of commerce, or the commissioner's designee;

4. the commissioner of labor and industry or the commissioner's designee;

5. the commissioner of revenue or the commissioner's designee;
Subd. 3. Initial appointments and first meeting. The appointing authorities must appoint the members of the advisory committee by August 1, 2021. The commissioner of employment and economic development must convene the first meeting by September 1, 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

Subd. 4. Officers. The committee must elect a chair and vice-chair from among the voting members for terms of two years.

Subd. 5. Open meetings. Advisory committee meetings are subject to chapter 13D.

Subd. 6. Conflict of interest. An advisory committee member is prohibited from discussing or voting on issues relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 7. Gifts; grants; donations. The advisory committee may accept gifts and grants on behalf of the state and that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the activities of the advisory committee.

Subd. 8. Meetings. The advisory committee must meet monthly until the energy transition plan is submitted to the governor and the legislature. The chair may call additional meetings as necessary.

Subd. 9. Staff. The Department of Employment and Economic Development shall serve as staff for the advisory committee.

Subd. 10. Expiration. This section expires the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor.

Sec. 3. [116J.5493] MINNESOTA ENERGY TRANSITION PLAN.

(a) By July 1, 2022, the Energy Transition Advisory Committee established in section 116J.5492 must submit a statewide energy transition plan to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and energy.

(b) The energy transition plan must, at a minimum, for each impacted facility:
(1) identify the timing and location of impacted facility retirements and projected job losses in communities;

(2) analyze the estimated fiscal impact of impacted facility retirements on local governments;

(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

(4) review existing state programs that might support impacted communities and impacted workers, and a projection of how effective or ineffective the programs might be in responding to the effects of impacted facility retirements; and

(5) recommend how to effectively respond to the economic effects of impacted facility retirements.

Sec. 4. [116J.5501] MINNESOTA INNOVATION FINANCE AUTHORITY.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) “Authority” means the Minnesota Innovation Finance Authority.

(c) “Clean energy project” has the meaning given to qualified project in paragraph (j), clauses (1) to (4).

(d) “Credit enhancement” means a pool of capital set aside to cover potential losses on loans made by private lenders, including but not limited to loan loss reserves and loan guarantees.

(e) “Energy storage system” has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(f) “Fuel cell” means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(g) “Greenhouse gas emissions” has the meaning given to statewide greenhouse gas emissions in section 216H.01, subdivision 2.

(h) “Loan loss reserve” means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed upon percentage of loans originated by the private lender.
(i) "Microgrid system" means an electrical grid that serves a discrete geographical area from distributed energy resources and can operate independently from the central electric grid on a temporary basis.

(j) "Qualified project" means:

(1) a project, technology, product, service, or measure that:

(i) reduces energy use while providing the same level and quality of service or output obtained before the application of the project;

(ii) shifts the use of electricity by retail customers in response to changes in the price of electricity that vary over time, or other incentives designed to shift electricity demand from times when market prices are high or when system reliability is jeopardized; or

(iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions produced before implementing the project, excluding projects that generate power from the combustion of fossil fuels;

(2) the development, construction, deployment, alteration, or repair of any:

(i) project, technology, product, service, or measure that generates electric power from renewable energy; or

(ii) distributed generation system, energy storage system, smart grid technology, microgrid system, fuel cell system, or combined heat and power system;

(3) the installation, construction, or use of end-use electric technology that replaces existing fossil fuel-based technology;

(4) a project, technology, product, service, or measure that supports the development and deployment of electric vehicle charging stations and associated infrastructure;

(5) agriculture projects that reduce net greenhouse gas emissions or improve climate resiliency, including but not limited to reforestation, afforestation, forestry management, and regenerative agriculture;

(6) the construction or enhancement of infrastructure that is planned, designed, and operated in a manner that anticipates, prepares for, and adapts to current and projected changing climate conditions so that the infrastructure withstands, responds to, and more readily recovers from disruptions caused by the current and projected changing climate conditions; and

(7) the development, construction, deployment, alteration, or repair of any project, technology, product, service, or measure that:
(i) reduces water use while providing the same or better level and quality of service or output that was obtained before implementing the water-saving approach; or

(ii) protects, restores, or preserves the quality of groundwater and surface waters, including but not limited to actions that further the purposes of the Clean Water Legacy Act, as provided in section 114D.10, subdivision 1.

(k) "Regenerative agriculture" means the deployment of farming methods that reduce agriculture's contribution to climate change by increasing the soil's ability to absorb atmospheric carbon and convert the atmospheric carbon to soil carbon.

(l) "Renewable energy" means energy generated from the following sources:

(1) solar;

(2) wind;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) anaerobic digestion of organic waste streams; and

(7) fuel cells using energy sources listed in this paragraph.

(m) "Smart grid" means a digital technology that allows for two-way communication between a utility and the utility's customers that enables the utility to control power flow and load in real time.

(n) "Task force" means the task force of the Minnesota Innovation Finance Authority.

Subd. 2. Establishment; purpose. (a) By October 15, 2021, the Minnesota Innovation Finance Authority Task Force established in this section must establish the Minnesota Innovation Finance Authority as a nonprofit corporation under chapter 317A and must seek designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

(b) When incorporated, the authority's purpose is to accelerate the deployment of clean energy and other qualified projects by reducing the upfront and total cost of adoption, which the authority achieves by leveraging existing public sources and additional private sources of capital through the strategic deployment of public funds in the form of loans, credit enhancements, and other financing mechanisms. The initial directors of the nonprofit corporation must include at least a majority of the members of the task force and must
include, as nonvoting ex officio members, the commissioner of commerce or the
commissioner's designee and the commissioner of employment and economic development
or the commissioner's designee. The task force must engage independent legal counsel with
relevant experience in nonprofit corporation law and clean energy financing.

(c) The Minnesota Innovation Finance Authority must:

(1) identify underserved markets for qualified projects in Minnesota, develop programs
to overcome market impediments, and provide access to financing to serve the projects and
underserved markets;

(2) strategically use authority funds to leverage private investment in qualified projects,
achieving a high ratio of private to public funds invested through funding mechanisms that
support, enhance, and complement private investment;

(3) coordinate with existing government- and utility-based programs to make the most
efficient use of the authority's funds, ensure that financing terms and conditions offered are
well-suited to qualified projects, and ensure the authority's activities add to and complement
the efforts of these partners;

(4) stimulate demand for qualified projects by serving as a single point of access for a
customer to obtain technical information on energy conservation and renewable energy
measures, for contractors who install energy conservation and renewable energy measures,
and for financing to reduce the upfront and total costs to borrowers, including through:

(i) serving as a clearinghouse for information about federal, state, and utility financial
assistance for qualifying projects in targeted underserved markets, including coordinating
efforts with the energy conservation programs administered by the customer's utility under
section 216B.241 and other programs offered to low-income households;

(ii) forming partnerships with contractors and educating contractors regarding the
authority's financing programs;

(iii) coordinating multiple contractors on projects that install multiple qualifying
technologies; and

(iv) developing innovative marketing strategies to stimulate project owner interest in
targeted underserved markets;

(5) develop rules, policies, and procedures specifying borrower eligibility and other
terms and conditions of financial support offered by the authority;
(6) develop consumer protection standards governing the authority's investments to ensure the authority and partners provide financial support in a responsible and transparent manner that is in the financial interest of participating project owners;

(7) develop and administer policies to collect reasonable fees for authority services that are sufficient to support ongoing authority activities;

(8) develop and adopt a workplan to accomplish all of the activities required of the authority, and update the workplan on an annual basis; and

(9) establish and maintain a comprehensive website providing access to all authority programs and financial products, including rates, terms, and conditions of all financing support programs, unless disclosure of the information constitutes a trade secret or confidential commercial or financial information.

Subd. 3. Additional authorized activities. The authority is authorized to:

(1) engage in any activities of a Minnesota nonprofit corporation operating under chapter 317A;

(2) develop and employ the following financing methods to support qualified projects:

(i) credit enhancement mechanisms that reduce financial risk for private lenders by providing assurance that a limited portion of a loan is assumed by the authority by means of a loan loss reserve, loan guarantee, or other mechanism;

(ii) co-investment, in which the authority invests directly in a clean energy project through the provision of senior or subordinated debt, equity, or other mechanisms in conjunction with a private financier's investment; and

(iii) serve as an aggregator of many small and geographically dispersed qualified projects, in which the authority may provide direct lending, investment, or other financial support in order to diversify risk;

(3) serve as the designated state entity to apply for and accept federal funds authorized by Congress under a federal climate bank, federal green bank, or other similar entity, provided that the commissioner of commerce authorizes the application; and

(4) seek to qualify as a Community Development Financial Institution under United States Code, title 12, section 4702, in which case the authority must be treated as a qualified community development entity for the purposes of sections 45D and 1400(m) of the Internal Revenue Code.
Subd. 4. Task force; membership. (a) The task force of the Minnesota Innovation Finance Authority is established and consists of nine members as follows:

1. the commissioner of commerce or the commissioner's designee, as a nonvoting ex officio member;
2. the commissioner of employment and economic development or the commissioner's designee, as a nonvoting ex officio member;
3. three additional members appointed by the governor;
4. two additional members appointed by the speaker of the house of representatives; and
5. two additional members appointed by the president of the senate.

(b) The members appointed to the task force under paragraph (a), clauses (3) to (5), must have expertise in matters relating to energy conservation, clean energy, economic development, banking, law, finance, or other matters relevant to the work of the task force.

When appointing a member to the task force, consideration must be given to whether the task force members collectively reflect the geographical and ethnic diversity of Minnesota.

(c) Task force members must be appointed by August 15, 2021.

(d) The task force expires when the authority is established as a nonprofit corporation under chapter 317A.

Subd. 5. Report. By June 30, 2022, and by June 30 each year thereafter, the authority must submit a comprehensive annual report on the authority's activities to the governor and to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

1. the amount of authority capital invested, by project type;
2. the amount of private capital leveraged as a result of authority investments, by project type;
3. the number of qualified projects supported, by project type, and the location of the projects within Minnesota;
4. the estimated number of jobs created and tax revenue generated as a result of the authority's activities;
5. the number of clean energy projects financed in low- and moderate-income households; and
(6) the authority's financial statements.

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

Sec. 5. Minnesota Statutes 2020, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy statute or policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

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

Sec. 6. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the reasonable expenses incurred (1) for economic and community development, and (2) to employ local workers to construct and maintain generation facilities that supply power to the utility's customers.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 7. Minnesota Statutes 2020, section 216B.1645, subdivision 1, is amended to read:

Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public Utilities Commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates.
contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable
to provide
additional clean energy resources beyond the proportions required by the mandates and
standards, including reasonable investments and expenditures, net of revenues, made to:
(1) transmit the electricity generated from sources developed under those sections that
is ultimately used to provide service to the utility's retail customers, including studies
necessary to identify new transmission facilities needed to transmit electricity to Minnesota
retail customers from generating facilities constructed to satisfy the renewable energy
objectives and standards, provided that the costs of the studies have not been recovered
previously under existing tariffs and the utility has filed an application for a certificate of
need or for certification as a priority project under section 216B.2425 for the new
transmission facilities identified in the studies;
(2) provide storage facilities for renewable energy generation facilities that contribute
to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or
(3) develop renewable energy sources from the account required in section 116C.779.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets
initiated at the Public Utilities Commission on or after that date.

Sec. 8. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

**Subd. 2. Cost recovery.** The expenses incurred by the utility over the duration of the
approved contract or useful life of the investment and expenditures made pursuant to section
116C.779 shall be, and the expenses incurred to employ local workers to construct and
maintain generation facilities that supply power to the utility's customers are recoverable
from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures, and if the expenses or expenditures are deemed reasonable by the commission. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.
174.1 **EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

174.3 Sec. 9. Minnesota Statutes 2020, section 216B.1691, subdivision 1, is amended to read:

174.4 Subdivision 1. *Definitions.* (a) Unless otherwise specified in law, "eligible energy technology" means an energy technology that generates electricity from the following renewable energy sources:

174.5 (1) solar;

174.6 (2) wind;

174.7 (3) hydroelectric with a capacity of less than 100 megawatts;

174.8 (4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from the resources listed in this paragraph; or

174.9 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester system; the predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge to produce electricity; and, except as provided in subdivision 1a, an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel.

174.10 (b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, a municipal power agency, or a power district.

174.11 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by an electric utility to retail customers of the electric utility or to a distribution utility for distribution to the retail customers of the distribution utility. "Total retail electric sales" does not include the sale of hydroelectricity supplied by a federal power marketing administration or other federal agency, regardless of whether the sales are directly to a distribution utility or are made to a generation and transmission utility and pooled for further allocation to a distribution utility.

174.12 (d) "Carbon-free" means a technology that generates electricity without emitting carbon dioxide.

174.13 (e) "Area of concern for environmental justice" means an area in Minnesota that meets one or more of the following conditions:

174.14 (1) 50 percent or more of the population is nonwhite, based on the most recent data published by the United States Census Bureau;
(2) 40 percent or more of the households have an income at or below 185 percent of the federal poverty level, based on the most recent data published by the United States Census Bureau; or

(3) is within Indian country, as defined in United State Code, title 18, section 1151.

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

Sec. 10. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision to read:

Subd. 1a. Exception; solid waste incinerators. (a) An energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste as a primary fuel is not an eligible energy technology, as defined in subdivision 1, if:

(1) air pollutants emitted by the facility are deposited in an environmental justice area; and

(2) the facility has a permitted maximum capacity of 1,000 tons per day or more.

(b) For the purposes of this subdivision, "environmental justice area" has the meaning given to area of concern for environmental justice under subdivision 1, paragraph (e).

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

Sec. 11. Minnesota Statutes 2020, section 216B.1691, subdivision 2a, is amended to read:

Subd. 2a. Eligible energy technology standard. (a) Except as provided in paragraph (b), Each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

(1) 2012 12 percent
(2) 2016 17 percent
(3) 2020 20 percent
(4) 2025 40 percent
(5) 2035 55 percent.
An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility’s total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

1. 2010: 15 percent
2. 2012: 18 percent
3. 2016: 25 percent
4. 2020: 30 percent

Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.

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

Sec. 12. Minnesota Statutes 2020, section 216B.1691, subdivision 2b, is amended to read:

Subd. 2b. Modification or delay of standard. (a) The commission shall modify or delay the implementation of a standard obligation under subdivision 2a, 2f, or 2g, in whole or in part, if the commission determines it is in the public interest to do so. The commission, when requested to modify or delay implementation of a standard, must consider:

1. the impact of implementing the standard on its customers’ utility costs, including the economic and competitive pressure on the utility's customers;
2. the environmental costs that would be incurred as a result of a delay or modification, based on the full range of environmental cost values established in section 216B.2422, subdivision 3;
3. the effects of implementing the standard on the reliability of the electric system;
4. technical advances or technical concerns;
5. delays in acquiring sites or routes due to rejection or delays of necessary siting or other permitting approvals;
(5) delays, cancellations, or nondelivery of necessary equipment for construction or
commercial operation of an eligible energy technology facility;

(6) transmission constraints preventing delivery of service; and

(7) other statutory obligations imposed on the commission or a utility; and

(9) impacts on areas of concern for environmental justice.

The commission may modify or delay implementation of a standard obligation under
clauses (1) to (4) only if it finds implementation would cause significant rate impact,
requires significant measures to address reliability, or raises significant technical issues.

The commission may modify or delay implementation of a standard obligation under clauses
(4) to (7) only if it finds that the circumstances described in those clauses were due
to circumstances beyond an electric utility’s control and make compliance not feasible.

(b) When evaluating transmission capacity constraints under paragraph (a), clause (7),
the commission must consider whether the utility has:

(1) undertaken reasonable measures under the utility’s control and consistent with the
utility's obligations under local, state, and federal laws and regulations, and the utility's
obligations as a member of a regional transmission organization or independent system
operator, to acquire sites, necessary permit approvals, and necessary equipment to develop
and construct new transmission lines or upgrade existing transmission lines to transmit
electricity generated by eligible energy technologies; and

(2) taken all reasonable operational measures to maximize cost-effective electricity
delivery from eligible energy technologies in advance of transmission availability.

(c) When considering whether to delay or modify implementation of a standard
obligation, the commission must give due consideration to a preference for electric generation
through use of eligible energy technology and to the achievement of the standards set by
this section.

(d) An electric utility requesting a modification or delay in the implementation of a
standard must file a plan to comply with its standard obligation in the same proceeding in
which it is requesting the delay.

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

Sec. 13. Minnesota Statutes 2020, section 216B.1691, subdivision 2d, is amended to read:

Subd. 2d. Commission order. The commission shall issue necessary orders detailing
the criteria and standards by which it will used to measure an electric utility’s efforts to meet
the renewable energy objectives of subdivision 2 standards under subdivisions 2a, 2f, and 2g, and to determine whether the utility is making the required good faith effort achieving the standards. In this order, the commission shall include criteria and standards that protect against undesirable impacts on the reliability of the utility's system and economic impacts on the utility's ratepayers and that consider technical feasibility.

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

Sec. 14. Minnesota Statutes 2020, section 216B.1691, subdivision 2e, is amended to read:

Subd. 2e. *Rate impact of standard compliance; report.* Each electric utility must submit to the commission and the legislative committees with primary jurisdiction over energy policy a report containing an estimation of the rate impact of activities of the electric utility necessary to comply with this section. In consultation with the Department of Commerce, the commission shall determine a uniform reporting system to ensure that individual utility reports are consistent and comparable, and shall, by order, require each electric utility subject to this section to use that reporting system. The rate impact estimate must be for wholesale rates and, if the electric utility makes retail sales, the estimate shall also be for the impact on the electric utility's retail rates. Those activities include, without limitation, energy purchases, generation facility acquisition and construction, and transmission improvements. An initial report must be submitted within 150 days of May 28, 2011. After the initial report, a report must be updated and submitted as part of each integrated resource plan or plan modification filed by the electric utility under section 216B.2422. The reporting obligation of an electric utility under this subdivision expires December 31, 2025, for an electric utility subject to subdivision 2a, paragraph (a), and December 31, 2020, for an electric utility subject to subdivision 2a, paragraph (b) 2040.

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

Sec. 15. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. *Solar energy standard.* (a) In addition to the requirements of subdivisions 2a and 2b 2g, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.
(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
of 40 kilowatts or less to a community solar garden program operated by the public utility
that has been approved by the commission.

(d) The solar energy standard established in this subdivision is subject to all the provisions
of this section governing a utility's standard obligation under subdivision 2a.

(e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
electric sales in Minnesota be generated by solar energy.

(f) For the purposes of calculating the total retail electric sales of a public utility under
this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scram mining facility
as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
manufacturer.

Those customers may not have included in the rates charged to them by the public utility
any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under
this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
with a solar photovoltaic device installed and generating electricity in Minnesota after
August 1, 2013, but before 2020 may be used to meet the solar energy standard established
under this subdivision.

(i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file
a report with the commission reporting its progress in achieving the solar energy standard
established under this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 16. Minnesota Statutes 2020, section 216B.1691, is amended by adding a subdivision to read:

Subd. 2g. **Carbon-free standard.** In addition to the requirements under subdivisions 2a and 2f, each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology to provide the utility's retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated from carbon-free energy technologies by the end of the year indicated:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>2025</td>
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<td>2030</td>
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<tr>
<td>2035</td>
<td>90 percent</td>
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<tr>
<td>2040</td>
<td>100 percent</td>
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**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 17. Minnesota Statutes 2020, section 216B.1691, subdivision 3, is amended to read:

Subd. 3. **Utility plans filed with commission.** (a) Each electric utility shall report on its plans, activities, and progress with regard to the objectives and standards of standard obligations under this section in its filings under section 216B.2422 or in a separate report submitted to the commission every two years, whichever is more frequent, demonstrating to the commission the utility's effort to comply with this section. In its resource plan or a separate report, each electric utility shall provide a description of:

1. the status of the utility's renewable energy mix relative to the objective and standards standard obligations;
2. efforts taken to meet the objective and standards standard obligations;
3. any obstacles encountered or anticipated in meeting the objective or standards standard obligations;
4. potential solutions to the obstacles;
5. the number of Minnesotans employed to construct facilities designed to meet the utility's standard obligations under this section;
6. efforts taken to retain and retrain workers employed at electric generating facilities that the utility has ceased operating or designated to cease operating for new positions constructing or operating facilities to meet a utility's standard obligation;
(7) impacts of facilities designed to meet the utility's standard obligations under this section on areas of concern for environmental justice; and

(8) efforts to increase the diversity of both its workforce and vendors.

(b) The commissioner shall compile the information provided to the commission under paragraph (a), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state, including the progress of each individual electric utility, in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15 of each odd-numbered year.

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

Sec. 18. Minnesota Statutes 2020, section 216B.1691, subdivision 4, is amended to read:

Subd. 4. Renewable energy credits. (a) To facilitate compliance with this section, the commission, by rule or order, shall establish by January 1, 2008, a program for tradable renewable energy credits for electricity generated by eligible energy technology. The credits must represent energy produced by an eligible energy technology, as defined in subdivision 1. Each kilowatt-hour of renewable energy credits must be treated the same as a kilowatt-hour of eligible energy technology generated or procured by an electric utility if it is produced by an eligible energy technology. The program must permit a credit to be used only once. The program must treat all eligible energy technology equally and shall not give more or less credit to energy based on the state where the energy was generated or the technology with which the energy was generated. The commission must determine the period in which the credits may be used for purposes of the program.

(b) In lieu of generating or procuring energy directly to satisfy the eligible energy technology objective or a standard of obligation under this section, an electric utility may utilize renewable energy credits allowed under the program to satisfy the objective or standard.

(c) The commission shall facilitate the trading of renewable energy credits between states.

(d) The commission shall require all electric utilities to participate in a commission-approved credit-tracking system or systems. Once a credit-tracking system is in operation, the commission shall issue an order establishing protocols for trading credits.

(e) An electric utility subject to subdivision 2a, paragraph (b), may not sell renewable energy credits to an electric utility subject to subdivision 2a, paragraph (a), until 2021.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 19. Minnesota Statutes 2020, section 216B.1691, subdivision 5, is amended to read:

Subd. 5. Technology based on fuel combustion. (a) Electricity produced by fuel combustion through fuel blending or co-firing under paragraph (b) may only count toward a utility's objectives or standards if the generation facility:

(1) was constructed in compliance with new source performance standards promulgated under the federal Clean Air Act, United States Code, title 42, section 7401 et seq., for a generation facility of that type; or

(2) employs the maximum achievable or best available control technology available for a generation facility of that type.

(b) An eligible energy technology may blend or co-fire a fuel listed in subdivision 1, paragraph (a), clause (5), with other fuels in the generation facility, but only the percentage of electricity that is attributable to a fuel listed in that clause can be counted toward an electric utility's renewable energy objectives.

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

Sec. 20. Minnesota Statutes 2020, section 216B.1691, subdivision 7, is amended to read:

Subd. 7. Compliance. The commission must regularly investigate whether an electric utility is in compliance with its good faith objective under subdivision 2 and standard obligation under subdivisions 2a, 2f, and 2g. If the commission finds noncompliance, it may order the electric utility to construct facilities, purchase energy generated by eligible energy technology, purchase renewable energy credits, or engage in other activities to achieve compliance. If an electric utility fails to comply with an order under this subdivision, the commission may impose a financial penalty on the electric utility in an amount not to exceed the estimated cost of the electric utility to achieve compliance. The penalty may not exceed the lesser of the cost of constructing facilities or purchasing credits. The commission must deposit financial penalties imposed under this subdivision in the energy and conservation account established in the special revenue fund under section 216B.241, subdivision 2a. This subdivision is in addition to and does not limit any other authority of the commission to enforce this section.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 21. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. Local benefits. (a) The commission shall take all reasonable actions within its statutory authority to ensure this section is implemented to maximize in a manner that maximizes net benefits to all Minnesota citizens, balancing throughout the state, including but not limited to:

1. the creation of high-quality jobs in Minnesota paying wages that support families;
2. recognition of the rights of workers to organize and unionize;
3. ensuring that workers have the necessary tools, opportunities, and economic assistance to adapt successfully during the energy transition, particularly in areas of concern for environmental justice;
4. ensuring that all Minnesotans share the benefits of clean and renewable energy, and the opportunity to participate fully in the clean energy economy;
5. ensuring that statewide air emissions are reduced, particularly in areas of concern for environmental justice; and
6. the provision of affordable electric service to Minnesotans, particularly to low-income consumers.

(b) The commission must also implement this section in a manner that balances factors such as local ownership of or participation in energy production, development and ownership of eligible energy technology facilities by independent power producers, Minnesota utility ownership of eligible energy technology facilities, the costs of energy generation to satisfy the renewable standard and carbon-free standards, and the reliability of electric service to Minnesotans.

(c) When making investments to meet the requirements under this section, utilities are encouraged to locate new energy generating facilities in Minnesota communities where fossil-fuel generating plants have been retired or are scheduled for retirement.

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

Sec. 22. Minnesota Statutes 2020, section 216B.1691, subdivision 10, is amended to read:

Subd. 10. Utility acquisition of resources. A competitive resource acquisition process established by the commission prior to June 1, 2007, shall not apply to a utility for the construction, ownership, and operation of generation facilities used to satisfy the requirements of this section unless, upon a finding that it is in the public interest, the commission issues an order on or after June 1, 2007, that requires compliance by a utility with a competitive
resource acquisition process. A utility that owns a nuclear generation facility and intends
to construct, own, or operate facilities under this section shall file with the commission on
or before March 1, 2008, as part of the utility's filing under section 216B.2422 a renewable
energy plan setting forth the manner in which the utility proposes to meet the requirements
of this section. The utility shall update the plan as necessary in its filing under section
216B.2422. The commission shall approve the plan unless it determines, after public hearing
and comment, that the plan is not in the public interest. As part of its determination of public
interest, the commission shall consider the plan's impact on balancing the state's interest in:

(1) promoting the policy of economic development in rural areas through the development
of renewable energy projects, as expressed in subdivision 9;

(2) maintaining the reliability of the state's electric power grid; and

(3) minimizing cost impacts on ratepayers.

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

Sec. 23. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more
of electric power and serving, either directly or indirectly, the needs of 10,000 retail
customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following
resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related
by-products from publicly owned treatment works, but not including incineration of
wastewater sludge.
(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Energy storage system" means a commercially available technology that:

(1) uses mechanical, chemical, or thermal processes to:

(i) store energy, including energy generated from renewable resources and energy that would otherwise be wasted, and deliver the stored energy for use at a later time; or

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time;

(2) is composed of stationary equipment;

(3) if being used for electric grid benefits, is (i) operationally visible to the distribution or transmission entity managing it, and (ii) capable of being controlled by the distribution or transmission entity managing it, to enable and optimize the safe and reliable operation of the electric system; and

(4) achieves any of the following:

(i) reduces peak or electrical demand;

(ii) defers the need or substitutes for an investment in electric generation, transmission, or distribution assets;

(iii) improves the reliable operation of the electrical transmission or distribution systems, while ensuring transmission or distribution needs are not created, or and

(iv) lowers customer costs produces a net ratepayer benefit by storing energy when the cost of generating or purchasing energy is low and delivering energy to customers when the costs are high.

(g) Clean energy resource means:

(1) renewable energy, as defined in section 216B.2422, subdivision 1, paragraph (c);
(2) an energy storage system storing energy generated by renewable energy or a carbon-free resource;

(3) energy efficiency, as defined in section 216B.241, subdivision 1;

(4) load management, as defined in section 216B.241, subdivision 1; or

(5) a carbon-free resource that the commission has determined is cost competitive under subdivision 4, paragraph (g).

(h) "Carbon-free resource" means a generation technology that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(i) "Nonrenewable energy facility" means a generation facility that does not use a renewable energy or other clean energy resource. Nonrenewable facility does not include a nuclear facility.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 24. Minnesota Statutes 2020, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. Resource plan filing and approval. (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50, 75, and 100 percent of all energy needs from both new and refurbished generating facilities through a combination of conservation and renewable clean energy and carbon-free resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.
Sec. 25. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 2d. **Plan to minimize impacts to workers due to facility retirement.** A utility required to file a resource plan under subdivision 2 that has scheduled the retirement of an electric generating facility located in Minnesota must include in the filing a narrative describing the utility's efforts, in conjunction with the utility's workers and the workers' designated representatives, to develop a plan to minimize the dislocations employees may suffer as a result of the facility's retirement. The narrative must address, at a minimum, plans to:

1. minimize financial losses to workers;
2. provide a transition timeline to ensure certainty for workers;
3. protect pension benefits;
4. extend or replace health insurance, life insurance, and other employment benefits;
5. identify and maximize employment opportunities within the utility for dislocated workers, including providing incentives for the utility to retain as many workers as possible;
6. provide training and skill development for workers who must or choose to leave the utility;
7. create targeted transition plans for workers at all locations impacted by the facility retirement; and
8. quantify any additional costs the utility would incur and specifying what costs, if any, the utility would request be recovered in the utility's rates as a result of efforts made under this subdivision to minimize impacts to workers.

Sec. 26. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** (a) The commission shall, to the extent practicable using the best available scientific and economic information and data, quantify and establish a range of environmental costs associated with each method of electricity generation. The commission shall adopt and apply the interim cost of greenhouse gas emissions valuations presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates, released by the federal government in February 2021, adopting the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with three percent as the central estimate, and shall update the parameters as necessary to conform...
with updates released by the federal Interagency Working Group on the Social Cost of
Greenhouse Gases or successors that are above the February 2021 interim valuations.

(b) When evaluating and selecting resource options in all proceedings before the
commission, including but not limited to proceedings regarding power purchase agreements,
resource plans, and certificates of need, a utility shall use the values established by
the commission in conjunction with other external factors, including socioeconomic costs,
when evaluating and selecting resource options in all proceedings before the commission,
including resource plan and certificate of need proceedings under this subdivision to quantify
and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for
in-state or imported electricity generation, including extraction, processing, transport, and
combustion.

(c) When evaluating resource options, the commission must include and consider the
environmental cost values adopted under this subdivision. When considering the costs of a
nonrenewable energy facility under this section, the commission must consider only nonzero
values for the environmental costs analyzed under this subdivision, including both the low
and high values of any cost range adopted by the commission.

(b) The commission shall establish interim environmental cost values associated with
each method of electricity generation by March 1, 1994. These values expire on the date
the commission establishes environmental cost values under paragraph (a).

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets
initiated at the Public Utilities Commission on or after that date.

Sec. 27. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
to read:

Subd. 3a. Favored electric resources; state policy. It is the policy of the state that: (1)
in order to hasten the achievement of the greenhouse gas reduction goals under section
216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the
solar energy standard under section 216B.1691, subdivision 2f; and (2) given the significant
and continuing reductions in the cost of wind technologies, solar technologies, energy
storage systems, demand-response technologies, and energy efficiency technologies and
strategies, the favored method to meet electricity demand in Minnesota is a combination of
clean energy resources.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets
initiated at the Public Utilities Commission on or after that date.
Sec. 28. Minnesota Statutes 2020, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. Preference for renewable clean energy facility resources. (a) The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission approve a power purchase agreement or allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated by clear and convincing evidence that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest. When making the public interest determination, the commission must consider:

1. whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;

2. (2) impacts on local and regional grid reliability;

3. utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and

4. utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.

(b) In order to determine that a renewable energy facility, alone or in combination with other clean energy resources, is not in the public interest, the commission must find by clear and convincing evidence that using renewable or clean energy resources to meet the need for resources is not affordable or reliable when compared with a nonrenewable energy facility or nonclean energy resource.

(c) When determining whether a renewable or clean energy resource is not affordable, the commission must consider utility and ratepayer effects resulting from:

1. the intermittent nature of renewable energy facilities, including but not limited to the cost to purchase wholesale electricity in the market and the cost to provide ancillary services;

2. reduced exposure to fuel price volatility, changes in transmission and distribution costs, portfolio diversification, and environmental compliance costs; and

3. other environmental costs resulting from a nonrenewable energy facility, as determined by the commission under subdivision 3.
(d) When determining whether a renewable or clean energy resource is reliable, the commission must consider, to the extent reasonable, the ability of the resources or facilities of the utility and the regional electric grid to provide essential reliability services, including frequency response, balancing services, and voltage control.

(e) The commission must make a written determination describing the commission's findings and the reasoning behind the conclusions regarding whether a renewable or clean energy resource is affordable and reliable under this subdivision. When making the public interest determination under paragraph (a), the commission must also consider and make a written determination as to whether the energy resources approved by the commission:

(1) help the state achieve the greenhouse gas reduction goals under section 216H.02;

and

(2) help the utility achieve the renewable energy standard under section 216B.1691, subdivision 2a, or the solar energy standard under section 216B.1691, subdivision 2f.

(f) Nothing in this section impacts a decision to continue operating a nuclear facility that is generating energy in Minnesota as of June 1, 2020. If a decision is made to retire an existing nuclear electric generating unit, paragraphs (a) to (e) govern the process to identify replacement resources.

(g) The commission may, by order, add to the list of resources the commission determines are clean energy resources for the purposes of this section upon finding that the resource is carbon-free and cost competitive when compared with other carbon-free alternatives.

(h) If the commission approves a public utility's integrated resource plan that includes the retirement of a facility that contributes to statewide greenhouse gas emissions, the public utility is entitled to own at least a portion of the generation, transmission, and other facilities necessary to replace the accredited capacity and energy of the retiring facility, as determined by the commission, provided that:

(1) for a public utility with more than 200,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2030;

(2) for a public utility with more than 100,000 but fewer than 200,000 retail electric customers, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 80 percent or more, measured from 2005 to 2035;
(3) for a public utility with fewer than 100,000 retail electric customers in Minnesota, the approved resource plan projects that the public utility's contribution to statewide greenhouse gas emissions are reduced by 65 percent or more, measured from 2005 to 2030; and

(4) the commission determines that the public utility's ownership of clean energy and carbon-free resources that replace retired facilities is reasonable and in the public interest.

(i) Utility purchases or contracts to purchase capacity, energy, or ancillary services from an independent systems operator, an auction, or other market administered by an independent systems operator, and whose term is one year or less, are not subject to this subdivision.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 29. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

> Subd. 4a. Preference for local job creation. As part of a resource plan filing, a utility must report on associated local job impacts and the steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers. The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring electric generation facilities, including workers previously employed at those facilities.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 30. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

> Subd. 5. Bidding; exemption from certificate of need proceeding. (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates
determined under subdivision 3 and consider local job impacts when evaluating bids
submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating
plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding
process approved or established by the commission, a certificate of need proceeding under
section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating
plant that has been selected in a bidding process approved or established by the commission,
or such other selection process approved by the commission, to satisfy, in whole or in part,
the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets
initiated at the Public Utilities Commission on or after that date.

Sec. 31. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
to read:

Subd. 8. Transmission planning in advance of generation retirement. A utility must
identify in a resource plan each nonrenewable energy facility on the utility's system that
has a depreciation term, probable service life, or operating license term that ends within 15
years of the resource plan filing date. For each nonrenewable energy facility identified, the
utility must include in the resource plan an initial plan to: (1) replace the nonrenewable
energy facility; and (2) upgrade any transmission or other grid capabilities needed to support
the retirement of that nonrenewable energy facility.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets
initiated at the Public Utilities Commission on or after that date.

Sec. 32. [216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.

Subdivision 1. Definitions. (a) For the purposes of this section and section 216B.2428,
the following terms have the meanings given.

(b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of
biomass, or other effective conversion processes.

(c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise
be released into the atmosphere.
(d) "Carbon-free resource" means an electricity generation facility whose operation does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(e) "District energy" means a heating or cooling system that is solar thermal powered or that uses the constant temperature of the earth or underground aquifers as a thermal exchange medium to heat or cool multiple buildings connected through a piping network.

(f) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f), but does not include energy conservation investments that the commissioner determines could reasonably be included in a utility's conservation improvement program.

(g) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within Minnesota and from the generation of electricity imported from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws.

(h) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

(i) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

(j) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy.

(k) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

(l) "Power-to-ammonia" means the production of ammonia from hydrogen produced via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity than does natural gas produced from conventional geologic sources.

(m) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

(n) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.
(o) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

(p) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

(q) "Strategic electrification" means the installation of electric end-use equipment in an existing building in which natural gas is a primary or back-up fuel source, or in a newly constructed building in which a customer receives natural gas service for one or more end-uses, provided that the electric end-use equipment:

1. results in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and
2. is installed and operated in a manner that improves the load factor of the customer's electric utility.

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility's conservation improvement program under section 216B.241.

(r) "Total incremental cost" means the calculation of the following components of a utility's innovation plan approved by the commission under subdivision 2:

1. the sum of:
   i. return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;
   ii. incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;
   iii. incremental costs to procure innovative resources from third parties;
   iv. incremental costs to develop and administer programs; and
   v. incremental costs for research and development related to innovative resources;

2. less the sum of:
   i. value received by the utility upon the resale of innovative resources or innovative resource by-products, including any environmental credits included with the resale of
renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;

(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to avoided commodity purchases or avoided pipeline costs; and

(iii) other revenues received by the utility that are directly attributable to the utility's implementation of an innovation plan.

(s) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas sales or natural gas transportation services to customers in Minnesota.

Subd. 2. Innovation plans. (a) A natural gas utility may file an innovation plan with the commission. The utility's plan must include, as applicable, the following components:

(1) the innovative resource or resources the utility plans to implement to contribute to meeting the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1, within the requirements and limitations set forth in this section;

(2) research and development investments related to innovative resources the utility plans to undertake;

(3) total lifecycle greenhouse gas emissions that the utility projects are reduced or avoided through implementing the plan;

(4) a comparison of the estimate in clause (3) to total emissions from natural gas use by utility customers in 2020;

(5) a description of each pilot program included in the plan that is related to the development or provision of innovative resources, and an estimate of the total incremental costs to implement each pilot program;

(6) the cost-effectiveness of innovative resources calculated from the perspective of the utility, society, the utility's nonparticipating customers, and the utility's participating customers compared to other innovative resources that could be deployed to reduce or avoid the same greenhouse gas emissions targeted for reduction by the utility's proposed innovative resource;

(7) for any pilot program not previously approved as part of the utility's most recent innovation plan, a third-party analysis of:
(i) the lifecycle greenhouse gas emissions intensity of the proposed innovative resources;

and

(ii) the forecasted lifecycle greenhouse gas emissions reduced or avoided if the proposed pilot program is implemented;

(8) an explanation of the methodology used by the utility to calculate the lifecycle greenhouse gas emissions avoided or reduced by each pilot program included in the plan, including descriptions of how the utility's method deviated, if at all, from the carbon accounting frameworks established by the commission under section 216B.2428;

(9) a discussion of whether the plan supports the development and use of alternative agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and the recovery of energy from wastewater, and, if it does, a description of the geographic areas of the state in which the benefits are realized;

(10) a description of third-party systems and processes the utility plans to use to:

(i) track the innovative resources included in the plan so that environmental benefits produced by the plan are not claimed for any other program; and

(ii) verify the environmental attributes and greenhouse gas emissions intensity of innovative resources included in the plan;

(11) projected local job impacts resulting from implementation of the plan and a description of steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers;

(12) a description of how the utility proposes to recover annual total incremental costs of the plan;

(13) steps the utility has taken or proposes to take to reduce the expected cost of the plan on low- and moderate-income residential customers and to ensure that low- and moderate-income residential customers benefit from innovative resources included in the plan;

(14) a report on the utility's progress toward implementing the utility's previously approved innovation plan, if applicable;

(15) a report of the utility's progress toward achieving the cost-effectiveness objectives established by the commission with respect to the utility's previously approved innovation plan, if applicable; and
collections of pilot programs that the utility estimates would, if implemented, provide approximately 50 percent, 150 percent, and 200 percent of the greenhouse gas reduction or avoidance benefits of the utility's proposed plan.

(b) The commission must approve, modify, or reject a plan. The commission must not approve an innovation plan unless the commission finds:

(1) the size, scope, and scale of the plan produces net benefits under the cost-benefit framework established by the commission in section 216B.2428;

(2) the plan promotes the use of renewable energy resources and reduces or avoids greenhouse gas emissions at a cost level consistent with subdivision 3;

(3) the plan promotes local economic development;

(4) the innovative resources included in the plan have a lower lifecycle greenhouse gas intensity than natural gas produced from conventional geologic sources;

(5) the systems used to track and verify the environmental attributes of the innovative resources included in the plan are reasonable, considering available third-party tracking and verification systems;

(6) the costs and revenues projected under the plan are reasonable in comparison to other innovative resources the utility could deploy to reduce greenhouse gas emissions, considering other benefits of the innovative resources included in the plan;

(7) the total amount of estimated greenhouse gas emissions reduction or avoidance to be achieved under the plan is reasonable considering the state's greenhouse gas and renewable energy goals, including those established in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1; customer cost; and the total amount of greenhouse gas emissions reduction or avoidance achieved under the utility's previously approved plans, if applicable; and

(8) any renewable natural gas purchased by a utility under the plan that is produced from the anaerobic digestion of manure is certified as being produced at an agricultural livestock production facility that does not increase the number of animal units at the facility solely or primarily to produce renewable natural gas for the plan.

(c) In seeking to recover costs under a plan approved by the commission under this section, the utility must demonstrate to the satisfaction of the commission that the actual total incremental costs incurred to implement the approved innovation plan are reasonable. Prudently incurred costs under an approved plan, including prudently incurred costs to

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obtain the third-party analysis required in paragraph (a), clauses (6) and (7), are recoverable either:

(1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas adjustment;

(2) in the utility's next general rate case; or

(3) via annual adjustments, provided that after notice and comment the commission determines that the costs included for recovery through rates are prudently incurred. Annual adjustments must include a rate of return, income taxes on the rate of return, incremental property taxes, incremental depreciation expense, and incremental operation and maintenance expenses. The rate of return must be at the level approved by the commission in the utility's last general rate case, unless the commission determines that a different rate of return is in the public interest.

(d) Upon approval of a utility's plan, the commission shall establish cost-effectiveness objectives for the plan based on the cost-benefit test for innovative resources developed under section 216B.2428. The cost-effectiveness objective for each plan must demonstrate incremental progress from the previously approved plan's cost-effectiveness objective.

(e) A utility operating under an approved plan must file annual reports to the commission on work completed under the plan, including:

(1) costs incurred;

(2) lifecycle greenhouse gas emissions reductions or avoidance achieved;

(3) a description of the processes used to track and verify the innovative resources and to retire the associated environmental attributes;

(4) an assessment of the degree to which the lifecycle greenhouse gas accounting methodology is consistent with current science;

(5) the economic impact of the plan, including job creation;

(6) the utility's progress toward achieving the cost-effectiveness objectives established by the commission; and

(7) modifications to elements of the plan proposed by the utility.

(f) When evaluating a utility's annual report, the commission may:

(1) approve the continuation of a pilot program included in the plan, with or without modifications;
(2) require the utility to file a new or modified pilot program or plan; or

(3) disapprove the continuation of a pilot program or plan.

(g) An innovation plan has a term of five years. A subsequent innovation plan must be filed no later than four years after the previous plan was approved by the commission so that, if approved, the new plan takes effect immediately upon expiration of the previous plan.

(h) For purposes of this section and the commission’s lifecycle carbon accounting framework and cost-benefit test for innovative resources under section 216B.2428, any required analysis of lifecycle greenhouse gas emissions reductions or avoidance, or lifecycle greenhouse gas intensity:

(1) must include but is not limited to estimates of:

(i) avoided or reduced greenhouse gas emissions attributable to utility operations;

(ii) avoided or reduced greenhouse gas emissions from the production, processing, and transmission of fuels prior to receipt by the utility; and

(iii) avoided or reduced greenhouse gas emissions at the point of end use;

(2) must not count any unit of greenhouse gas emissions avoidance or reduction more than once; and

(3) may, where direct measurement is not technically or economically feasible, rely on emissions factors, default values, or engineering estimates from a publicly accessible source accepted by a federal or state government agency, provided that the emissions factors, default values, or engineering estimates can be demonstrated to the satisfaction of the commission to produce a reasonable estimate of greenhouse gas emissions reductions, avoidance, or intensity.

(i) Strategic electrification implemented in a plan approved by the commission under this section is not eligible for a financial incentive under section 216B.241, subdivision 2c.

Electric end-use equipment installed under a plan approved by the commission under this section is the exclusive property of the building owner.

Subd. 3. Limitations on utility customer costs. (a) Except as provided in paragraph (b), the first innovation plan submitted to the commission by a utility must not propose, and the commission must not approve, annual total incremental costs exceeding the lesser of:

(1) 1.75 percent of the utility's gross operating revenues from natural gas service provided in Minnesota at the time of plan filing; or
(2) $20 per nonexempt customer, based on the proposed annual total incremental costs
for each year of the plan divided by the total number of nonexempt utility customers.

(b) The commission may approve additional annual costs up to the lesser of:

(1) an additional 0.25 percent of the utility's gross operating revenues from service
provided in Minnesota at the time of plan filing; or

(2) $5 per nonexempt customer, based on the proposed annual total incremental costs
for each year of the plan divided by the total number of nonexempt utility customers of
incremental costs, provided that the additional costs under this paragraph are associated
exclusively with the purchase of renewable natural gas produced from:

(i) food waste diverted from a landfill;

(ii) a municipal wastewater treatment system; or

(iii) an organic mixture that includes at least 15 percent, by volume, sustainably harvested
native prairie grasses or locally appropriate cover crops, as determined by a local soil and
water conservation district or the United States Department of Agriculture, Natural Resources
Conservation Service.

(c) If the commission determines that the utility has successfully achieved the
cost-effectiveness objectives established in the utility's most recently approved innovation
plan, except as provided in paragraph (d), the next subsequent plan filed by the utility under
this section is subject to the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the second plan is
the lesser of:

(i) 2.75 percent of the utility's gross operating revenues from natural gas service in
Minnesota at the time of the plan's filing; or

(ii) $35 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 0.75 percent of the utility's gross operating revenues from natural gas
service in Minnesota at the time of the plan's filing; or

(ii) $10 per nonexempt customer.

(d) If the commission determines that the utility has successfully achieved the
cost-effectiveness objectives established in two of the same utility's previously approved
innovation plans, all subsequent plans filed by the utility under this section are subject to
the provisions of paragraphs (a) and (b), except that:

(1) the cap on total incremental costs in paragraph (a) with respect to the third or
subsequent plan is the lesser of:

(i) four percent of the utility's gross operating revenues from natural gas service in
Minnesota at the time of the plan's filing; or

(ii) $50 per nonexempt customer; and

(2) the cap on additional costs in paragraph (b) is the lesser of:

(i) an additional 1.5 percent of the utility's gross operating revenues from natural gas
service in Minnesota at the time of the plan's filing; or

(ii) $20 per nonexempt customer.

c) For purposes of paragraphs (a) to (d), the limits on annual total incremental costs
must be calculated at the time the innovation plan is filed as the average of the utility's
forecasted total incremental costs over the five-year term of the plan.

(f) A large customer facility that the commissioner of commerce has exempted from a
utility's conservation improvement program under section 216B.241, subdivision 1a,
paragraph (b), is exempt from the utility's innovation plan offerings and must not be charged
any costs incurred to implement an approved innovation plan unless the large customer
facility files a request with the commissioner to be included in a utility's innovation plan.
The commission may prohibit large customer facilities exempt from innovation plan costs
from participating in innovation plans.

(g) A utility filing an innovation plan may include annual spending and investments on
research and development of up to ten percent of the proposed total incremental costs related
to innovative plans, subject to the limitations in paragraphs (a) to (e).

(h) For purposes of this subdivision, gross operating revenues do not include revenues
from large customer facilities exempt from innovation plan costs.

Subd. 4. Innovative resources procured outside of an innovation plan. (a) Without
filing an innovation plan, a natural gas utility may propose and the commission may approve
cost recovery for:

(1) innovative resources acquired to satisfy a commission-approved green tariff program
that allows customers to choose to meet a portion of the customers' energy needs through
innovative resources; or
(2) utility expenditures for innovative resources procured at a cost that is within five percent of the average of Ventura and Demarc index prices for natural gas produced from conventional geologic sources at the time of the transaction per unit of natural gas that the innovative resource displaces.

(b) An approved green tariff program must include provisions to ensure that reasonable systems are used to track and verify the environmental attributes of innovative resources included in the program, taking into account any available third-party tracking or verification systems.

(c) For the purposes of this subdivision, "Ventura and Demarc index prices" means the daily index price of wholesale natural gas sold at the Northern Natural Gas Company's Ventura trading hub in Hancock County, Iowa, and its demarcation point in Clifton, Kansas.

Subd. 5. Power-to-ammonia. When determining whether to approve a power-to-ammonia pilot program as part of an innovative plan, the commission must consider:

(1) the risk of exposing any person to unhealthy concentrations of ammonia;

(2) the risk that any home or business might be affected by ammonia odors;

(3) whether the greenhouse gas emissions addressed by the proposed power-to-ammonia project could be more efficiently addressed using power-to-hydrogen; and

(4) whether the power-to-ammonia project achieves lifecycle greenhouse gas emissions reductions in the agricultural sector more effectively than power-to-hydrogen.

Subd. 6. Thermal energy audits. The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide thermal energy audits to small- and medium-sized business in order to identify opportunities to reduce or avoid greenhouse gas emissions from natural gas use. The pilot program must provide incentives for businesses to implement recommendations made by the audit. The utility must develop criteria to identify businesses that achieve significant emissions reductions by implementing audit recommendations and must recognize the businesses as thermal energy leaders.

Subd. 7. Innovative resources for certain industrial processes. The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to provide innovative resources to industrial facilities whose manufacturing processes, for technical reasons, are not amenable to electrification. A large customer facility exempt from innovation plan offerings under subdivision 3, paragraph (f), is not eligible to participate in the pilot program under this subdivision.
Subd. 8. Electric cold climate air-source heat pumps. (a) The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program that facilitates deep energy retrofits and the installation of cold climate electric air-source heat pumps in existing residential homes that have natural gas heating systems.

(b) For purposes of this subdivision, "deep energy retrofit" means the installation of any measure or combination of measures, including air sealing and addressing thermal bridges, that under normal weather and operating conditions can reasonably be expected to reduce a building's calculated design load to ten or fewer British Thermal Units per hour per square foot of conditioned floor area. Deep energy retrofit does not include the installation of photovoltaic electric generation equipment, but may include the installation of a qualifying solar thermal energy project.

Subd. 9. District energy. The first innovation plan filed under this section by a utility with more than 800,000 customers must include a pilot program to facilitate the development, expansion, or modification of district energy systems in Minnesota. This subdivision does not require the utility to propose, construct, maintain, or own district energy infrastructure.

Subd. 10. Throughput goal. It is the goal of the state of Minnesota that through the Natural Gas Innovation Act and Conservation Improvement Program, utilities reduce the overall amount of natural gas produced from conventional geologic sources delivered to customers.

Subd. 11. Utility system report and forecasts. (a) A public utility filing an innovation plan shall concurrently submit a report to the commission containing the following information:

(1) methane gas emissions attributed to venting or leakage across the utility's system, including emissions information reported to the Environmental Protection Agency and gas leaks considered to be hazardous or nonhazardous, and a narrative description of the utility's expectations regarding the cost and performance of the utility's leakage reduction programs over the next five years;

(2) total system greenhouse gas emissions and greenhouse gas emissions projected to be reduced or avoided through innovative resource investments and energy conservation investments, and a narrative description of the costs required to achieve the reductions over the next five years through investments in innovative resources and energy conservation;

(3) the quantity of pipe in service in the utility's natural gas network in Minnesota, by material, size, coating, operating pressure, and decade of installation, based on utility information reported to the United States Department of Transportation.
(4) a narrative description of other significant equipment owned and operated by the utility through which gas is transported or stored, including regulator stations and storage facilities, a discussion of the function of the equipment, how the equipment is maintained, and utility efforts to prevent leaks from the equipment;

(5) a five-year forecast of fuel prices and anticipated purchases including, as available, natural gas produced from conventional geologic sources, renewable natural gas, and alternative fuels;

(6) a five-year forecast of potential capital investments by the utility in existing infrastructure and new infrastructure for natural gas produced from conventional geologic sources and for innovative resources; and

(7) an inventory of the utility's current financial incentive programs for natural gas, including rebates and incentives offered for new and existing buildings and a description of the utility's projected changes in incentives the utility is likely to implement over the next five years.

(b) Information filed under this subdivision is intended to be used by the commission to evaluate a utility's innovation plan in the context of the utility's other planned investments and activities with respect to natural gas produced from conventional geologic sources. Information filed under this subdivision must not be used by the commission to set or limit utility rate recovery.

EFFECTIVE DATE. This section is effective June 1, 2022.

Sec. 33. [216B.2428] LIFECYCLE GREENHOUSE GAS EMISSIONS ACCOUNTING FRAMEWORK; COST-BENEFIT TEST FOR INNOVATIVE RESOURCES.

By June 1, 2022, the commission shall, by order, issue frameworks the commission must use to calculate lifecycle greenhouse gas emissions intensities of each innovative resource, as follows:

(1) a general framework to compare the lifecycle greenhouse gas emissions intensities of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon capture, and power-to-ammonia; and

(2) a cost-benefit analytic framework to be applied to innovative resources and innovation plans filed under section 216B.2427 that the commission must use to compare the cost-effectiveness of those resources and plans. This analytic framework must take into account:
(i) the total incremental cost of the plan or resource and the lifecycle greenhouse gas emissions avoided or reduced by the innovative resource or plan, using the framework developed under clause (1);

(ii) additional economic costs and benefits, programmatic costs and benefits, additional environmental costs and benefits, and other costs or benefits that may be expected under a plan; and

(iii) baseline cost-effectiveness criteria against which an innovation plan should be compared. When establishing baseline criteria, the commission must take into account options available to reduce lifecycle greenhouse gas emissions from natural gas end uses and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision 1. To the maximum reasonable extent, the cost-benefit framework must be consistent with environmental cost values established under section 216B.2422, subdivision 3, and other calculations of the social value of greenhouse gas emissions reductions used by the commission. The commission may update frameworks established under this section as necessary.

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

Sec. 34. [216B.247] BENEFICIAL BUILDING ELECTRIFICATION.

(a) It is the goal of the state of Minnesota to promote energy end uses powered by electricity in the building sector that result in a net reduction in greenhouse gas emissions and improvements to public health, consistent with the goal established under section 216H.02, subdivision 1.

(b) To the maximum reasonable extent, the implementation of beneficial electrification in the building sector should prioritize investment and activity in low-income and under-resourced communities, maintain or improve the quality of electricity service, maximize customer savings, improve the integration of renewable and carbon-free resources, and prioritize job creation.

Sec. 35. [216B.248] PUBLIC UTILITY BENEFICIAL BUILDING ELECTRIFICATION.

(a) A public utility may submit to the commission a plan to promote energy end uses powered by electricity within the public utility's service area in residential and commercial buildings. To the maximum reasonable extent, a plan must:

(1) maximize consumer savings over the lifetime of the investment;
(2) mitigate cost and avoid duplication with the utility's conservation improvement plan under section 216B.241;

(3) maintain or enhance the reliability of electricity service;

(4) quantify the acres of land needed for new generation, transmission, and distribution facilities to provide the additional electricity required under the plan;

(5) maintain or enhance public health and safety when temperatures fall below 25 degrees below zero Fahrenheit;

(6) support the integration of renewable and carbon-free resources;

(7) encourage demand response and load shape management opportunities and the use of energy storage that reduce overall system costs;

(8) prioritize electrification projects in economically disadvantaged communities;

(9) consider cost protections for low- and moderate-income customers;

(10) produce a net reduction in greenhouse gas emissions, based on the electricity generation portfolio of the public utility proposing the plan, or based on the electricity serving the end-use in the event that a public utility providing retail natural gas service proposes the plan, either over the lifetime of the conversion or by 2050, whichever is sooner; and

(11) consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers.

(b) The commission must approve, reject, or modify the public utility's plan, consistent with the public interest. Plans approved by the commission under this subdivision are eligible for cost recovery under section 216B.1645.

Sec. 36. [216B.491] DEFINITIONS.

Subdivision 1. Scope. For the purposes of sections 216B.491 to 216B.4991, the terms defined in this subdivision have the meanings given.

Subd. 2. Ancillary agreement. "Ancillary agreement" means any bond, insurance policy, letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with energy transition bonds that is designed to promote the credit quality and marketability of energy transition bonds or to mitigate the risk of an increase in interest rates.
Subd. 3. **Assignee.** "Assignee" means any person to which an interest in energy transition property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.

Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of energy transition bonds.

Subd. 5. **Clean energy resource.** "Clean energy resource" means:

1. Renewable energy, as defined in section 216B.2422, subdivision 1;
2. An energy storage system; or
3. Energy efficiency and load management, as defined in section 216B.241, subdivision 1.

Subd. 6. **Customer.** "Customer" means a person who takes electric service from an electric utility for consumption of electricity in Minnesota.

Subd. 7. **Electric generating facility.** "Electric generating facility" means a facility that generates electricity, is owned in whole or in part by an electric utility, and is used to serve customers in Minnesota. Electric generating facility includes any interconnected infrastructure or facility used to transmit or deliver electricity to Minnesota customers.

Subd. 8. **Electric utility.** "Electric utility" means an electric utility providing electricity to Minnesota customers, including the electric utility's successors or assignees.

Subd. 9. **Energy storage system.** "Energy storage system" means a commercially available technology that uses mechanical, chemical, or thermal processes to:

1. Store energy and deliver the stored energy for use at a later time; or
2. Store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for electricity at the later time.

Subd. 10. **Energy transition bonds.** "Energy transition bonds" means low-cost corporate securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date, that are rated AA or Aa2 or better by a major independent credit rating agency at the time of issuance, and that are issued by an electric utility or an assignee under a financing order.

Subd. 11. **Energy transition charge.** "Energy transition charge" means a charge that:
(1) is imposed on all customer bills by an electric utility that is the subject of a financing
order, or the electric utility's successors or assignees;

(2) is separate from the utility's base rates; and

(3) provides a source of revenue solely to repay, finance, or refinance energy transition

costs.

Subd. 12. Energy transition costs. "Energy transition costs" means:

(1) as approved by the commission in a financing order issued under section 216B.492,

the pretax costs that the electric utility has incurred or will incur that are caused by, associated

with, or remain as a result of retiring or replacing electric generating facilities serving

Minnesota retail customers; and

(2) pretax costs that an electric utility has previously incurred related to the closure or

replacement of electric infrastructure or facilities occurring before the effective date of this

act.

Energy transition costs do not include any monetary penalty, fine, or forfeiture assessed

against an electric utility by a government agency or court under a federal or state

environmental statute, rule, or regulation.

Subd. 13. Energy transition property. "Energy transition property" means:

(1) all rights and interests of an electric utility or successor or assignee of an electric

utility under a financing order for the right to impose, bill, collect, receive, and obtain

periodic adjustments to energy transition charges authorized under a financing order issued

by the commission; and

(2) all revenue, collections, claims, rights to payments, payments, money, or proceeds

arising from the rights and interests specified in clause (1), regardless of whether any are

commingled with other revenue, collections, rights to payment, payments, money, or

proceeds.


receipts, collections, payments, money, claims, or other proceeds arising from energy

transition property.

Subd. 15. Financing costs. "Financing costs" means:

(1) principal, interest, and redemption premiums that are payable on energy transition

bonds;
(2) payments required under an ancillary agreement and amounts required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing document pertaining to the bonds;

(3) other demonstrable costs related to issuing, supporting, repaying, refunding, and servicing the bonds, including but not limited to servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, financial advisor fees, administrative fees, placement and underwriting fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology programming costs, and any other demonstrable costs necessary to otherwise ensure and guarantee the timely payment of the bonds or other amounts or charges payable in connection with the bonds;

(4) taxes and license fees imposed on the revenue generated from collecting an energy transition charge;

(5) state and local taxes, including franchise, sales and use, and other taxes or similar charges, including but not limited to regulatory assessment fees, whether paid, payable, or accrued; and

(6) costs incurred by the commission to hire and compensate additional temporary staff needed to perform the commission's responsibilities under this section and, in accordance with section 216B.494, to engage specialized counsel and expert consultants experienced in securitized electric utility ratepayer-backed bond financing similar to energy transition bonds.

Subd. 16. Financing order. "Financing order" means an order issued by the commission under section 216B.492 that authorizes an applicant to (1) issue energy transition bonds in one or more series, (2) impose, charge, and collect energy transition charges, and (3) create energy transition property.

Subd. 17. Financing party. "Financing party" means a holder of energy transition bonds and a trustee, collateral agent, a party under an ancillary agreement, or any other person acting for the benefit of energy transition bondholders.

Subd. 18. Nonbypassable. "Nonbypassable" means that the payment of an energy transition charge required to repay bonds and related costs may not be avoided by any retail customer located within an electric utility service area.

Subd. 19. Pretax costs. "Pretax costs" means costs approved by the commission, including but not limited to:
(1) unrecovered capitalized costs of retired or replaced electric generating facilities;
(2) costs to decommission and restore the site of an electric generating facility;
(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance, and salvage proceeds; and
(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing debt agreements, or for waivers or consents related to existing debt agreements.

Subd. 20. Successor. "Successor" means a legal entity that succeeds by operation of law to the rights and obligations of another legal entity as a result of bankruptcy, reorganization, restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of assets.

Sec. 37. [216B.492] FINANCING ORDER.

Subdivision 1. Application. (a) An electric utility that has received approval from the commission to retire an electric generating facility owned by the utility prior to the full depreciation of the electric generating facility's value may file an application with the commission for the issuance of a financing order to enable the utility to recover energy transition costs through the issuance of energy transition bonds under this section.

(b) The application must include all of the following information:

(1) a description of the electric generating facility to be retired;
(2) the undepreciated value remaining in the electric generating facility that is proposed to be financed through the issuance of bonds under sections 216B.491 to 216B.499, and the method used to calculate the amount;
(3) the estimated savings to electric utility customers if the financing order is issued as requested in the application, calculated by comparing the costs to customers that are expected to result from implementing the financing order and the estimated costs associated with implementing traditional electric utility financing mechanisms with respect to the same undepreciated balance, expressed in net present value terms;
(4) an estimated schedule for the electric generating facility's retirement;
(5) a description of the nonbypassable energy transition charge electric utility customers would be required to pay in order to fully recover financing costs, and the method and assumptions used to calculate the amount;
(6) a proposed methodology for allocating the revenue requirement for the energy
transition charge among the utility's customer classes;

(7) a description of a proposed adjustment mechanism to be implemented when necessary
to correct any overcollection or undercollection of energy transition charges, in order to
complete payment of scheduled principal and interest on energy transition bonds and other
financing costs in a timely fashion;

(8) a memorandum with supporting exhibits from a securities firm that is experienced
in the marketing of bonds and that is approved by the commissioner of management and
budget indicating the proposed issuance satisfies the current published AA or Aa2 or higher
rating or equivalent rating criteria of at least one nationally recognized securities rating
organization for issuances similar to the proposed energy transition bonds;

(9) an estimate of the timing of the issuance and the term of the energy transition bonds,
or series of bonds, provided that the scheduled final maturity for each bond issuance does
not exceed 30 years;

(10) identification of plans to sell, assign, transfer, or convey, other than as a security,
interest in energy transition property, including identification of an assignee, and
demonstration that the assignee is a financing entity wholly owned, directly or indirectly,
by the electric utility;

(11) identification of ancillary agreements that may be necessary or appropriate;

(12) one or more alternative financing scenarios in addition to the preferred scenario
contained in the application; and

(13) a workforce transition plan that includes estimates of:

(i) the number of workers currently employed at the electric generating facility to be
retired by the electric utility and, separately reported, by contractors, including workers that
directly deliver fuel to the electric generating facility;

(ii) the number of workers identified in item (i) who, as a result of the retirement of the
electric generating facility:

(A) are offered employment by the electric utility in the same job classification;

(B) are offered employment by the electric utility in a different job classification;

(C) are not offered employment by the electric utility;

(D) are offered early retirement by the electric utility; and
(E) retire as planned; and

(iii) if the electric utility plans to replace the retiring generating facility with a new
generating facility outsourced to contractors or subcontractors; and

(14) a plan to replace the retired electric generating facilities with other electric generating
facilities owned by the utility or power purchase agreements that meet the requirements of
subdivision 3, clause (15), and a schedule reflecting that the replacement resources are
operational or available at the time the retiring electric generating facilities cease operation.

Subd. 2. Findings. After providing notice and holding a public hearing on an application
filed under subdivision 1, the commission may issue a financing order if the commission
finds that:

(1) the energy transition costs described in the application related to the retirement of
electric generation facilities are reasonable;

(2) the proposed issuance of energy transition bonds and the imposition and collection
of energy transition charges:

(i) are just and reasonable;

(ii) are consistent with the public interest;

(iii) constitute a prudent and reasonable mechanism to finance the energy transition costs
described in the application; and

(iv) provide tangible and quantifiable benefits to customers that are substantially greater
than the benefits that would have been achieved absent the issuance of energy transition
bonds; and

(3) the proposed structuring, marketing, and pricing of the energy transition bonds:

(i) significantly lower overall costs to customers or significantly mitigate rate impacts
to customers relative to traditional methods of financing; and

(ii) achieve the maximum net present value of customer savings, as determined by the
commission in a financing order, consistent with market conditions at the time of sale and
the terms of the financing order.

Subd. 3. Contents. (a) A financing order issued under this section must:

(1) determine the maximum amount of energy transition costs that may be financed from
proceeds of energy transition bonds issued pursuant to the financing order;
(2) describe the proposed customer billing mechanism for energy transition charges and include a finding that the mechanism is just and reasonable;

(3) describe the financing costs that may be recovered through energy transition charges and the period over which the costs may be recovered, which must end no earlier than the date of final legal maturity of the energy transition bonds;

(4) describe the energy transition property that is created and that may be used to pay and secure the payment of the energy transition bonds and financing costs authorized in the financing order;

(5) authorize the electric utility to finance energy transition costs through the issuance of one or more series of energy transition bonds. An electric utility is not required to secure a separate financing order for each issuance of energy transition bonds or for each scheduled phase of the retirement or replacement of electric generating facilities approved in the financing order;

(6) include a formula-based mechanism that must be used to make expeditious periodic adjustments to the energy transition charge authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise guarantee the timely payment of energy transition bonds, financing costs, and other required amounts and charges payable in connection with energy transition bonds;

(7) specify the degree of flexibility afforded to the electric utility in establishing the terms and conditions of the energy transition bonds, including but not limited to repayment schedules, expected interest rates, and other financing costs;

(8) specify that the energy transition bonds must be issued as soon as feasible following issuance of the financing order;

(9) require the electric utility, at the same time as energy transition charges are initially collected and independent of the schedule to close and decommission the electric generating facility, to remove the electric generating facility to be retired from the utility's rate base and commensurately reduce the utility's base rates;

(10) specify a future ratemaking process to reconcile any difference between the projected pretax costs included in the amount financed by energy transition bonds and the final actual pretax costs incurred by the electric utility to retire or replace the electric generating facility;

(11) specify information regarding bond issuance and repayments, financing costs, energy transaction charges, energy transition property, and related matters that the electric utility is required to provide to the commission on a schedule determined by the commission;
(12) allow and may require the creation of an electric utility's energy transition property to be conditioned on, and occur simultaneously with, the sale or other transfer of the energy transition property to an assignee and the pledge of the energy transition property to secure the energy transition bonds;

(13) ensure that the structuring, marketing, and pricing of energy transition bonds result in the lowest securitization bond charges and maximize net present value customer savings, consistent with market conditions and the terms of the financing order;

(14) specify that the electric utility is prohibited from, after the electric generating facilities subject to the finance order are removed from the electric utility's base rate:

(i) operating the electric generating facilities; or

(ii) selling the electric generating facilities to another entity to be operated as electric generating facilities; and

(15) specify that the electric utility must send a payment from energy transition bond proceeds equal to 15 percent of the net present value of electric utility cost savings estimated by the commission under subdivision 2, clause (3), item (ii), to the commissioner of employment and economic development for deposit in the energy worker transition account established in section 216B.4991, and that the balance of the proceeds:

(i) must not be used to acquire, construct, finance, own, operate, or purchase energy from an electric generating facility that is not powered by a clean energy resource; and

(ii) may be used to construct, finance, operate, own, or purchase energy from, an electric generating facility that complies with item (i), under conditions determined by the commission, including the capacity of generating assets, the estimated date the asset is placed into service, and any other factors deemed relevant by the commission, taking into account the electric utility's resource plan most recently approved by the commission under section 216B.2422.

(b) A financing order issued under this section may:

(1) include conditions different from those requested in the application that the commission determines are necessary to:

(i) promote the public interest; and

(ii) maximize the financial benefits or minimize the financial risks of the transaction to customers and to directly impacted Minnesota workers and communities; and

(2) specify the selection of one or more underwriters of the energy transition bonds.
Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains in effect until the energy transition bonds issued under the financing order and all financing costs related to the bonds have been paid in full.

(b) A financing order remains in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the electric utility to which the financing order applies or any affiliate, successor, or assignee of the electric utility.

(c) Subject to judicial review as provided for in section 216B.52, a financing order is irrevocable and is not reviewable by future commissions. The commission may not reduce, impair, postpone, or terminate energy transition charges approved in a financing order, or impair energy transition property or the collection or recovery of energy transition revenue.

(d) Notwithstanding paragraph (c), the commission may, on the commission's own motion or at the request of an electric utility or any other person, commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding energy transition bonds issued under the original financing order if:

1. The commission makes all of the findings specified in subdivision 2 with respect to the subsequent financing order; and
2. The modification contained in the subsequent financing order does not in any way impair the covenants and terms of the energy transition bonds to be refinanced, retired, or refunded.

Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b), the commission, in exercising the powers and carrying out the duties under this section, is prohibited from:

1. Considering energy transition bonds issued under this section to be debt of the electric utility other than for income tax purposes, unless it is necessary to consider the energy transition bonds to be debt in order to achieve consistency with prevailing utility debt rating methodologies;
2. Considering the energy transition charges paid under the financing order to be revenue of the electric utility;
3. Considering the energy transition costs or financing costs specified in the financing order to be the regulated costs or assets of the electric utility; or
4. Determining any prudent action taken by an electric utility that is consistent with the financing order is unjust or unreasonable.
(b) Nothing in this subdivision:

(1) affects the authority of the commission to apply or modify any billing mechanism designed to recover energy transition charges;

(2) prevents or precludes the commission from investigating an electric utility's compliance with the terms and conditions of a financing order and requiring compliance with the financing order; or

(3) prevents or precludes the commission from imposing regulatory sanctions against an electric utility for failure to comply with the terms and conditions of a financing order or the requirements of this section.

(c) The commission is prohibited from refusing to allow the recovery of any costs associated with the retirement or replacement of electric generating facilities by an electric utility solely because the electric utility has elected to finance those activities through a financing mechanism other than energy transition bonds.

Sec. 38. [216B.493] POST-ORDER COMMISSION DUTIES.

Subdivision 1. Financing cost review. Within 120 days after the date energy transition bonds are issued, an electric utility subject to a financing order must file with the commission the actual initial and ongoing financing costs, the final structure and pricing of the energy transition bonds, and the actual energy transition charge. The commission must review the prudence of the electric utility's actions to determine whether the actual financing costs are the lowest that could reasonably be achieved given the terms of the financing order and market conditions prevailing at the time of the bond's issuance.

Subd. 2. Enforcement. If the commission determines that an electric utility's actions under this section are not prudent or are inconsistent with the financing order, the commission may apply any remedies available, provided that any remedy applied may not directly or indirectly impair the security for the energy transition bonds.

Sec. 39. [216B.494] USE OF OUTSIDE EXPERTS.

(a) In carrying out the duties under this section, the commission may:

(1) contract with outside consultants and counsel experienced in securitized electric utility customer-backed bond financing similar to energy transition bonds; and

(2) hire and compensate additional temporary staff as needed.
Expenses incurred by the commission under this paragraph must be treated as financing costs and included in the energy transition charge. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.

(b) If a utility's application for a financing order is denied or withdrawn for any reason and energy transition bonds are not issued, the commission's costs to retain expert consultants under this subdivision must be paid by the applicant utility and are deemed by the commission to be a prudent deferred expense eligible for recovery in the utility's future rates.

Sec. 40. [216B.495] ENERGY TRANSITION CHARGE; BILLING TREATMENT.

(a) An electric utility that obtains a financing order and causes energy transition bonds to be issued must:

(1) include on each customer's monthly electricity bill:

(i) a statement that a portion of the charges represents energy transition charges approved in a financing order;

(ii) the amount and rate of the energy transition charge as a separate line item titled "energy transition charge"; and

(iii) if energy transition property has been transferred to an assignee, a statement that the assignee is the owner of the rights to energy transition charges and that the electric utility or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

(2) file annually with the commission:

(i) a calculation of the impact that financing the retirement or replacement of electric generating facilities has had on customer electricity rates, by customer class; and

(ii) evidence demonstrating that energy transition revenues are applied solely to the repayment of energy transition bonds and other financing costs.

(b) Energy transition charges are nonbypassable and must be paid by all existing and future customers receiving service from the electric utility or the utility's successors or assignees under commission-approved rate schedules or special contracts.

(c) An electric utility's failure to comply with this section does not invalidate, impair, or affect any financing order, energy transition property, energy transition charge, or energy transition bonds, but does subject the electric utility to penalties under applicable commission rules.
Sec. 41. [216B.496] ENERGY TRANSITION PROPERTY.

Subdivision 1. General. (a) Energy transition property is an existing present property right or interest in a property right even though the imposition and collection of energy transition charges depends on the electric utility's collecting energy transition charges and on future electricity consumption. The property right or interest exists regardless of whether the revenues or proceeds arising from the energy transition property have been billed, have accrued, or have been collected.

(b) Energy transition property exists until all energy transition bonds issued under a financing order are paid in full and all financing costs and other costs of the energy transition bonds have been recovered in full.

(c) All or any portion of energy transition property described in a financing order issued to an electric utility may be transferred, sold, conveyed, or assigned to a successor or assignee that is wholly owned, directly or indirectly, by the electric utility and is created for the limited purpose of acquiring, owning, or administering energy transition property or issuing energy transition bonds as authorized by the financing order. All or any portion of energy transition property may be pledged to secure energy transition bonds issued under a financing order, amounts payable to financing parties and to counterparties under any ancillary agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or pledge by an electric utility or an affiliate of an electric utility is a transaction in the ordinary course of business.

(d) If an electric utility defaults on any required payment of charges arising from energy transition property described in a financing order, a court, upon petition by an interested party and without limiting any other remedies available to the petitioner, must order the sequestration and payment of the revenues arising from the energy transition property to the financing parties.

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in energy transition property specified in a financing order issued to an electric utility, and in the revenue and collections arising from that property, is not subject to setoff, counterclaim, surcharge, or defense by the electric utility or any other person, or in connection with the reorganization, bankruptcy, or other insolvency of the electric utility or any other entity.

(f) A successor to an electric utility, whether resulting from a reorganization, bankruptcy, or other insolvency proceeding, merger or acquisition, sale, other business combination, transfer by operation of law, electric utility restructuring, or otherwise, must perform and satisfy all obligations of, and has the same duties and rights under, a financing order as the
electric utility to which the financing order applies, and must perform the duties and exercise
the rights in the same manner and to the same extent as the electric utility, including
collecting and paying to any person entitled to receive revenues, collections, payments, or
proceeds of energy transition property.

Subd. 2. Security interests in energy transition property. (a) The creation, perfection,
and enforcement of any security interest in energy transition property to secure the repayment
of the principal and interest on energy transition bonds, amounts payable under any ancillary
agreement, and other financing costs are governed solely by this section.

(b) A security interest in energy transition property is created, valid, and binding when:

1) the financing order that describes the energy transition property is issued;

2) a security agreement is executed and delivered; and

3) value is received for the energy transition bonds.

(c) Once a security interest in energy transition property is created, the security interest
attaches without any physical delivery of collateral or any other act. The lien of the security
interest is valid, binding, and perfected against all parties having claims of any kind in tort,
contract, or otherwise against the person granting the security interest, regardless of whether
the parties have notice of the lien, upon the filing of a financing statement with the secretary
of state.

(d) The description or indication of energy transition property in a transfer or security
agreement and a financing statement is sufficient only if the description or indication refers
to this section and the financing order creating the energy transition property.

(e) A security interest in energy transition property is a continuously perfected security
interest and has priority over any other lien, created by operation of law or otherwise, which
may subsequently attach to the energy transition property unless the holder of the security
interest has agreed otherwise in writing.

(f) The priority of a security interest in energy transition property is not affected by the
commingling of energy transition property or energy transition revenue with other money.
An assignee, bondholder, or financing party has a perfected security interest in the amount
of all energy transition property or energy transition revenue that is pledged to pay energy
transition bonds, even if the energy transition property or energy transition revenue is
deposited in a cash or deposit account of the electric utility in which the energy transition
revenue is commingled with other money. Any other security interest that applies to the
other money does not apply to the energy transition revenue.
(g) Neither a subsequent commission order amending a financing order under section 216B.492, subdivision 4, nor application of an adjustment mechanism, authorized by a financing order under section 216B.492, subdivision 3, affects the validity, perfection, or priority of a security interest in or transfer of energy transition property.

(h) A valid and enforceable security interest in energy transition property is perfected only when it has attached and when a financing order has been filed with the secretary of state in accordance with procedures the secretary of state may establish. The financing order must name the pledgor of the energy transition property as debtor and identify the property.

Subd. 3. Sales of energy transition property. (a) A sale, assignment, or transfer of energy transition property is an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the energy transition property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. A transfer of an interest in energy transition property may be created when:

(1) the financing order creating and describing the energy transition property is effective;
(2) the documents evidencing the transfer of the energy transition property are executed and delivered to the assignee; and
(3) value is received.

(b) A transfer of an interest in energy transition property must be filed with the secretary of state against all third persons and perfected under sections 336.9-301 to 336.9-342, including any judicial lien or other lien creditors or any claims of the seller or creditors of the seller, other than creditors holding a prior security interest, ownership interest, or assignment in the energy transition property previously perfected under this subdivision or subdivision 2.

(c) The characterization of a sale, assignment, or transfer as an absolute transfer and true sale, and the corresponding characterization of the property interest of the assignee is not affected or impaired by:

(1) commingling of energy transition revenue with other money;
(2) the retention by the seller of:
    (i) a partial or residual interest, including an equity interest, in the energy transition property, whether direct or indirect, or whether subordinate or otherwise; or
221.1 (ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of energy transition revenue;
221.2 (3) any recourse that the purchaser may have against the seller;
221.3 (4) any indemnification rights, obligations, or repurchase rights made or provided by the seller;
221.4 (5) an obligation of the seller to collect energy transition revenues on behalf of an assignee;
221.5 (6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes;
221.6 (7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or
221.7 (8) any application of an adjustment mechanism under section 216B.492, subdivision 3, paragraph (a), clause (6).

Sec. 42. [216B.497] ENERGY TRANSITION BONDS.

(a) Banks, trust companies, savings and loan associations, insurance companies, executors, administrators, guardians, trustees, and other fiduciaries may legally invest any money within the individual's or entity's control in energy transition bonds.

(b) Energy transition bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. Holders of energy transition bonds may not have taxes levied by the state or a political subdivision in order to pay the principal or interest on energy transition bonds. The issuance of energy transition bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the energy transition bonds.

(c) The state pledges to and agrees with holders of energy transition bonds, any assignee, and any financing parties that the state must not:

(1) take or permit any action that impairs the value of energy transition property; or

(2) reduce, alter, or impair energy transition charges that are imposed, collected, and remitted for the benefit of holders of energy transition bonds, any assignee, and any financing parties, until any principal, interest, and redemption premium payable on energy transition bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full.
A person who issues energy transition bonds may include the pledge specified in paragraph (c) in the energy transition bonds, ancillary agreements, and documentation related to the issuance and marketing of the energy transition bonds.

Sec. 43. [216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.

An assignee or financing party that is not already regulated by the commission does not become subject to commission regulation solely as a result of engaging in any transaction authorized by or described in sections 216B.491 to 216B.499.

Sec. 44. [216B.499] EFFECT ON OTHER LAWS.

(a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law regarding the attachment, assignment, perfection, effect of perfection, or priority of any security interest in or transfer of energy transition property, sections 216B.491 to 216B.499 govern.

(b) Nothing in this subdivision precludes an electric utility for which the commission has initially issued a financing order from applying to the commission for:

1. a subsequent financing order amending the financing order under section 216B.492, subdivision 4, paragraph (d); or
2. approval to issue energy transition bonds to refund all or a portion of an outstanding series of energy transition bonds.

Sec. 45. [216B.4991] ENERGY WORKER TRANSITION ACCOUNT.

Subdivision 1. Account established. The energy worker transition account is established as a separate account in the special revenue fund in the state treasury. The commissioner of employment and economic development must credit to the account appropriations and transfers to the account, and payments of proceeds from the sale of bonds realized by an electric utility operating under a financing order issued by the commission under section 216B.492. Earnings, including but not limited to interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains in the account until expended. The commissioner of employment and economic development must manage the account.
Subd. 2. **Expenditures.** (a) Money in the account may be used only to provide assistance to workers whose employment was terminated by an electric utility that has ceased operation and issued bonds under a financing order issued by the Public Utilities Commission under section 216B.492. The types of assistance that may be provided from the account are:

1. transition, support, and training services listed under section 116L.17, subdivision 4, clauses (1) to (5);
2. employment and training services, as defined in section 116L.19, subdivision 4;
3. income maintenance and support services, as defined in section 116L.19, subdivision 5;
4. assistance to workers in starting a business, as described in section 116L.17, subdivision 11; and
5. extension of unemployment benefits.

(b) No more than five percent of the money in the account may be used to pay the department's costs to administer the account.

(c) The commissioner may make grants to a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization to provide the services allowed under this subdivision. No more than ten percent of the money allocated to a grantee may be used to pay administrative costs.

Sec. 46. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The
commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

(c) The commission shall require as a condition of permit issuance that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(d) The commission may require as a condition of permit issuance that the recipient of a site permit to construct a large electric power generating plant and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. The commission may also require as a condition of modifying a site permit for a large electric power generating plant repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. When deciding whether to require participation in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors, including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

EFFECTIVE DATE. This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.
(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.

d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

e) The commission shall require as a condition of permit issuance that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project pay no less than the prevailing wage rate, as defined in section 177.42. The commission shall also require as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project pay no less than the prevailing wage rate, as defined in section 177.42.

(f) The commission may require as a condition of permit issuance that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. The commission may also require as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the permit recipient's construction contractors and subcontractors on the repowering project participate in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor for the relevant work on the project. When deciding whether to require participation in apprenticeship programs that are registered with the Department of Labor and Industry or the Office of Apprenticeship of the United States Department of Labor under this paragraph, the commission shall consider relevant factors, including the direct and indirect economic impact as well as the quality, efficiency, and safety of construction on the project.

**EFFECTIVE DATE.** This section is effective August 1, 2021, and applies to dockets initiated at the Public Utilities Commission on or after that date.
Sec. 48. PUBLIC UTILITIES COMMISSION; EVALUATION OF THE ROLE OF NATURAL GAS UTILITIES IN ACHIEVING STATE GREENHOUSE GAS REDUCTION GOALS.

By August 1, 2021, the Public Utilities Commission must initiate a proceeding to evaluate changes to natural gas utility regulatory and policy structures needed to support the state's greenhouse gas emissions reductions goals, including those established in Minnesota Statutes, section 216H.02, subdivision 1, and to achieve net zero greenhouse gas emissions by 2050, as determined by the Intergovernmental Panel on Climate Change.

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

Sec. 49. APPROPRIATIONS.

Subdivision 1. Construction materials; environmental impact study. (a) $100,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of administration to complete the study required under this section. This is a onetime appropriation.

(b) The commissioner of administration must contract with the Center for Sustainable Building Research at the University of Minnesota to examine the feasibility, economic costs, and environmental benefits of requiring a bid that proposes to use or construct one or more eligible materials in the construction or major renovation of a new state building to include a supply-chain specific type III environmental product declaration for each of those materials, which information must be taken into consideration in making a contract award. In conducting the study, the Center for Sustainable Building Research must examine and evaluate similar programs adopted in other states.

(c) By February 1, 2022, the commissioner of administration must submit the findings and recommendations of the study to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy.

(d) For purposes of this section, the following terms have the meanings given:

(1) "eligible materials" means any of the following materials that function as part of a structural system or structural assembly:

(i) concrete, including structural cast in place, shortcrete, and precast;

(ii) unit masonry;

(iii) metal of any type; and
(iv) wood of any type, including but not limited to wood composites and wood-laminated products;

(2) "engineered wood" means a product manufactured by banding or fixing strands, particles, fiber, or veneers of boards of wood by means of adhesives, combined with heat and pressure, or other methods to form composite material;

(3) "state building" means a building owned by the state of Minnesota;

(4) "structural" means a building material or component that supports gravity loads of building floors, roofs, or both, and is the primary lateral system resisting wind and earthquake loads, including but not limited to shear walls, braced or moment frames, foundations, below-grade walls, and floors;

(5) "supply-chain specific" means an environmental product declaration that includes supply-chain specific data for production processes that contribute to 80 percent or more of a product's lifecycle global warming potential. For engineered wood products, "supply-chain specific" also means an environmental product declaration that reports:

   (i) any chain of custody certification; and

   (ii) the percentage of wood, by volume, used in the product that is sourced:

      (A) by state or province and country;

      (B) by type of owner, whether federal, state, private, or other; and

      (C) with forest management certification; and

(6) "type III environmental product declaration" means a document verified and registered by a third party that contains a life-cycle assessment of the environmental impacts, including but not limited to the use of water, land, and energy resources in the manufacturing process, of a specific product constructed or manufactured by a specific firm and that meets the applicable standards developed and maintained for such assessments by the International Organization for Standardization (ISO).

Subd. 2. Natural gas innovation plan; implementation. (a) $189,000 in fiscal year 2022 and $189,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(b) $112,000 in fiscal year 2022 and $112,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for the activities associated with a
utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

Subd. 3. **Energy Transition Office.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $450,000 in fiscal year 2022 and $450,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development to operate the Energy Transition Office established under Minnesota Statutes, section 116J.5491.

Subd. 4. **Minnesota Innovation Finance Authority.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $10,000,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to transfer to the Minnesota Innovation Finance Authority established under Minnesota Statutes, section 216C.441. This is a onetime appropriation. Of this amount, the Minnesota Innovation Finance Authority may obligate up to $50,000 for start-up expenses, including but not limited to expenses incurred prior to incorporation.

Subd. 5. **Beneficial electrification.** (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to participate in Public Utilities Commission proceedings regarding utility beneficial electrification plans, as described in Minnesota Statutes, section 216B.248.

(b) $56,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for activities associated with utility beneficial electrification plans, as described in Minnesota Statutes, section 216B.248.

Subd. 6. **Securitization.** (a) $126,000 in fiscal year 2022 and $126,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to implement Minnesota Statutes, sections 216B.491 to 216B.4991.

(b) $207,000 in fiscal year 2022 and $147,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission to implement Minnesota Statutes, sections 216B.491 to 216B.4991.

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

Sec. 50. **REPEALER.**

Minnesota Statutes 2020, section 216B.1691, subdivision 2, is repealed.
ARTICLE 9

CLIMATE CHANGE

Section 1. [16B.312] CONSTRUCTION MATERIALS; ENVIRONMENTAL ANALYSIS.

Subdivision 1. Title. This section may be known and cited as the "Buy Clean and Buy Fair Minnesota Act."

Subd. 2. Definitions. For purposes of this section, the following terms have the meanings given:

(a) "Carbon steel" means steel in which the main alloying element is carbon and whose properties are chiefly dependent on the percentage of carbon present.

(b) "Department" means the Department of Administration.

(c) "Eligible material category" means:

(1) carbon steel rebar;

(2) structural steel;

(3) photovoltaic devices, as defined in section 216C.06, subdivision 16; or

(4) an energy storage system, as defined in section 216B.2421, subdivision 1, paragraph (f), that is installed as part of an eligible project.

(d) "Eligible project" means:

(1) new construction of a state building larger than 50,000 gross square feet of occupied or conditioned space; or

(2) renovation of more than 50,000 gross square feet of occupied or conditioned space in a state building whose renovation cost exceeds 50 percent of the building's assessed value.

(e) "Environmental product declaration" means a supply chain specific type III environmental product declaration that:

(1) contains a lifecycle assessment of the environmental impacts of manufacturing a specific product by a specific firm, including the impacts of extracting and producing the raw materials and components that compose the product;

(2) is verified and registered by a third party; and
(3) meets the applicable standards developed and maintained for such assessments by
the International Organization for Standardization (ISO).

(f) "Global warming potential" has the meaning given in section 216H.10, subdivision
5.

(g) "Greenhouse gas" has the meaning given to statewide greenhouse gas emissions in
section 216H.01, subdivision 2.

(h) "Lifecycle" means an analysis that includes the environmental impacts of all stages
of a specific product's production, from mining and processing the product's raw materials
to the process of manufacturing the product.

(i) "Rebar" means a steel reinforcing bar or rod encased in concrete.

(j) "State building" means a building whose construction or renovation is funded wholly
or partially from the proceeds of bonds issued by the state of Minnesota.

(k) "Structural steel" means steel that is classified by the shapes of its cross-sections,
such as I, T, and C shapes.

(l) "Supply chain specific" means an environmental product declaration that includes
specific data for the production processes of the materials and components composing a
product that contribute at least 80 percent of the product's lifecycle global warming potential,
as defined in International Organization for Standardization standard 21930.

Subd. 3. Standard; maximum global warming potential. (a) No later than September
1, 2022, the commissioner shall establish and publish a maximum acceptable global warming
potential for each eligible material used in an eligible project, in accordance with the
following requirements:

(1) the commissioner shall, after considering nationally or internationally recognized
databases of environmental product declarations for an eligible material category, establish
the maximum acceptable global warming potential at the industry average global warming
potential for that eligible material category; and

(2) the commissioner may set different maximums for different specific products within
each eligible material category.

The global warming potential shall be provided in a manner that is consistent with criteria
in an environmental product declaration.

(b) No later than September 1, 2025, and every three years thereafter, the commissioner
shall review the maximum acceptable global warming potential for each eligible materials
category and for specific products within an eligible materials category established under paragraph (a). The commissioner may adjust those values downward for any eligible material category or product to reflect industry improvements if the commissioner, based on the process described in paragraph (a), clause (1), determines that the industry average has declined. The commissioner must not adjust the maximum acceptable global warming potential upward for any eligible material category or product.

Subd. 4. Bidding process. (a) Except as provided in paragraph (c), the department shall require in a specification for bids for an eligible project that the global warming potential reported by a bidder in the environmental product declaration for any eligible material category must not exceed the maximum acceptable global warming potential for that eligible material category or product established under subdivision 2. The department may require in a specification for bids for an eligible project a global warming potential for any eligible material that is lower than the maximum acceptable global warming potential for that material established under subdivision 2.

(b) Except as provided in paragraph (c), a successful bidder for a contract must not use or install any eligible material on the project until the commissioner has provided notice to the bidder in writing that the commissioner has determined that a supply chain-specific environmental product declaration submitted by the bidder for that material meets the requirements of this subdivision.

(c) A bidder may be exempted from the requirements of paragraphs (a) and (b) if the commissioner determines that complying with the provisions of paragraph (a) would create financial hardship for the bidder. The commissioner shall make a determination of hardship if the commissioner finds that:

(1) the bidder has made a good faith effort to obtain the data required in an environmental product declaration; and

(2) the bidder has provided all the data obtained in pursuit of an environmental product declaration to the commissioner; and

(3) based on a detailed estimate of the costs of obtaining an environmental product declaration, and taking into consideration the bidder's annual gross revenues, complying with paragraph (a) would cause the bidder financial hardship; or

(4) complying with paragraph (a) would disrupt the bidder's ability to perform contractual obligations.
Subd. 5. Pilot program. (a) No later than July 1, 2022, the department must establish a pilot program that seeks to obtain from vendors an estimate of the lifecycle greenhouse gas emissions, including greenhouse gas emissions from mining raw materials, of products selected by the department from among the products the department procures. The pilot program must encourage but must not require a product vendor to submit the following data for each selected product that represents at least 90 percent of the total cost of the materials or components used in the selected product:

1. the quantity of the product purchased by the department;
2. a current environmental product declaration for the product;
3. the name and location of the product's manufacturer;
4. a copy of the product vendor's Supplier Code of Conduct, if any;
5. names and locations of the product's actual production facilities; and
6. an assessment of employee working conditions at the product's actual production facilities.

(b) The department must construct a publicly accessible database posted on the department's website containing the data reported under this subdivision. The data must be reported in a manner that precludes, directly, or in combination with other publicly available data, the identification of the product manufacturer.

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

Sec. 2. Minnesota Statutes 2020, section 216H.02, subdivision 1, is amended to read:

Subdivision 1. Greenhouse gas emissions-reduction goal. (a) It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050, by at least the following amounts, compared with the level of emissions in 2005:

1. 15 percent by 2015;
2. 30 percent by 2025;
3. 45 percent by 2030; and
4. net zero by 2050.

(b) The levels targets shall be reviewed based on the climate change action plan study annually by the commissioner of the Pollution Control Agency, taking into account the
latest scientific research on the impacts of climate change and strategies to reduce greenhouse
gas emissions published by the Intergovernmental Panel on Climate Change. The
commissioner shall forward any recommended changes to the targets to the chairs and
ranking minority members of the senate and house of representatives committees with
primary jurisdiction over climate change and environmental policy.

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

Sec. 3. [239.7912] FUTURE FUELS ACT.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
the meanings given.

(b) "Carbon dioxide equivalent" means the number of metric tons of carbon dioxide
emissions that have the same global warming potential as one metric ton of another
greenhouse gas.

c) "Carbon intensity" means the quantity of life cycle greenhouse gas emissions
associated with a unit of a specific transportation fuel, expressed in grams of carbon dioxide
equivalent per megajoule of transportation fuel, as calculated by the most recent version of
Argonne National Laboratory's GREET model and adapted to Minnesota by the department
through rulemaking or administrative process.

(d) "Clean fuel" means a transportation fuel that has a carbon intensity level that is below
the clean fuels carbon intensity standard in a given year.

e) "Credit" means a unit of measure equal to one metric ton of carbon dioxide equivalent,
and that serves as a quantitative measure of the degree to which a fuel provider's
transportation fuel volume is lower than the carbon intensity embodied in an applicable
clean fuels standard.

(f) "Credit generator" means an entity involved in supplying a clean fuel.

g) "Deficit" means a unit of measure (1) equal to one metric ton of carbon dioxide
equivalent, and (2) that serves as a quantitative measure of the degree to which a fuel
provider's volume of transportation fuel is greater than the carbon intensity embodied in an
applicable future fuels standard.

(h) "Deficit generator" means a fuel provider who generates deficits and who first
produces or imports a transportation fuel for use in Minnesota.

(i) "Fuel life cycle" means the total aggregate greenhouse gas emissions resulting from
all stages of a fuel pathway for a specific transportation fuel.
(j) "Fuel pathway" means a detailed description of all stages of a transportation fuel's production and use, including extraction, processing, transportation, distribution, and combustion or use by an end-user.

(k) "Fuel provider" means an entity that supplies a transportation fuel for use in Minnesota.

(l) "Global warming potential" or "GWP" means a quantitative measure of a greenhouse gas emission's potential to contribute to global warming over a 100-year period, expressed in terms of the equivalent carbon dioxide emission needed to produce the same 100-year warming effect.

(m) "Greenhouse gas" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.

(n) "Motor vehicle" has the meaning given in section 169.011, subdivision 42.

(o) "Relevant petroleum-only portion of transportation fuels" means the component of gasoline or diesel fuel prior to blending with ethanol, biodiesel, or other biofuel.

(p) "Technology provider" means a manufacturer of an end-use consumer technology involved in supplying clean fuels.

(q) "Transportation fuel" means electricity or a liquid or gaseous fuel that (1) is blended, sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited to train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in Minnesota, and (2) meets applicable standards, specifications, and testing requirements under this chapter. Transportation fuel includes but is not limited to electricity used as fuel in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

Subd. 2. Clean fuels standard; establishment by rule; goals. (a) No later than October 1, 2021, the commissioner must publish notice of the intent to adopt rules, as required under section 14.22, that implement a clean fuels standard and other provisions of this section. The timing requirement to publish a notice of intent to adopt rules or notice of hearing under section 14.125 does not apply to rules adopted under this subdivision.

(b) The commissioner must consult with the commissioners of transportation, agriculture, and the Pollution Control Agency when developing the rules under this subdivision. The commissioner may gather input from stakeholders through various means, including a task force, working groups, and public workshops. The commissioner, collaborating with the Department of Transportation, may consult with stakeholders, including but not limited to...
fuel providers; consumers; rural, urban, and Tribal communities; agriculture; environmental
and environmental justice organizations; technology providers; and other businesses.

(c) When developing the rule, the commissioner must endeavor to make available to
Minnesota a fuel-neutral clean fuels portfolio that:

(1) creates broad rural and urban economic development;

(2) provides benefits for communities, consumers, clean fuel providers, technology
provides, and feedstock suppliers;

(3) increases energy security from expanded reliance on domestically produced fuels;

(4) supports equitable transportation electrification that benefits all communities and is
powered primarily with low-carbon and carbon-free electricity;

(5) improves air quality and public health, targeting communities that bear a
disproportionate health burden from transportation pollution;

(6) supports state solid waste recycling goals by facilitating credit generation from
renewable natural gas produced from organic waste;

(7) aims to support, through credit generation or other financial means, voluntary
farmer-led efforts to adopt agricultural practices that benefit soil health and water quality
while contributing to lower life cycle greenhouse gas emissions from clean fuel feedstocks;

(8) maximizes benefits to the environment and natural resources, develops safeguards
and incentives to protect natural lands, and enhances environmental integrity, including
biodiversity; and

(9) is the result of extensive outreach efforts to stakeholders and communities that bear
a disproportionate health burden from pollution from transportation or from the production
and transportation of transportation fuels.

Subd. 3. Clean fuels standard; establishment. (a) A clean fuels standard is established
that requires the aggregate carbon intensity of transportation fuel supplied to Minnesota be
reduced to at least 20 percent below the 2018 baseline level by the end of 2035. In
consultation with the Pollution Control Agency, Department of Agriculture, and Department
of Transportation, the commissioner must establish by rule a schedule of annual standards
that steadily decreases the carbon intensity of transportation fuels.

(b) When determining the schedule of annual standards, the commissioner must consider
the cost of compliance, the technologies available to a provider to achieve the standard, the
need to maintain fuel quality and availability, and the policy goals under subdivision 2.
paragraph (c).

(c) Nothing in this chapter precludes the department from adopting rules that allow the

generation of credits associated with electric or alternative transportation fuels or

infrastructure that existed prior to the effective date of this section or the start date of program

requirements.

Subd. 4. Clean fuels standard; baseline calculation. The department must calculate

the baseline carbon intensity of the relevant petroleum-only portion of transportation fuels

for the 2018 calendar year after reviewing and considering the best available applicable

scientific data and calculations.

Subd. 5. Clean fuels standard; compliance. A deficit generator may comply with this

section by:

(1) producing or importing transportation fuels whose carbon intensity is at or below

the level of the applicable year's standard; or

(2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon

intensity of the deficit generator's transportation fuels exceeding the applicable year's

standard.

Subd. 6. Clean fuel credits. The commissioner must establish by rule a program for

tradeable credits and deficits. The commissioner must adopt rules to fairly and reasonably

operate a credit market that may include:

(1) a market mechanism that allows credits to be traded or banked for future use;

(2) transaction fees associated with the credit market; and

(3) procedures to verify the validity of credits and deficits generated by a fuel provider

under this section.

Subd. 7. Fuel pathway and carbon intensity determination. The commissioner must

establish a process to determine the carbon intensity of transportation fuels, including but

not limited to the review by the commissioner of a fuel pathway submitted by a fuel provider.

Fuel pathways must be calculated using the most recent version of the Argonne National

Laboratory's GREET model adapted to Minnesota, as determined by the commissioner.

The fuel pathway determination process must (1) be consistent for all fuel types, (2) be

science- and engineering-based, and (3) reflect differences in vehicle fuel efficiency and

drive trains. The commissioner must consult with the Department of Agriculture, Department

of Transportation, and Pollution Control Agency to determine fuel pathways, and may
coordinate with third-party entities or other states to review and approve pathways to reduce
the administrative cost.

Subd. 8. Fuel provider reports. The commissioner must collaborate with the Department
of Transportation, Department of Agriculture, Pollution Control Agency, and the Public
Utilities Commission to develop a process, including forms developed by the commissioner,
for credit and deficit generators to submit required compliance reporting.

Subd. 9. Enforcement. The commissioner of commerce may enforce this section under
section 45.027.

Subd. 10. Report to legislature. No later than 48 months after the effective date of a
rule implementing a clean fuels standard, the commissioner must submit a report detailing
program implementation to the chairs and ranking minority members of the senate and
house committees with jurisdiction over transportation and climate change. The commissioner
must make summary information on the program available to the public.

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

Sec. 4. INTEGRATING GREENHOUSE GAS REDUCTIONS INTO STATE
ACTIVITIES; PLAN.

By February 15, 2022, the Climate Change Subcabinet established in Executive Order
19-37 must provide to the chairs and ranking minority members of the senate and house of
representatives committees with jurisdiction over climate and energy a preliminary report
on a Climate Transition Plan for incorporating the statewide greenhouse gas emission
reduction targets under Minnesota Statutes, section 216H.02, subdivision 1, into all aspects
of state agency activities, including but not limited to planning, awarding grants, purchasing,
regulating, funding, and permitting. The preliminary report must identify statutory changes
required for this purpose. The Pollution Control Agency must collaborate with the
Department of Administration to estimate greenhouse gas emissions from governmental
activities. The final Climate Transition Plan is due August 1, 2022, and must identify any
additional resources required to implement the plan's recommendations.

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

Sec. 5. SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA.

(a) The Board of Regents of the University of Minnesota is requested to conduct a study
that generates climate model projections for the entire state of Minnesota at a level of detail
as small as three square miles in area. At a minimum, the study must:
(1) use resources at the Minnesota Supercomputing Institute to analyze high-performing climate models under varying greenhouse gas emissions scenarios and develop a series of projections of temperature, precipitation, snow cover, and a variety of other climate parameters through the year 2100;

(2) downscale the climate impact results under clause (1) to areas as small as three square miles;

(3) develop a publicly accessible data portal website to:

(i) allow other universities, nonprofit organizations, businesses, and government agencies to use the model projections; and

(ii) educate and train users to use the data most effectively; and

(4) incorporate information on how to use the model results in the University of Minnesota Extension's climate education efforts, in partnership with the Minnesota Climate Adaptation Partnership.

(b) In conjunction with the study, the university must conduct at least two "train the trainer" workshops for state agencies, municipalities, and other stakeholders to educate attendees regarding how to use and interpret the model data as a basis for climate adaptation and resilience efforts.

(c) Beginning July 1, 2022, and continuing each July 1 through 2024, the University of Minnesota must provide a written report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over agriculture, energy, and environment. The report must document the progress made on the study and study results and must note any obstacles encountered that could prevent successful completion of the study.

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

Sec. 6. APPROPRIATIONS.

Subdivision 1. Buy clean, buy fair. $176,000 in fiscal year 2022 and $40,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of administration for costs to establish (1) maximum global warming potential standards for certain construction materials, and (2) the pilot program for vendors under Minnesota Statutes, section 16B.312. The base in fiscal year 2024 is $40,000 and the base in fiscal year 2025 is $90,000. The base in fiscal year 2026 is $0.
Subd. 2. **Clean fuels report.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to pay for costs incurred to create the report under Minnesota Statutes, section 239.7912, subdivision 10. The money from this appropriation does not cancel but remains available until expended. This is a onetime appropriation.

Subd. 3. **Small-area climate-model projections.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $583,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for a grant to the Board of Regents of the University of Minnesota to conduct the study requested under section 5 that generates climate model projections for the entire state of Minnesota, at a level of detail as small as three square miles in area. This is a onetime appropriation.

Subd. 4. **Climate Transition Plan.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j):

(1) $500,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency to contract with an independent consultant to produce a plan, as directed by the Climate Change Subcabinet, to incorporate the state's greenhouse gas emissions reduction targets into all activities of state agencies;

(2) $118,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities; and

(3) $128,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of the Pollution Control Agency for costs associated with managing the contract under clause (1), and to assist the Department of Administration to develop greenhouse gas emissions reduction targets that apply to all state agency activities.

(b) All the appropriations in this subdivision are onetime appropriations.
ARTICLE 10

ELECTRIC VEHICLES

Section 1. Minnesota Statutes 2020, section 16C.135, subdivision 3, is amended to read:

Subd. 3. Vehicle purchases. (a) Consistent with section 16C.137, subdivision 1, when purchasing a motor vehicle for the central motor pool or for use by an agency, the commissioner or the agency shall purchase a motor vehicle that is capable of being powered by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of other vehicles and if the vehicle is capable the motor vehicle in conformity with the following hierarchy of preferences:

(1) an electric vehicle;

(2) a hybrid electric vehicle;

(3) a vehicle capable of being powered by cleaner fuels; and

(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner may only reject a vehicle type that is higher on the hierarchy of preferences if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased;

or

(2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten percent higher than the next lower preference vehicle type.

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

Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. Goals and actions. Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles purchased, excluding emergency and law enforcement vehicles, are purchased in conformity with the hierarchy of preferences established in section 16C.135, subdivision 3;

(1) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;
(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles; or

(iii) are powered solely by electricity;

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department’s fleet for the delivery of such information and services.

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

Sec. 3. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to read:

Subd. 2a. Dealer training; electric vehicles. (a) A new motor vehicle dealer licensed under this chapter that operates under an agreement or franchise from a manufacturer and sells electric vehicles must maintain at least one employee who is certified as having completed a training course offered by a Minnesota motor vehicle dealership association that addresses at least the following elements:

(1) fundamentals of electric vehicles;

(2) electric vehicle charging options and costs;

(3) publicly available electric vehicle incentives;

(4) projected maintenance and fueling costs for electric vehicles;

(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric vehicles;

(6) the impacts of Minnesota’s cold climate on electric vehicle operation; and

(7) best practices to sell electric vehicles.

(b) This subdivision does not apply to a licensed dealer selling new electric vehicles of a manufacturer’s own brand, but who is not operating under a franchise agreement with the manufacturer.

(c) For the purposes of this section, “electric vehicle” has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).
242.1 EFFECTIVE DATE. This section is effective January 1, 2022.

242.2 Sec. 4. [216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.

242.3 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

242.4 (b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fresh electric vehicle battery.

242.5 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

242.6 (d) "Electric vehicle charging station" means a physical location deploying equipment that:

242.7 (1) transfers electricity to an electric vehicle battery; or

242.8 (2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel cell to convert the hydrogen to electricity.

242.9 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and any associated machinery, equipment, and infrastructure necessary to support the operation of electric vehicles and to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

242.10 (f) "Electrolysis" means the process of using electricity to split water into hydrogen and oxygen.

242.11 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

242.12 (h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

242.13 Subd. 2. Transportation electrification plan; contents. (a) By June 1, 2022, and by June 1 every three years thereafter, a public utility serving retail electric customers in a city of the first class, as defined in section 410.01, must file a transportation electrification plan with the commission that is designed to maximize the overall benefits of electrified transportation while minimizing overall costs and to promote:

242.14 (1) the purchase of electric vehicles by the public utility's customers; and

242.15 (2) the deployment of electric vehicle infrastructure in the public utility's service territory.
(b) A transportation electrification plan may include but is not limited to the following elements:

1. Programs to educate and increase the awareness and benefits of electric vehicles and electric vehicle charging equipment to potential users and deployers, including individuals, electric vehicle dealers, single-family and multifamily housing developers and property management companies, and vehicle fleet managers;

2. Utility investments and incentives to facilitate the deployment of electric vehicles, customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure, and other electric utility infrastructure;

3. Research and demonstration projects to publicize and measure the value electric vehicles provide to the electric grid;

4. Rate structures or programs, including time-varying rates and charging optimization programs, that encourage electric vehicle charging that optimizes electric grid operation;

5. Programs to increase access to the benefits of electricity as a transportation fuel by low-income customers and communities, including the installation of electric vehicle infrastructure in neighborhoods with a high proportion of low- or moderate-income households, the deployment of electric vehicle infrastructure in community-based locations or multifamily residences, car share programs, and electrification of public transit vehicles.

(c) A public utility must give priority under this section to making investments in communities whose governing body has enacted a resolution or goal supporting electric vehicle adoption.

(d) A public utility must work with local communities to identify suitable high-density locations, consistent with a community's local development plans, where electric vehicle infrastructure may be strategically deployed.

Subd. 3. Transportation electrification plan; review and implementation. The commission must review a transportation electrification plan filed under this section within 180 days of receiving the plan. The commission may approve, modify, or reject a transportation electrification plan. When reviewing a public utility's transportation electrification plan, the commission must consider whether the programs and expenditures:

1. Improve electric grid operation and the integration of renewable energy sources;

2. Increase access to the benefits of electricity as a transportation fuel in low-income and rural communities;
(3) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health;

(4) stimulate private capital investment and the creation of skilled jobs as a consequence of widespread electric vehicle deployment;

(5) educate potential customers about the benefits of electric vehicles;

(6) support increased consumer choice with respect to electrical vehicle charging options and related infrastructure; and

(7) are transparent and incorporate sufficient and frequent public reporting of program activities to facilitate changes in program design and commission policy with respect to electric vehicles.

Subd. 4. Cost recovery. (a) Notwithstanding any other provision of this chapter, the commission may approve, with respect to any prudent and reasonable investment made by a public utility to administer and implement a transportation electrification plan approved under subdivision 3:

(1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

(2) performance-based incentives; or

(3) placing the investment, including rebates, in the public utility's rate base and allowing the public utility to earn a rate of return on the investment at (i) the public utility's average weighted cost of capital, including the rate of return on equity, approved by the commission in the public utility's most recent general rate case, or (ii) another rate determined by the commission.

(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

Sec. 5. [216B.1616] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Battery exchange station" means a physical location where equipment is deployed that enables a used electric vehicle battery to be exchanged for a fully charged battery.
(c) "Electric school bus" means an electric vehicle that is a school bus.

(d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(e) "Electric vehicle charging station" means a physical location deploying equipment that delivers electricity to a battery in an electric vehicle.

(f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and any other infrastructure necessary to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(g) "Poor air quality" means:

1. ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for any of the following pollutants:
   (i) total suspended particulates;
   (ii) particulate matter less than ten microns wide (PM-10);
   (iii) particulate matter less than 2.5 microns wide (PM-2.5);
   (iv) sulfur dioxide; or
   (v) nitrogen dioxide; or
2. levels of asthma among children that significantly exceed the statewide average.

(h) "School bus" has the meaning given in section 169.011, subdivision 71.

Subd. 2. Program. (a) A public utility may file with the commission a program to promote deployment of electric school buses.

(b) The program may include but is not limited to the following elements:

1. a school district may purchase one or more electric school buses;
2. the public utility may provide a rebate to the school district for the incremental cost of the school district incurs to purchase one or more electric school buses compared with fossil-fuel-powered school buses;
3. at the request of a school district, the public utility may deploy on the school district's real property electric vehicle infrastructure required for charging electric school buses;
(4) for any electric school bus purchased by a school district with a rebate provided by the public utility, the school district must enter into a contract with the public utility under which the school district:

(i) accepts any and all liability for operation of the electric school bus;

(ii) accepts responsibility to maintain and repair the electric school bus; and

(iii) must allow the public utility the option to own the electric school bus's battery at the time the battery is retired from the electric school bus; and

(5) in collaboration with a school district, prioritize the deployment of electric school buses in areas of the school district that suffer from poor air quality.

Subd. 3. Program review and implementation. The commission must approve, modify, or reject a proposal for a program filed under this section within 180 days of the date the proposal is received, based on the proposal's likelihood to, through prudent and reasonable utility investments:

(1) accelerate deployment of electric school buses in the public utility's service territory, particularly in areas with poor air quality; and

(2) reduce emissions of greenhouse gases and particulates compared to those produced by fossil-fuel-powered school buses.

Subd. 4. Cost recovery. (a) The commission may allow any prudent and reasonable investment made by a public utility on electric vehicle infrastructure installed on a school district's real property, or a rebate provided under subdivision 2, to be placed in the public utility's rate base and earn a rate of return as determined by the commission.

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for prudent and reasonable investments made by a public utility to implement and administer a program approved by the commission under subdivision 3.

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

Sec. 6. [216C.401] ELECTRIC VEHICLE REBATES.

Subdivision 1. Definitions. (a) For purposes of this section and section 216C.402, the terms in this subdivision have the meanings given.

(b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle license under chapter 168 and:
(1) regularly engages in the business of manufacturing or selling, purchasing, and generally dealing in new and unused motor vehicles;

(2) has an established place of business to sell, trade, and display new and unused motor vehicles; and

(3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

(c) "Electric vehicle" means a passenger vehicle, as defined in section 169.011, subdivision 52, that is also an electric vehicle, as defined in section 169.011, subdivision 26a, paragraph (a). Electric vehicle does not include a plug-in hybrid electric vehicle, as defined in section 169.011, subdivision 54a.

(d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (a).

(e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements of subdivision 2, paragraph (c).

(f) "Lease" means a business transaction under which a dealer furnishes an eligible electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences of ownership transferred, other than the right to use the vehicle for a term of at least 24 months.

(g) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

(h) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

Subd. 2. Eligible vehicle. (a) A new electric vehicle is eligible for a rebate under this section if the vehicle meets all of the following conditions, and, if applicable, one of the conditions of paragraph (b):

(1) has not been previously owned or has been returned to a dealer before the purchaser or lessee takes delivery, even if the electric vehicle is registered in Minnesota;

(2) has not been modified from the original manufacturer's specifications;

(3) has a base manufacturer's suggested retail price that does not exceed $50,000;

(4) is purchased or leased after the effective date of this act for use by the purchaser and not for resale; and

(5) is purchased or leased from a dealer or directly from an original equipment manufacturer that does not have licensed franchised dealers in Minnesota.
(b) A new electric vehicle is eligible for a rebate under this section if, in addition to meeting all of the conditions of paragraph (a), it also meets one or more of the following:

1. is used by a dealer as a floor model or test drive vehicle and has not been previously registered in Minnesota or any other state;

2. is returned to a dealer by a purchaser or lessee within two weeks of purchase or leasing or when a purchaser's financing for the new electric vehicle has been disapproved.

(c) A used electric vehicle is eligible for an electric vehicle rebate under this section if the electric vehicle has previously been owned in this state or another state and has not been modified from the original manufacturer's specifications.

Subd. 3. Eligible purchaser or lessee. A person who purchases or leases an eligible new or used electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

1. is one of the following:
   i. a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a), when the electric vehicle is purchased or leased;
   ii. a business that has a valid address in Minnesota from which business is conducted;
   iii. a nonprofit corporation incorporated under chapter 317A; or
   iv. a political subdivision of the state;

2. has not received a rebate or tax credit for the purchase or lease of an electric vehicle from Minnesota; and

3. registers the electric vehicle in Minnesota.

Subd. 4. Rebate amounts. (a) A $2,000 rebate may be issued under this section to an eligible purchaser to purchase or lease an eligible new electric vehicle.

(b) A $500 rebate may be issued under this section to an eligible purchaser or lessee of an eligible used electric vehicle.

(c) A purchaser or lessee whose household income at the time the eligible electric vehicle is purchased or leased is less than 150 percent of the current federal poverty guidelines established by the Department of Health and Human Services is eligible for a rebate in addition to a rebate under paragraph (a) or (b), as applicable, of $500 to purchase or lease...
an eligible new electric vehicle and $100 to purchase or lease an eligible used electric vehicle.

Subd. 5. Limits. The number of rebates allowed under this section is limited to:

(1) no more than one rebate per resident per household; and

(2) no more than one rebate per business entity per year.

Subd. 6. Program administration. (a) Rebate applications under this section must be filed with the commissioner on a form developed by the commissioner.

(b) The commissioner must develop administrative procedures governing the application and rebate award process. Applications must be reviewed and rebates awarded by the commissioner on a first-come, first-served basis.

(c) The commissioner must, in coordination with dealers and other state agencies as applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or lessee at the point of sale so that the rebate amount may be subtracted from the selling price of the eligible electric vehicle.

(d) The commissioner may reduce the rebate amounts provided under subdivision 4 or restrict program eligibility based on fund availability or other factors.

Subd. 7. Expiration. This section expires June 30, 2025.

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

Sec. 7. [216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

Subdivision 1. Establishment. A grant program is established in the Department of Commerce to award grants to dealers to offset the costs of obtaining the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Subd. 2. Application. An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. Eligible applicants. An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.
Subd. 4. Eligible expenditures. Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs to administer this section.

Subd. 5. Limitation. A grant awarded under this section to a single dealer must not exceed $40,000.

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

Sec. 8. ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN STATE AND REGIONAL PARKS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. Program. The commissioner of natural resources, in consultation with the commissioners of the Pollution Control Agency, administration, and commerce, must develop and fund the installation of a network of electric vehicle charging stations in Minnesota state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The commissioners must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish
technical specifications that electric vehicle charging stations are required to meet and must
request responders to address:

(1) the optimal number and location of charging stations installed in a given state park;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and

(3) any other issues deemed relevant by the commissioners.

Subd. 3. Deployment; regional parks. The commissioner of natural resources may allocate a portion of the appropriation under this section to install electric vehicle charging stations in regional parks located within the retail electric service area of a public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1.

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

Sec. 9. ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT COUNTY GOVERNMENT CENTERS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "DC Fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC Fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. Program. The commissioner of commerce must develop and fund the installation of a network of electric vehicle charging stations in public parking facilities at county government centers located in Minnesota. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:
(1) the optimal number and location of charging stations installed at each county
government center;

(2) alternative arrangements that may be made to allocate responsibility for electric
vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing
procedures;

(3) software used to allow payment for electricity consumed at the charging stations;

and

(4) any other issues deemed relevant by the commissioner.

Subd. 3. County role. (a) A county has a right of first refusal with respect to ownership
of electric vehicle charging stations receiving funding under this section and installed at the
county government center.

(b) A county may enter into agreements to (1) wholly or partially own, operate, or
maintain an electric vehicle charging system receiving funding under this section and
installed at the county government center, or (2) receive reports on the electric vehicle
charging system operations.

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

Sec. 10. METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.

Beginning on the effective date of this act, any bus purchased by the Metropolitan
Council for Metro Transit bus service must operate solely on electricity provided by
rechargeable on-board batteries. The appropriation in section 11, subdivision 8, must be
used to pay the incremental cost of buses that operate solely on electricity provided by
rechargeable on-board batteries over the cost of diesel-operated buses that are otherwise
comparable in size, features, and performance.

EFFECTIVE DATE. This section is effective the day following final enactment and
expires the day after the appropriation under section 11, subdivision 8, has been spent or is
canceled.

Sec. 11. APPROPRIATIONS.

Subdivision 1. Electric vehicle rebates; Xcel service area. Notwithstanding Minnesota
Statutes, section 116C.779, subdivision 1, paragraph (j), $9,000,000 in fiscal year 2022 and
$8,000,000 in fiscal year 2023 are appropriated from the renewable development account
under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
253.1 to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes,
253.2 section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers
253.3 located within the retail electric service area of the public utility that is subject to Minnesota
253.4 Statutes, section 116C.779. These are onetime appropriations.
253.5 Subd. 2. Electric vehicle rebates; non-Xcel service area. $2,500,000 in fiscal year
253.6 2022 is appropriated from the general fund to the commissioner of commerce to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section
253.7 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers located
253.8 outside the retail electric service area of the public utility that is subject to Minnesota Statutes,
253.9 section 116C.779. The commissioner of commerce may use up to three percent of the
253.10 appropriation made in this subdivision to pay for reasonable costs incurred to administer the rebate program. This is a onetime appropriation.
253.11 Subd. 3. Auto dealer grants; Xcel service area. Notwithstanding Minnesota Statutes,
253.12 section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated
253.13 from the renewable development account under Minnesota Statutes, section 116C.779,
253.14 subdivision 1, to the commissioner of commerce to award grants under Minnesota Statutes,
253.15 section 216C.402, to automobile dealers seeking certification from an electric vehicle
253.16 manufacturer to sell electric vehicles. Rebates must be awarded under this paragraph only
253.17 to eligible dealers located within the retail electric service area of the public utility that is
253.18 subject to Minnesota Statutes, section 116C.779. The commissioner of commerce may use
253.19 up to three percent of the appropriation made in this subdivision to pay for reasonable costs
253.20 incurred to administer the rebate program. This is a onetime appropriation.
253.21 Subd. 4. Auto dealer grants; non-Xcel service area. $500,000 in fiscal year 2022 is
253.22 appropriated from the general fund to the commissioner of commerce to award grants under
253.23 Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles. Rebates must be awarded under this paragraph only to eligible dealers
253.24 located outside the retail electric service area of the public utility that is subject to Minnesota
253.25 Statutes, section 116C.779. This is a onetime appropriation.
253.26 Subd. 5. Transportation electrification plan. $28,000 in fiscal year 2022 and $28,000
253.27 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission
253.28 for activities associated with the implementation of transportation electrification plans under
253.29 Minnesota Statutes, section 216B.1615.
253.30 Subd. 6. Electric school buses. (a) Notwithstanding Minnesota Statutes, section
253.31 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from
the renewable development account established under Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of commerce to purchase electric school buses under
Minnesota Statutes, section 216B.161. This is a onetime appropriation.

(b) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from
the general fund to the commissioner of commerce for activities associated with the electric
school bus deployment program under Minnesota Statutes, section 216B.161. These are
onetime appropriations.

(c) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from
the general fund to the Public Utilities Commission for activities associated with the electric
school bus deployment program under Minnesota Statutes, section 216B.161. These are
onetime appropriations.

Subd. 7. Charging stations; parks. Notwithstanding Minnesota Statutes, section
116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 and $59,000 in fiscal
year 2023 are appropriated from the renewable development account established in Minnesota
Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to
the commissioner of natural resources to install electric vehicle charging stations in state
and regional parks located in a county some portion of which is within the retail electric
service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision
1, as described in section 8.

Subd. 8. Charging stations; counties. Notwithstanding Minnesota Statutes, section
116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from
the renewable development account established in Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of commerce to install electric vehicle charging stations
in parking facilities at county government centers located in a county some portion of which
is within the retail electric service area of the public utility subject to Minnesota Statutes,
section 116C.779, subdivision 1, as described in section 9. The commissioner of commerce
may use up to three percent of the appropriation made in this subdivision to pay for
reasonable costs incurred to administer the charging station installation program. This is a
onetime appropriation.

Subd. 9. Electric buses; Metropolitan Council. Notwithstanding Minnesota Statutes,
section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 is appropriated
from the renewable development account under Minnesota Statutes, section 116C.779,
subdivision 1, to the commissioner of commerce for transfer to the Metropolitan Council
to defray the cost of purchasing electric buses, as described in section 10. This appropriation
does not cancel and is available until there is insufficient money remaining to completely
defray the cost of purchasing one additional electric bus, as described in section 10. Any
remaining money cancels back to the renewable development account under Minnesota
Statutes, section 116C.779, subdivision 1. This is a onetime appropriation.

ARTICLE 11
SOLAR ENERGY

Section 1. Minnesota Statutes 2020, section 216B.164, is amended by adding a subdivision
to read:

Subd. 12. Customer's access to electricity usage data. A utility shall provide a
customer's electricity usage data to the customer within ten days of receipt of a request from
the customer that is accompanied by evidence that the energy usage data is relevant to the
interconnection of a qualifying facility on behalf of the customer. For the purposes of this
subdivision, "electricity usage data" includes but is not limited to the total amount of
electricity used by a customer monthly, usage by time period if the customer operates under
a tariff where costs vary by time-of-use, and usage data that is used to calculate a customer's
demand charge.

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

Sec. 2. Minnesota Statutes 2020, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
the meanings given.

(b) "Subscribed energy" means electricity generated by the community solar garden that
is attributable to a subscriber's subscription.

(c) "Subscriber" means a retail customer who owns one or more subscriptions of a
community solar garden interconnected with the retail customer's utility.

(d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. Solar garden; project requirements. (a) The public utility subject to section
116C.779 shall file by September 30, 2013, a plan with the commission to operate a
community solar garden program which shall begin operations within 90 days after
commission approval of the plan. Other public utilities may file an application at their
election. The community solar garden program must be designed to offset the energy use
of not less than five subscribers in each community solar garden facility of which no single
subscriber has more than a 40 percent interest. The owner of the community solar garden
may be a public utility or any other entity or organization that contracts to sell the output
from the community solar garden to the utility under section 216B.164. There shall be no
limitation on the number or cumulative generating capacity of community solar garden
facilities other than the limitations imposed under section 216B.164, subdivision 4c, or
other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted
or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the
electricity generated in proportion to the size of their subscription. The solar garden must
have a nameplate capacity of no more than one megawatt three megawatts. Each subscription
shall be sized to represent at least 200 watts of the community solar garden's generating
capacity and to supply, when combined with other distributed generation resources serving
the premises, no more than 120 percent of the average annual consumption of electricity
by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public
utility filing the plan. Subscribers must be retail customers of the public utility and, unless
the facility has a minimum setback of 100 feet from the nearest residential property, must
be located in the same county or a county contiguous to where the facility is located.

(d) The public utility must purchase from the community solar garden all energy generated
by the solar garden. Unless specified elsewhere in this section, the purchase shall be at the
most recent three-year average of the rate calculated under section 216B.164, subdivision
10, or, until that rate for the public utility has been approved by the commission, the
applicable retail rate. A solar garden is eligible for any incentive programs offered under
section 116C.7792. A subscriber's portion of the purchase shall be provided by a credit on
the subscriber's bill.

Subd. 3. Solar garden plan; requirements; nonutility status. (e) (a) The commission
may approve, disapprove, or modify a community solar garden program plan. Any plan
approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar
gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community
solar garden facilities that allow the utility to recover reasonable interconnection costs for
each community solar garden;
(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; and

(8) identify the means by which the program will be promoted;

(9) require that residential subscribers have a right to cancel a community solar garden subscription within three business days, as provided under section 325G.07;

(10) require that the following information is provided by the solar garden owner in writing to any prospective subscriber asked to make a prepayment to the solar garden owner prior to the delivery of subscribed energy by the solar garden:

(i) an estimate of the annual generation of subscribed energy, based on the methodology approved by the commission; and

(ii) an estimate of the length of time required to fully recover a subscriber’s prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

(11) require new residential subscription agreements that require a prepayment to allow the subscriber to transfer the subscription to other new or current subscribers, or to cancel the subscription, on commercially reasonable terms; and

(12) require an owner of a solar garden to submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

(b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

(c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

(h) For the purposes of this section, the following terms have the meanings given:
(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and

(2) "subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 4. Community access project; eligibility. (a) An owner of a community solar garden may apply to the utility to be designated as a community access project at any time:

1) before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

2) if the owner made an initial payment under an interconnection agreement between January 1, 2021, and the effective date of this act, before commercial operation begins.

(b) The utility must designate a solar garden as a community access project if the owner of a solar garden commits in writing to meet the following conditions:

1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

2) the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility with a community solar garden plan approved by the commission under subdivision 3 is eligible to become a subscriber;

3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

4) the agreement between the owner of the solar garden and subscribers states that the owner must adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to pose questions to the manager or owner.

Subd. 5. Community access project; financial arrangements. (a) If a solar garden is approved by the utility as a community access project:

1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process;

2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and
(3) all renewable energy credits generated by the community access project belong to subscribers unless the owner of the solar garden:

(i) contracts to:

(A) sell the credits to a third party; or

(B) sell or transfer the credits to the utility; and

(ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a subscription.

(b) If at any time after commercial operation begins a solar garden approved by the utility as a community access project fails to meet the conditions under subdivision 4, the solar garden is no longer subject to the provisions of this subdivision and subdivision 6, and must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have the designation as a community access project reinstated under subdivision 4.

Subd. 6. Community access project: reporting. The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility:

(1) a description of the process by which subscribers can provide input to solar garden policy and decision making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an estimate of the proportion of low- and moderate-income subscribers, and a description of one or more of the following methods used to make the estimate:

(i) evidence provided by a subscriber that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the federal Low-Income Home Energy Assistance Program;

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or
(E) the federal National School Lunch Program;

(ii) characterization of the census tract where the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iii) other methods approved by the commission.

Subd. 7. Commission order. Within 180 days of the effective date of this section, the commission must issue an order addressing the requirements of this section.

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

Sec. 3. [216C.375] SOLAR FOR SCHOOLS PROGRAM.

Subdivision 1. Definitions. (a) For the purposes of this section and section 216C.376, the following terms have the meanings given.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

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

(d) "School" means a school that operates as part of an independent or special school district.

(e) "School district" means an independent or special school district.

(f) "Solar energy system" means photovoltaic or solar thermal devices.

Subd. 2. Establishment; purpose. A solar for schools program is established in the Department of Commerce. The purpose of the program is to (1) provide grants to stimulate the installation of solar energy systems on or adjacent to school buildings by reducing the cost, and (2) enable schools to use the solar energy system as a teaching tool that can be integrated into the school's curriculum.

Subd. 3. Establishment of account. (a) A solar for schools program account is established in the special revenue fund. Money received from the general fund must be transferred to the commissioner of commerce and credited to the account. Money deposited in the account remains in the account until expended and does not cancel to the general fund.

(b) When a grant is awarded under this section, the commissioner must reserve the grant amount in the account.

Subd. 4. Expenditures. (a) Money in the account must be used only:
(1) to award grants under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

(b) Grant awards made with money in the account must be used only for grants for solar energy systems installed on or adjacent to school buildings receiving retail electric service from a utility that is not subject to section 116C.779, subdivision 1.

Subd. 5. Eligible system. (a) A grant may be awarded to a school under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to the school building that consumes the electricity generated by the solar energy system, on property within the service territory of the utility currently providing electric service to the school building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the estimated annual electricity consumption of the school building at which the solar energy system is installed.

(b) A school district that receives a rebate or other financial incentive under section 216B.241 for a solar energy system and that demonstrates considerable need for financial assistance, as determined by the commissioner, is eligible for a grant under this section for the same solar energy system.

Subd. 6. Application process. (a) The commissioner must issue a request for proposals to utilities, schools, and developers who may wish to apply for a grant under this section on behalf of a school.

(b) A utility or developer must submit an application to the commissioner on behalf of a school on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the school building on which the solar energy generating system is to be installed, and information regarding any distributed energy resource, including subscription to a community solar garden, that currently provides electricity to the school building;

(3) a description of any solar thermal devices proposed as part of the solar energy system;

(4) the total cost to purchase and install the solar energy system and the solar energy system's life-cycle cost, including removal and disposal at the end of the system's life.
(5) a copy of the proposed contract agreement between the school and the utility or developer that includes provisions addressing responsibility for maintenance of the solar energy system;

(6) the school's plan to make the solar energy system serve as a visible learning tool for students, teachers, and visitors to the school, including how the solar energy system may be integrated into the school's curriculum and provisions for real-time monitoring of the solar energy system performance for display in a prominent location in the school or on-demand in the classroom;

(7) information that demonstrates the school district's level of need for financial assistance available under this section;

(8) information that demonstrates the school's readiness to implement the project, including but not limited to the availability of the site on which the solar energy system is to be installed and the level of the school's engagement with the utility providing electric service to the school building on which the solar energy system is to be installed on issues relevant to the implementation of the project, including metering and other issues;

(9) with respect to the installation and operation of the solar energy system, the willingness and ability of the developer or the utility to:

(i) pay employees and contractors a prevailing wage rate, as defined in section 177.42, subdivision 6; and

(ii) adhere to the provisions of section 177.43;

(10) how the developer or utility plans to reduce the school's initial capital expense to purchase and install the solar energy system, and to provide financial benefits to the school from the utilization of federal and state tax credits, utility incentives, and other financial incentives; and

(11) any other information deemed relevant by the commissioner.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process.

Subd. 7. Energy conservation review. At the commissioner's request, a school awarded a grant under this section shall provide the commissioner information regarding energy conservation measures implemented at the school building at which the solar energy system
Subd. 8. Technical assistance. The commissioner must provide technical assistance to schools to develop and execute projects under this section.

Subd. 9. Grant payments. The commissioner must award a grant from the account established under subdivision 3 to a school for the necessary costs associated with the purchase and installation of a solar energy system. The amount of the grant must be based on the commissioner's assessment of the school's need for financial assistance.

Subd. 10. Limitations. (a) No more than 50 percent of the grant payments awarded to schools under this section may be awarded to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of grants awarded under this section may be awarded to schools that are part of the same school district.

Subd. 11. Application deadline. No application may be submitted under this section after December 31, 2025.

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

Sec. 4. [216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY SERVICE TERRITORY.

Subdivision 1. Establishment; purpose. The utility subject to section 116C.779 must operate a program to develop and to supplement with additional funding financial arrangements that enable schools to install and operate solar energy systems that can be used as teaching tools and integrated into the school curriculum.

Subd. 2. Required plan. (a) By October 1, 2021, the public utility must file a plan for the solar for schools program with the commissioner. The plan must contain, at a minimum, the following elements:

(1) a description of how the public utility proposes to utilize funds appropriated to the program to assist schools to install solar energy systems;

(2) an estimate of the amount of financial assistance that the public utility proposes to provide to a school, on a per kilowatt-hour produced basis, and the length of time the public utility estimates financial assistance is provided to a school;
(3) administrative procedures governing the application and financial benefit award process, and the costs the public utility is projected to incur to administer the program;

(4) the public utility's proposed process for periodic reevaluation and modification of the program; and

(5) any additional information required by the commissioner.

(b) The public utility may not implement the program until the commissioner approves the public utility's plan submitted under this subdivision. The commissioner may modify a plan, and no later than December 31, 2021, the commissioner must approve a plan and the financial incentives the plan provides the public utility if the commissioner determines both are in the public interest. Any proposed modifications to the plan approved under this subdivision must be approved by the commissioner.

Subd. 3. System eligibility. A solar energy system is eligible to receive financial benefits under this section if the solar energy system meets all of the following conditions:

(1) the solar energy system must be located on or adjacent to a school building receiving retail electric service from the public utility and completely located within the public utility's electric service territory, provided that any land situated between the school building and the site where the solar energy system is installed is owned by the school district in which the school building operates; and

(2) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, does not exceed the lesser of one megawatt alternating current or 120 percent of the average annual electric energy consumption of the school building.

Subd. 4. Application process. (a) A school seeking financial assistance under this section must submit an application to the public utility, including a plan for how the school uses the solar energy system as a visible learning tool for students, teachers, and visitors to the school, and how the solar energy system may be integrated into the school's curriculum.

(b) The public utility must award financial assistance under this section on a first-come, first-served basis.

(c) The public utility must discontinue accepting applications under this section after all funds appropriated to the program are allocated to program participants, including funds from canceled projects.

Subd. 5. Benefits information. Before signing an agreement with the public utility to receive financial assistance under this section, a school must obtain from the developer and...
provide to the public utility information the developer shared with potential investors in the
project regarding future financial benefits to be realized from installation of a solar energy
system at the school and potential financial risks.

Subd. 6. **Cost recovery; renewable energy credits.** (a) Payments by the public utility
to a school receiving financial assistance under this section are fully recoverable by the
public utility through the public utility's fuel clause adjustment.

(b) The renewable energy credits associated with the electricity generated by a solar
energy system receiving financial assistance under this section are the property of the public
utility that is subject to this section.

Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided
by the public utility to schools under this section may be provided to schools where the
proportion of students eligible for free and reduced-price lunch under the National School
Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of financial assistance provided by the
public utility to schools under this section may be provided to schools that are part of the
same school district.

Subd. 8. **Technical assistance.** The commissioner must provide technical assistance to
schools to develop and execute projects under this section.

Subd. 9. **Application deadline.** No application may be submitted under this section
after December 31, 2025.

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

Sec. 5. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

Subd. 9a. **Solar energy generating system.** "Solar energy generating system" means a
set of devices whose primary purpose is to produce electricity by means of any combination
of collecting, transferring, or converting solar-generated energy, and may include
transmission lines designed for and capable of operating at 100 kilovolts or less that
interconnect a solar energy generating system with a high voltage transmission line.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 6. [500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.

Subdivision 1. General rule. A private entity must not prohibit or refuse to permit installation, maintenance, or use of a roof-mounted solar energy system by the owner of a single-family dwelling, notwithstanding any covenant, restriction, or condition contained in a deed, security instrument, homeowners association document, or any other instrument affecting the transfer, sale of, or an interest in real property, except as provided in this section.

Subd. 2. Applicability. This section applies to single-family detached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible for the maintenance, repair, replacement, and insurance of the entire building.

Subd. 3. Definitions. (a) The definitions in this subdivision apply to this section. (b) "Private entity" means a homeowners association, community association, or other association that is subject to a homeowners association document. (c) "Homeowners association document" means a document containing the declaration, articles of incorporation, bylaws, or rules and regulations of: (1) a common interest community, as defined in section 515B.1-103, regardless of whether the common interest community is subject to chapter 515B; and (2) a residential community that is not a common interest community. (d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 4. Allowable conditions. (a) This section does not prohibit a private entity from requiring that: (1) a licensed contractor install a solar energy system; (2) a roof-mounted solar energy system not extend above the peak of a pitched roof or beyond the edge of the roof; (3) the owner or installer of a solar energy system indemnify or reimburse the private entity or the private entity's members for loss or damage caused by the installation, maintenance, use, repair, or removal of a solar energy system; (4) the owner and each successive owner of a solar energy system list the private entity as a certificate holder on the homeowner's insurance policy; or
(5) the owner and each successive owner of a solar energy system be responsible for removing the system if reasonably necessary for the repair, maintenance, or replacement of common elements or limited common elements, as defined in section 515B.1-103.

(b) A private entity may impose other reasonable restrictions on the installation, maintenance, or use of solar energy systems, provided that those restrictions do not decrease the projected generation of energy by a solar energy system by more than 20 percent or increase the solar energy system's cost by more than (1) 20 percent for a solar water heater, or (2) $2,000 for a solar photovoltaic system, compared with the generation of energy and the cost of labor and materials certified by the designer or installer of the solar energy system as originally proposed without the restrictions. A private entity may obtain an alternative bid and design from a solar energy system designer or installer for the purposes of this paragraph.

(c) A solar energy system must meet applicable standards and requirements imposed by the state and by governmental units, as defined in section 462.384.

(d) A solar energy system for heating water must be certified by the Solar Rating Certification Corporation (SRCC) or an equivalent certification agency. A solar energy system for producing electricity must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers and accredited testing laboratories including but not limited to Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability.

(e) If approval by a private entity is required to install or use a solar energy system, the application for approval must be processed and approved in the same manner as an application for approval of an architectural modification to the property, and must not be willfully avoided or delayed.

(f) An application for approval must be made in writing and must contain certification that the applicant meets any conditions required by a private entity under this subdivision. An application must include a copy of the interconnection application submitted to the applicable electric utility.

(g) A private entity shall approve or deny an application in writing. If an application is not denied in writing within 60 days from the date of receipt of the application, the application is deemed approved unless the delay is the result of a reasonable request for additional information. If a private entity receives an incomplete application that it determines prevents it from reaching a decision to approve or disapprove the application, a new 60-day limit...
begins only if the private entity sends written notice to the applicant, within 15 business
days of receiving the incomplete application, informing the applicant what additional
information is required.

Sec. 7. Minnesota Statutes 2020, section 515.07, is amended to read:

**515.07 COMPLIANCE WITH COVENANTS, BYLAWS, AND RULES.**

Each apartment owner shall comply strictly with the bylaws and with the administrative
rules adopted pursuant thereto, as either of the same may be lawfully amended from time
to time, and with the covenants, conditions, and restrictions set forth in the declaration or
in the owner's deed to the apartment. Failure to comply with any of the same shall be ground
for an action to recover sums due, for damages or injunctive relief or both maintainable by
the manager or board of directors on behalf of the association of apartment owners or, in a
proper case, by an aggrieved apartment owner. This chapter is subject to section sections
500.215 and 500.216.

Sec. 8. Minnesota Statutes 2020, section 515B.2-103, is amended to read:

**515B.2-103 CONSTRUCTION AND VALIDITY OF DECLARATION AND
BYLAWS.**

(a) All provisions of the declaration and bylaws are severable.

(b) The rule against perpetuities may not be applied to defeat any provision of the
declaration or this chapter, or any instrument executed pursuant to the declaration or this
chapter.

(c) In the event of a conflict between the provisions of the declaration and the bylaws,
the declaration prevails except to the extent that the declaration is inconsistent with this
chapter.

(d) The declaration and bylaws must comply with section sections 500.215 and 500.216.

Sec. 9. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

**515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.**

(a) Except as provided in subsections (b), (c), (d), and (e), and subject to the provisions
of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of
incorporation, bylaws and declaration, as follows: (i) regulating the use of the common
elements; (ii) regulating the use of the units, and conduct of unit occupants, which may
jeopardize the health, safety or welfare of other occupants, which involves noise or other
disturbing activity, or which may damage the common elements or other units; (iii) regulating
or prohibiting animals; (iv) regulating changes in the appearance of the common elements
and conduct which may damage the common interest community; (v) regulating the exterior
appearance of the common interest community, including, for example, balconies and patios,
window treatments, and signs and other displays, regardless of whether inside a unit; (vi)
implementing the articles of incorporation, declaration and bylaws, and exercising the
powers granted by this section; and (vii) otherwise facilitating the operation of the common
interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and
collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent
contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its
own name on behalf of itself or two or more unit owners on matters affecting the common
elements or other matters affecting the common interest community or, (ii) with the consent
of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common
elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case
of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to
real estate or personal property, but (i) common elements in a condominium or planned
community may be conveyed or subjected to a security interest only pursuant to section
515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative
may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public
purposes, and cable television or other communications, through, over or under the common
elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized
by the declaration; and, subject to approval by a vote of unit owners other than declarant
(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) Notwithstanding subsection (a), powers exercised under this section must comply with sections 500.215 and 500.216.

(d) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be
alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection (d)(1) and the proxy expressly references this notice.

(e) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections (d)(1) and (d)(2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection (d) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

Sec. 10. PHOTOVOLTAIC DEMAND CREDIT RIDER.

By October 1, 2021, an investor-owned utility that has not already done so must submit to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all demand metered customers with solar photovoltaic systems greater than 40 kilowatts alternating current for the demand charge overbilling that occurs. The utility may submit to the commission multiple options to calculate reimbursement for demand charge overbilling. At least one submission must use a capacity value stack methodology. The commission is prohibited from approving a photovoltaic demand credit rider unless the rider allows stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The commission must approve the photovoltaic demand credit rider by June 30, 2022.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 11. SITING SOLAR ENERGY GENERATING SYSTEMS ON PRIME FARMLAND.

(a) The Public Utilities Commission must amend Minnesota Rules, section 7850.4400, subpart 4, to allow the siting of a solar energy generating system on prime farmland that meets any of the following conditions:

(1) the site has been identified as a sensitive groundwater area by the Department of Natural Resources under Minnesota Statutes, section 103H.101;

(2) the owner of the solar energy generating system has entered into an agreement with the Board of Soil and Water Resources committing the owner to comply with the provisions of Minnesota Statutes, section 216B.1642, by establishing on the site perennial vegetation and foraging habitat beneficial to game birds, songbirds, and pollinators, and to report to the board every three years on progress made toward establishing beneficial habitat; or

(3) the solar energy generating system is colocated with and does not disrupt the operation of agricultural uses, including but not limited to grazing and harvesting forage.

(b) The commission shall comply with Minnesota Statutes, section 14.389, in adopting rules under this section.

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

Sec. 12. DEPARTMENT OF ADMINISTRATION; MASTER SOLAR CONTRACT PROGRAM.

The Department of Administration shall not extend the term of its current on-site solar photovoltaic master contract, but shall instead, no later than February 1, 2022, announce an open request for proposals for a new statewide on-site solar photovoltaic master contract to allow additional applicants to submit proposals to enable their participation in the state's solar master contract program.

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

Sec. 13. APPROPRIATIONS.

Subdivision 1. Solar on schools; non-Xcel service territory. $1,737,000 in fiscal year 2022 is appropriated from the general fund to the commissioner of commerce to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.375. This appropriation remains available until expended and does not cancel to the general fund. This appropriation must be expended on schools.
located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. The base in fiscal year 2024 is $388,000.

Subd. 2. Solar on schools; Xcel service territory. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 in fiscal year 2022 and $5,000,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to provide financial assistance to schools to purchase and install solar energy generating systems under Minnesota Statutes, section 216C.376. This appropriation remains available until expended and does not cancel to the renewable development account. This appropriation must be expended on schools located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. These are onetime appropriations.

Subd. 3. Solar devices; state parks. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of natural resources to install solar photovoltaic devices in state parks located within the retail electric service area of a public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until June 30, 2023. This is a onetime appropriation.

Subd. 4. Solar devices; state buildings. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $4,000,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of administration to install solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

(b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $59,000 in fiscal year 2022 and $38,000 in fiscal year 2023 are appropriated from the renewable development account to the commissioner of administration for costs to administer the installation of solar photovoltaic devices on state-owned buildings that are located within the retail electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 5. Solar on prime farmland. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $14,000 in fiscal year 2022 and $14,000 in fiscal year 2023 are appropriated from the renewable development account established under
Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the Board of Water and Soil Resources for activities associated with installing solar energy generating systems on prime farmland, as described in section 6.

(b) $46,000 in fiscal year 2022 is appropriated from the general fund to the Public Utilities Commission for activities associated with installing solar energy systems on prime farmland, as described in section 6. This is a onetime appropriation.

Subd. 6. Mountain Iron solar plant expansion. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,500,000 in fiscal year 2021 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of employment and economic development for a grant to the Mountain Iron Economic Development Authority to expand a city-owned solar module manufacturing plant building in the city's Renewable Energy Industrial Park. This is a onetime appropriation. Any unexpended funds remaining as of June 30, 2022, must be returned to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1.

Subd. 7. Northfield distribution system upgrades. Notwithstanding Minnesota Statutes, section 116C. 779, subdivision 1, paragraph (j), $550,000 in fiscal year 2022 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1, to upgrade the utility's distribution system in and bordering on the city of Northfield to enable the interconnection of additional customer-sited solar deployment. No later than October 15, 2021, the public utility that is to receive the transferred funds must submit a report to the commissioner of commerce, the Public Utilities Commission, and to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance describing how the utility proposes to utilize the transfer made under this subdivision, including the specific locations identified for additional equipment installation, the nature of the equipment, and the amount of incremental capacity that results from the installation of the equipment. The commissioner must not transfer the funds appropriated under this subdivision to the public utility until the commissioner and the Public Utilities Commission have reviewed and approved the report.
ARTICLE 12
ENERGY MISCELLANEOUS

Section 1. Minnesota Statutes 2020, section 115B.40, subdivision 1, is amended to read:

Subdivision 1. Response to releases. The commissioner may take any environmental response action, including emergency action, related to a release or threatened release of a hazardous substance, pollutant or contaminant, or decomposition gas from a qualified facility that the commissioner deems reasonable and necessary to protect the public health or welfare or the environment under the standards required in sections 115B.01 to 115B.20. The commissioner may undertake studies necessary to determine reasonable and necessary environmental response actions at individual facilities. The commissioner may develop general work plans for environmental studies, presumptive remedies, and generic remedial designs for facilities with similar characteristics, as well as implement reuse and redevelopment strategies. Prior to selecting environmental response actions for a facility, the commissioner shall hold at least one public informational meeting near the facility and provide for receiving and responding to comments related to the selection. The commissioner shall design, implement, and provide oversight consistent with the actions selected under this subdivision.

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

Sec. 2. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. Renewable development account. (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar...
276.1 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

276.2 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

276.3 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account $350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and $5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

276.4 (e) Each year, the public utility shall withhold from the funds transferred to the renewable development account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

276.5 (f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: $4,000,000 in fiscal year 2018; $6,500,000 each fiscal year in 2019 and 2020; and $3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

276.6 (g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in...
section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a grant contract with such entity to provide $6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and (e).

(h) The collective amount paid under the grant contracts awarded under paragraphs (f) and (g) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

(i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay $7,500,000 for the discontinued Prairie Island facility and $5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

(j) Funds in the account may be expended only for any of the following purposes:

(1) to stimulate research and development of renewable electric energy technologies;

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for grants under this subdivision.

(k) For the purposes of paragraph (j), the following terms have the meanings given:
(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's Tribal council, shall develop recommendations on account expenditures. The advisory group must design a request for proposal and evaluate projects submitted in response to a request for proposals. The advisory group must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (j), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the advisory group must strongly consider, where reasonable:

(1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;

and

(2) the proposer's commitment to increasing the diversity of the proposer's workforce and vendors.

The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this...
subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (n).

(n) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15 following any year in which the commission has acted on recommendations submitted by the advisory group and the public utility. Expenditures from the account must be appropriated by law. In enacting appropriations from the account, the legislature:

1. may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and
2. may not appropriate money for a project the commission has not recommended funding.

(o) A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

(p) The advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(q) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

(r) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers. A project receiving funds from the account must submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.
Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public website designated by the commissioner of commerce.

All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development account, noting that the account is financed by the public utility's ratepayers.

Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

Sec. 3. Minnesota Statutes 2020, section 216B.096, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October 1 through April 30 of the following year.

c) "Customer" means a residential customer of a utility.

d) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

e) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(f) "Reasonably timely payment" means payment within five working days of agreed-upon due dates.

(g) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(h) "Summary of rights and responsibilities" means a commission-approved notice that contains, at a minimum, the following:

(1) an explanation of the provisions of subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy;

(3) a third-party notice;

(4) ways to avoid disconnection;
(5) information regarding payment agreements;

(6) an explanation of the customer's right to appeal a determination of income by the utility and the right to appeal if the utility and the customer cannot arrive at a mutually acceptable payment agreement; and

(7) a list of names and telephone numbers for county and local energy assistance and weatherization providers in each county served by the utility.

(i) "Third-party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third-party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02, and a cooperative electric association electing to be a public utility under section 216B.026. Utility also means a municipally owned gas or electric utility for nonresident consumers of the municipally owned utility and a cooperative electric association when a complaint in connection with utility heating service during the cold weather period is filed under section 216B.17, subdivision 6 or 6a.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment, for the customer's primary residence.

(l) "Working days" means Mondays through Fridays, excluding legal holidays. The day of receipt of a personally served notice and the day of mailing of a notice shall not be counted in calculating working days.

Sec. 4. Minnesota Statutes 2020, section 216B.096, subdivision 3, is amended to read:

Subd. 3. Utility obligations before cold weather period. Each year, between September 1 and October 15, each utility must provide all customers, personally, by first class mail, or electronically for those requesting electronic billing, a summary of rights and responsibilities. The summary must also be provided to all new residential customers when service is initiated.
**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2020, section 216B.097, subdivision 1, is amended to read:

**Subdivision 1. Application; notice to residential customer.** (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit and all of the following conditions are met:

1. The household income of the customer is at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain verification of income from the local energy assistance provider. A customer is deemed to meet the income requirements of this clause if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility threshold set at or below 50 percent of the state median household income.

2. A customer enters into and makes reasonably timely payments under a payment agreement that considers the financial resources of the household.

3. A customer receives referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 each year, notify all residential customers of the provisions of this section.

Sec. 6. Minnesota Statutes 2020, section 216B.097, subdivision 2, is amended to read:

**Subd. 2. Notice to residential customer facing disconnection.** Before disconnecting service to a residential customer during the period between October 15 and April 15, a municipal utility or cooperative electric association must provide the following information to a customer:

1. A notice of proposed disconnection;

2. A statement explaining the customer's rights and responsibilities;

3. A list of local energy assistance providers;

4. Forms on which to declare inability to pay; and

5. A statement explaining available time payment plans and other opportunities to secure continued utility service.
Sec. 7. Minnesota Statutes 2020, section 216B.097, subdivision 3, is amended to read:

Subd. 3. Restrictions if disconnection necessary. (a) If a residential customer must be involuntarily disconnected between October 15 and April 15 for failure to comply with subdivision 1, the disconnection must not occur:

(1) on a Friday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied.

If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

Sec. 8. Minnesota Statutes 2020, section 216B.164, subdivision 4, is amended to read:

Subd. 4. Purchases; wheeling; costs. (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40-kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 and net metered facilities under subdivision 3a, if interconnected to a cooperative electric association or municipal utility, or 1,000-kilowatt capacity or more if interconnected to a public utility, which elect to be governed by its provisions.
(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.

(c) For all qualifying facilities having 30-kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision to read:

Subd. 5b. Definitions. (a) For the purposes of subdivision 5c, the following terms have the meanings given.

(b) "Agreement period" means the period beginning January 1, 2023, and ending December 31, 2024.

(c) "Ash" means all species of the genus Fraxinus.

(d) "Cogeneration facility" means the St. Paul district heating and cooling system cogeneration facility that uses waste wood as the facility's primary fuel source, provides thermal energy to St. Paul, and sells electricity to a public utility through a power purchase agreement approved by the Public Utilities Commission.

(e) "Department" means the Department of Agriculture.

(f) "Emerald ash borer" means the insect known as emerald ash borer, Agrilus planipennis Fairmaire, in any stage of development.
(g) "Renewable energy technology" has the meaning given to "eligible energy technology" in section 216B.1691, subdivision 1.

(h) "St. Paul district heating and cooling system" means a system of boilers, distribution pipes, and other equipment that provides energy for heating and cooling in St. Paul, and includes the cogeneration facility.

(i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash chips and mulch.

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

Sec. 10. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision to read:

Subd. 5c. New power purchase agreement. (a) No later than August 1, 2021, a public utility subject to subdivision 5 and the cogeneration facility may file a proposal with the commission to enter into a power purchase agreement that governs the public utility's purchase of electricity generated by the cogeneration facility. The power purchase agreement may extend no later than December 31, 2024, and must not be extended beyond that date except as provided in paragraph (f).

(b) The commission is prohibited from approving a new power purchase agreement filed under this subdivision that does not meet all of the following conditions:

(i) the cogeneration facility agrees that any waste wood from ash trees removed from Minnesota counties that have been designated as quarantined areas in Section IV of the Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization as biomass fuel by the cogeneration facility must be accompanied by evidence:

(A) a certificate authorized or prepared by the commissioner of agriculture or an employee of the Animal and Plant Health Inspection Service of the United States Department of Agriculture verifying compliance; or

(B) shipping documents demonstrating compliance; or

(ii) demonstrating that the transport of biomass fuel from processed waste wood from ash trees to the cogeneration facility complies with the department's regulatory requirements under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist of:

(A) a certificate authorized or prepared by the commissioner of agriculture or an employee of the Animal and Plant Health Inspection Service of the United States Department of Agriculture verifying compliance; or

(B) shipping documents demonstrating compliance; or
(ii) certifying that the waste wood from ash trees has been chipped to one inch or less in two dimensions, and was chipped within the county from which the ash trees were originally removed;

(2) the price per megawatt hour of electricity paid by the public utility demonstrates significant savings compared to the existing power purchase agreement, with a price that does not exceed $98 per megawatt hour;

(3) the proposal includes a proposal to the commission for one or more electrification projects that result in the St. Paul district heating and cooling system being powered by electricity generated from renewable energy technologies. The plan must evaluate electrification at three or more levels from ten to 100 percent, including 100 percent of the energy used by the St. Paul district heating and cooling system to be implemented by December 31, 2027. The proposal may also evaluate alternative dates for implementation.

For each level of electrification analyzed, the proposal must contain:

(i) a description of the alternative electrification technologies evaluated and whose implementation is proposed as part of the electrification project;

(ii) an estimate of the cost of the electrification project to the public utility, the impact on the monthly energy bills of the public utility's Minnesota customers, and the impact on the monthly energy bills of St. Paul district heating and cooling system customers;

(iii) an estimate of the reduction in greenhouse gas emissions resulting from the electrification project, including greenhouse gas emissions associated with the transportation of waste wood;

(iv) estimated impacts on the operations of the St. Paul district heating and cooling system; and

(v) a timeline for the electrification project; and

(4) the power purchase agreement provides a net benefit to the utility customers or the state.

(c) The commission may approve, or approve as modified, a proposed electrification project that meets the requirements of this subdivision if it finds the electrification project is in the public interest, or the commission may reject the project if it finds that the project is not in the public interest. When determining whether an electrification project is in the public interest, the commission may consider the effects of the electrification project on air emissions from the St. Paul district heating and cooling system and how the emissions impact the environment and residents of affected neighborhoods.
(d) During the agreement period, the cogeneration facility must attempt to obtain funding to reduce the cost of generating electricity and enable the facility to continue to operate beyond the agreement period to address the removal of ash trees, as described in paragraph (b), clause (1), without any subsidy or contribution from any power purchase agreement after December 31, 2024. The cogeneration facility must submit periodic reports to the commission regarding the efforts made under this paragraph.

(e) Upon approval of the new power purchase agreement, the commission must require periodic reporting regarding progress toward development of a proposal for an electrification project.

(f) The commission is prohibited from approving either an extension of an existing power purchase agreement or a new power purchase agreement that operates after the agreement period unless it approves an electrification project. Nothing in this section requires any utility to enter into a power purchase agreement with the cogeneration facility after December 31, 2024.

(g) Upon approval of an electrification project, the commission must require periodic reporting regarding the progress toward implementation of the electrification project.

(h) If the commission approves the proposal submitted under paragraph (b), clause (3), the commission may allow the public utility to recover prudently incurred costs net of revenues resulting from the electrification project through an automatic cost recovery mechanism that allows for cost recovery outside of a general rate case. The cost recovery mechanism approved by the commission must:

1. allow a reasonable return on the capital invested in the electrification project by the public utility, as determined by the commission; and
2. recover costs only from the public utility's Minnesota electric service customers.

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

Sec. 11. Minnesota Statutes 2020, section 216B.243, subdivision 8, is amended to read:

Subd. 8. Exemptions. (a) This section does not apply to:

1. cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or
any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar electric energy generation facility system, as defined in section 216E.01, subdivision 9a, if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility:

(i) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement; or
(ii) will result in the facility exceeding the nameplate capacity under its most recent
interconnection agreement, provided that the Midcontinent Independent System Operator
has provided a signed generator interconnection agreement that reflects the expected net
power increase.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating large
energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the
nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

Sec. 12. Minnesota Statutes 2020, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. Assessment for department regional and national duties. In addition to
other assessments in subdivision 3, the department may assess up to $500,000 per fiscal
year for performing its duties under section 216A.07, subdivision 3a. The amount in this
subdivision shall be assessed to energy utilities in proportion to their respective gross
operating revenues from retail sales of gas or electric service within the state during the last
calendar year and shall be deposited into an account in the special revenue fund and is
appropriated to the commissioner of commerce for the purposes of section 216A.07,
subdivision 3a. An assessment made under this subdivision is not subject to the cap on
assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,
an "energy utility" means public utilities, generation and transmission cooperative electric
associations, and municipal power agencies providing natural gas or electric service in the
state. This subdivision expires June 30, 2021.

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

Sec. 13. [216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
the meaning given.

(b) "Participant" means a person who meets the requirements of subdivision 2 and who:

(1) files comments or appears in a commission proceeding, other than public hearings,
concerning one or more public utilities; or

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(2) is permitted by the commission to intervene in a commission proceeding concerning one or more public utilities; and

(3) files a request for compensation under this section.

(c) "Proceeding" means an undertaking of the commission in which it seeks to resolve an issue affecting one or more public utilities and which results in a commission order.

(d) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. Participants; eligibility. Any of the following participants is eligible to receive compensation under this section:

(1) a nonprofit organization that is:

(i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(ii) incorporated in Minnesota; and

(iii) governed under chapter 317A;

(2) a Tribal government of a federally recognized Indian Tribe that is located in Minnesota; or

(3) a Minnesota resident, except that an individual who owns a for-profit business that has earned revenue from a Minnesota utility in the past two years is not eligible for compensation.

Subd. 3. Compensation; conditions. (a) The commission may order a public utility to compensate all or part of an eligible participant's reasonable costs of participation in a proceeding that comes before the commission when the commission finds that the participant has materially assisted the commission's deliberation.

(b) In determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

(1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

(3) the participant's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been a part of the record;
(5) the participant was active in any stakeholder process made part of the proceeding;

(6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) In reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable.

Subd. 4. Compensation; amount. (a) Compensation must not exceed $50,000 for a single participant in any proceeding, except that:

(1) if a proceeding extends longer than 12 months, a participant may request compensation of up to $50,000 for costs incurred in each calendar year; and

(2) in a general rate case proceeding under section 216B.16 or an integrated resource plan proceeding under section 216B.2422, the maximum single participant compensation must not exceed $75,000.

(b) A single participant must not be granted more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.

(d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

(1) $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;

(2) $275,000, for a public utility with more than $300,000,000 but less than $900,000,000 annual gross operating revenue in Minnesota;

(3) $375,000, for a public utility with more than $900,000,000 but less than $2,000,000,000 annual gross operating revenue in Minnesota; and

(4) $1,250,000, for a public utility with more than $2,000,000,000 annual gross operating revenue in Minnesota.

(e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may prioritize requests from participants that received less than $150,000 in total compensation during the previous two years.
Subd. 5. Compensation; process. (a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of: (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(b) A compensation request must include:

(1) the name and address of the participant or nonprofit organization the participant is representing;

(2) evidence of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenue secured and expenses incurred for participation in commission proceedings separately for the preceding and current year, and projected revenue, revenue sources, and expenses for participation in commission proceedings for the current year;

(5) amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, by docket;

(6) an itemization of the participant's costs, including hours worked and associated hourly rates for each individual contributing to the participation, not including overhead costs, participant revenues for the proceeding, and the total compensation request; and

(7) a narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant shall comply with reasonable requests for information by the commission and other participants. A participant shall reply to information requests within ten calendar days of the date the request is received, unless this would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.
(e) Within 15 days after the response is filed, the participant may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 60 days of the date a request for compensation is filed by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to 60 days upon the request of a participant or on the commission's own initiative, if applicable.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision date.

Subd. 6. Compensation; orders. (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the compensation to the participant and file proof of payment with the commission within 30 days after the later of: (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or (2) the date the commission issues an order following reconsideration of the commission's order on participant compensation.

(b) If the commission issues an order requiring payment of participant compensation in a proceeding involving multiple public utilities, the commission shall apportion costs among the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the costs of participant compensation on a timely basis.

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

Sec. 14. [216C.51] UTILITY DIVERSITY REPORTING.

Subdivision 1. Policy. It is the policy of this state to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the meanings given.
(b) "Certification" means official recognition by a governmental unit that a business is
a preferred vendor as a result of the characteristics of the business owner or owners or the
location of the business.

(c) "Utility" has the meaning given in section 216C.06, subdivision 18.

Subd. 3. Annual report. (a) Beginning March 15, 2022, and each March 15 thereafter,
each utility authorized to do business in Minnesota must file an annual diversity report to
the commissioner on:

(1) the utility's goals and efforts to increase diversity in the workplace, including current
workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned,
vetran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the
total work performed by the utility submitting the report. The actual spending for
female-owned, minority-owned, veteran-owned, and small business enterprises must also
be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. Report elements. Each utility required to report under this section must include
the following in the annual report:

(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers
during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity,
including suggestions regarding actions the department could take to help identify potential
employees and vendors;

(4) a list of the certifications the company recognizes;

(5) a point of contact for a potential employee or vendor that wishes to work for or do
business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, in
order to encourage other companies to emulate best practices.

Subd. 5. State data. Each annual report must include as much state-specific data as
possible. If the submitting utility does not submit state-specific data, the utility must include
any relevant national data the utility possesses, explain why the utility could not submit
Subd. 6. Publication; retention. The department must publish an annual report on the department's website and must maintain each annual report for at least five years.

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

Subd. 7. Considerations in designating sites and routes. (a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

1. evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high-voltage transmission lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

2. environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

3. evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

4. evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

5. analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

6. evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

7. evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;
(8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; and

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities;

(13) evaluation of the benefits of the proposed facility with respect to the protection and enhancement of environmental quality, and to the reliability of state and regional energy supplies; and

(14) evaluation of the proposed project's impact on socioeconomic factors.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

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

Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

Subd. 2. Applicable projects. The requirements and procedures in this section apply to the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high-voltage transmission lines of between 100 and 200 kilovolts;
(4) high-voltage transmission lines in excess of 200 kilovolts and less than 50 miles in length in Minnesota;

(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;

(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and

(8) large electric power generating plants that are powered by solar energy.

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

Sec. 17. Minnesota Statutes 2020, section 216F.012, is amended to read:

216F.012 SIZE ELECTION.

(a) A wind energy conversion system of less than 25 megawatts of nameplate capacity as determined under section 216F.011 is a small wind energy conversion system if, by July 1, 2009, the owner so elects in writing and submits a completed application for zoning approval and the written election to the county or counties in which the project is proposed to be located. The owner must notify the Public Utilities Commission of the election at the time the owner submits the election to the county.

(b) Notwithstanding paragraph (a), a wind energy conversion system with a nameplate capacity exceeding five megawatts that is proposed to be located wholly or partially within a wind access buffer adjacent to state lands that are part of the outdoor recreation system, as enumerated in section 86A.05, is a large wind energy conversion system. The Department of Natural Resources shall negotiate in good faith with a system owner regarding siting and may support the system owner in seeking a variance from the system setback requirements if it determines that a variance is in the public interest.

(c) The Public Utilities Commission shall issue an annual report to the chairs and ranking minority members of the house of representatives and senate committees with primary jurisdiction over energy policy and natural resource policy regarding any variances applied for and not granted for systems subject to paragraph (b).

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 18. [216F.084] WIND TURBINE LIGHTING SYSTEMS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Duration" means the length of time during which the lights of a wind turbine lighting system are lit.

(c) "Intensity" means the brightness of a wind turbine lighting system's lights.

(d) "Light-mitigating technology" means a sensor-based system that reduces the duration or intensity of wind turbine lighting systems by:

1. using radio frequency or other sensors to detect aircraft approaching one or more wind turbines, or detecting visibility conditions at turbine sites; and
2. automatically activating appropriate obstruction lights until the lights are no longer needed by the aircraft and are turned off or dimmed.

A light-mitigating technology may include an audio feature that transmits an audible warning message to provide a pilot additional information regarding a wind turbine the aircraft is approaching.

(e) "Repowering project" has the meaning given in section 216B.243, subdivision 8, paragraph (b).

(f) "Wind turbine lighting system" means a system of lights installed on an LWECS that meets the applicable Federal Aviation Administration requirements.

Subd. 2. Application. This section applies to an LWECS issued a site permit or site permit amendment, including a site permit amendment for an LWECS repowering project, by the commission under section 216F.04 or by a county under section 216F.08, provided that the application for a site permit or permit amendment is filed after July 1, 2021.

Subd. 3. Required lighting system. (a) An LWECS subject to this section must be equipped with a light-mitigating technology that meets the requirements established in Chapter 14 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated, unless the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of the light-mitigating technology for the LWECS. A light-mitigating technology installed on a wind turbine in Minnesota must be purchased from a vendor approved by the Federal Aviation Administration.

(b) If the Federal Aviation Administration, after reviewing the LWECS site plan, rejects the use of a light-mitigating technology for the LWECS under paragraph (a), the LWECS
must be equipped with a wind turbine lighting system that minimizes the duration or intensity of the lighting system while maintaining full compliance with the lighting standards established in Chapter 13 of the Federal Aviation Administration's Advisory Circular 70/760-1, Obstruction Marking and Lighting, as updated.

Subd. 4. **Exemptions.** (a) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from subdivision 3, paragraph (a), if the Federal Aviation Administration denies the owner's application to equip an LWECS with a light-mitigating technology.

(b) The Public Utilities Commission or a county that has assumed permitting authority under section 216F.08 must grant an owner of an LWECS an exemption from or an extension of time to comply with subdivision 3, paragraph (a), if after notice and public hearing the owner of the LWECS demonstrates to the satisfaction of the commission or county that:

1. equipping an LWECS with a light-mitigating technology is technically infeasible;
2. equipping an LWECS with a light-mitigating technology imposes a significant financial burden on the permittee; or
3. a vendor approved by the Federal Aviation Administration cannot deliver a light-mitigating technology to the LWECS owner in a reasonable amount of time.

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

Sec. 19. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.**

(a) The Department of Commerce must provide technical support and subject matter expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in Minnesota to establish and operate a Tribal advocacy council on energy.

(b) When requested by a Tribal advocacy council on energy, the Department of Commerce must assist the council to:

1. assess and evaluate common Tribal energy issues, including:
   (i) identifying and prioritizing energy issues;
   (ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and
   (iii) assisting decision making with respect to resolving energy issues;
2. develop new statewide energy policies or proposed legislation, including:
   (i) organizing stakeholder meetings;
(ii) gathering input and other relevant information;

(iii) assisting with policy proposal development, evaluation, and decision making; and

(iv) helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

(3) make efforts to raise awareness of and provide educational opportunities with respect to Tribal energy issues among Tribal members by:

(i) identifying information resources;

(ii) gathering feedback on issues and topics the council identifies as areas of interest; and

(iii) identifying topics for and helping to facilitate educational forums; and

(4) identify, evaluate, disseminate, and implement successful energy-related practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate a federally recognized Indian Tribe in Minnesota to participate in or implement a decision or support an effort made by a Tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section must be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested.

Sec. 20. PILOT PROJECT; REPORTING REQUIREMENTS.

Upon completion of the solar energy pilot project described in section 21, subdivision 3, paragraph (b), or by January 15, 2023, whichever is earlier, the commissioner of the Pollution Control Agency, in cooperation with the electric cooperative association operating the pilot project, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, energy, and environment on the following:

(1) project accomplishments and milestones, including any project growth, developments, or agreements that resulted from the project;

(2) challenges or barriers faced during development or after completion of the project;

(3) project financials, including expenses, utility agreements, and project viability; and

(4) replicability of the pilot project to other future closed landfill projects.
EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 21. APPROPRIATIONS.

Subdivision 1. Microgrid research and application. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,400,000 in fiscal year 2022 and $1,200,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the University of St. Thomas Center for Microgrid Research for the purposes of paragraph (b). The base in fiscal year 2024 is $1,000,000, and the base in fiscal year 2025 is $400,000. The base in fiscal year 2026 is $400,000.

(b) The appropriations in this section must be used by the University of St. Thomas Center for Microgrid Research to:

(1) increase the center's capacity to provide industry partners opportunities to test near-commercial microgrid products on a real-world scale and to multiply opportunities for innovative research;

(2) procure advanced equipment and controls to enable the extension of the university's microgrid to additional buildings; and

(3) expand (i) hands-on educational opportunities to better understand the operations of microgrids to undergraduate and graduate electrical engineering students, and (ii) partnerships with community colleges.

Subd. 2. Clean energy training; pilot project. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $2,500,000 in fiscal year 2022 is appropriated from the renewable development account to the commissioner of employment and economic development for a grant to Northgate Development, LLC, for a pilot project to provide training pathways into careers in clean energy for students and young adults in underserved communities. Any unexpended funds remaining at the end of the biennium cancel to the renewable development account. This is a onetime appropriation.

(b) The pilot project must develop skills among program participants, short of the level required for licensing under Minnesota Statutes, chapter 326B, that are relevant to the design, construction, operation, or maintenance of:

(1) systems producing solar or wind energy;

(2) improvements in energy efficiency, as defined in Minnesota Statutes, section 216B.241, subdivision 1;
(3) energy storage systems connected to renewable energy facilities, including battery technology;

(4) infrastructure for charging all-electric or electric hybrid vehicles; or

(5) grid technologies that manage load and provide services to the distribution grid that reduce energy consumption or shift demand to off-peak periods.

(c) Training must be designed to create pathways to a postsecondary degree, industry certification, or to a registered apprenticeship program under chapter 178 that is related to the fields in paragraph (b) and then to stable career employment at a living wage.

(d) Training must be provided at a location that is accessible by public transportation and must prioritize the inclusion of communities of color, indigenous people, and low-income individuals.

(e) Grant funds may be used for all expenses related to the training program, including curriculum, instructors, equipment, materials, and leasing and improving space for use by the program.

(f) No later than January 15, 2022, and by January 15 of 2023 and 2024, Northgate Development, LLC, shall submit an annual report to the commissioner of employment and economic development that must include, at a minimum, information on:

(1) program expenditures, including but not limited to amounts spent on curriculum, instructors, equipment, materials, and leasing and improving space for use by the program;

(2) other public or private funding sources, including in-kind donations, supporting the pilot program;

(3) the number of program participants;

(4) demographic information on program participants including but not limited to race, age, gender, and income; and

(5) the number of program participants placed in a postsecondary program, industry certification program, or registered apprenticeship program under Minnesota Statutes, chapter 178.

Subd. 3. Landfill bond prepayment; solar pilot project. (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the commissioner of management and budget to prepay and defease any outstanding general
obligation bonds used to acquire property, finance improvements and betterments, or pay any other associated financing costs at the Anoka-Ramsey closed landfill. This amount may be deposited, invested, and applied to accomplish the purposes of this section as provided in Minnesota Statutes, section 475.67, subdivisions 5 to 10 and 13. Upon the prepayment and defeasance of all associated debt on the real property and improvements, all conditions set forth in Minnesota Statutes, section 16A.695, subdivision 3, are deemed to have been satisfied and the real property and improvements no longer constitute state bond financed property under Minnesota Statutes, section 16A.695. This is a onetime appropriation. Any funds appropriated under this section that remain unexpended after the purposes in this paragraph have been met cancel to the renewable development account.

(b) Once the purposes in paragraph (a) have been met, the commissioner of the Pollution Control Agency may take actions and execute agreements to facilitate the beneficial reuse of the Anoka-Ramsey closed landfill, and may specifically authorize the installation of a solar energy generating system, as defined in Minnesota Statutes, section 216E.01, subdivision 9a, as a pilot project at the closed landfill to be owned and operated by a cooperative electric association that has more than 130,000 customers in Minnesota. The appropriation in paragraph (a) must not be used to finance the pilot project, procure land rights, or to manage the solar energy generating system.

Subd. 4. Participant compensation. (a) $30,000 in fiscal year 2022 and $30,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to address participant compensation issues in Public Utilities Commission proceedings, as described in Minnesota Statutes, section 216B.631.

(b) $28,000 in fiscal year 2022 and $28,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission to address participant compensation issues under Minnesota Statutes, section 216B.631.

Subd. 5. Commerce department; Energy Resources Division. $3,493,000 in fiscal year 2022 and $3,547,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for general operating activities of the Energy Resources Division.

Subd. 6. Weatherization; vermiculite remediation. $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.
Subd. 7. **Energy regulation and planning.** $851,000 in fiscal year 2022 and $870,000 in fiscal year 2023 are appropriated from the general fund to the commissioner of commerce for activities of the energy regulation and planning unit staff.

Subd. 8. **"Made in Minnesota" administration.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $100,000 in fiscal year 2022 and $100,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce to administer the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

Subd. 9. **Grant cycle; proposal evaluation.** $500,000 in fiscal year 2022 and $500,000 in fiscal year 2023 are appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

Subd. 10. **Petroleum Tank Release Compensation Board.** $1,056,000 in fiscal year 2022 and $1,056,000 in fiscal year 2023 are appropriated from the petroleum tank fund to the Petroleum Tank Release Compensation Board for its operations.

Subd. 11. **Public Utilities Commission.** $8,073,000 in fiscal year 2022 and $8,202,000 in fiscal year 2023 are appropriated from the general fund to the Public Utilities Commission for its general operations.

Sec. 22. **REPEALER.**

(a) Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

(b) Laws 2017, chapter 5, section 1, is repealed.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
45.017 MEDICAL MALPRACTICE INSURANCE REPORT.

(a) The commissioner of commerce shall provide to the legislature annually a brief written report on the status of the market for medical malpractice insurance in Minnesota. The report must summarize, interpret, explain, and analyze information on that subject available to the commissioner, through annual statements filed by insurance companies, information obtained under paragraph (c), and other sources.

(b) The annual report must consider, to the extent possible, using definitions developed by the commissioner, Minnesota-specific data on market shares; premiums received; amounts paid to settle claims that were not litigated, claims that were settled after litigation began, and claims that were litigated to court judgment; amounts spent on processing, investigation, litigation, and otherwise handling claims; other sales and administrative costs; and the loss ratios of the insurers.

(c) Each insurance company that provides medical malpractice insurance in this state shall, no later than June 1 each year, file with the commissioner of commerce, on a form prescribed by the commissioner and using definitions developed by the commissioner, the Minnesota-specific data referenced in paragraph (b), other than market share, for the previous calendar year for that insurance company, shown separately for various categories of coverages including, if possible, hospitals, medical clinics, nursing homes, physicians who provide emergency medical care, obstetrician gynecologists, and ambulance services. An insurance company need not comply with this paragraph if its direct premium written in the state for the previous calendar year is less than $2,000,000.

45.306 CONTINUING EDUCATION COURSES OFFERED OVER THE INTERNET.

Subdivision 1. Appraiser Internet continuing education courses. The design and delivery of an appraiser continuing education course must be approved by the International Distance Education Certification Center (IDECC) before the course is submitted for the commissioner's approval.

60A.98 DEFINITIONS.

Subdivision 1. Scope. For purposes of sections 60A.98 and 60A.981, the terms defined in this section have the meanings given them.

Subd. 2. Customer. "Customer" means a consumer who has a continuing relationship with a licensee under which the licensee provides one or more insurance products or services to the consumer that are to be used primarily for personal, family, or household purposes.

Subd. 3. Customer information. "Customer information" means nonpublic personal information about a customer, whether in paper, electronic, or other form, that is maintained by or on behalf of the licensee.

Subd. 4. Customer information systems. "Customer information systems" means the electronic or physical methods used to access, collect, store, use, transmit, protect, or dispose of customer information.

Subd. 5. Licensee. "Licensee" means all licensed insurers, producers, and other persons licensed or required to be licensed, authorized or required to be authorized, or registered or required to be registered pursuant to the insurance laws of this state, except that "licensee" does not include a purchasing group or an ineligible insurer in regard to the surplus line insurance conducted pursuant to sections 60A.195 to 60A.209. "Licensee" does not include producers until January 1, 2007.

Subd. 6. Nonpublic financial information. "Nonpublic financial information" means:

(1) personally identifiable financial information; and

(2) any list, description, or other grouping of consumers, and publicly available information pertaining to them, that is derived using any personally identifiable financial information that is not publicly available.

Subd. 7. Nonpublic personal health information. "Nonpublic personal health information" means health information:

(1) that identifies an individual who is the subject of the information; or

(2) with respect to which there is a reasonable basis to believe that the information could be used to identify an individual.

Subd. 9. **Personally identifiable financial information.** "Personally identifiable financial information" means any information:

1. a consumer provides to a licensee to obtain an insurance product or service from the licensee;
2. about a consumer resulting from a transaction involving an insurance product or service between a licensee and a consumer; or
3. the licensee otherwise obtains about a consumer in connection with providing an insurance product or service to that consumer.

Subd. 10. **Service provider.** "Service provider" means a person that maintains, processes, or otherwise is permitted access to customer information through its provision of services directly to the licensee.

**60A.981 INFORMATION SECURITY PROGRAM.**

Subdivision 1. **General requirements.** Each licensee shall implement a comprehensive written information security program that includes administrative, technical, and physical safeguards for the protection of customer information. The administrative, technical, and physical safeguards included in the information security program must be appropriate to the size and complexity of the licensee and the nature and scope of its activities.

Subd. 2. **Objectives.** A licensee's information security program must be designed to:

1. ensure the security and confidentiality of customer information;
2. protect against any anticipated threats or hazards to the security or integrity of the information; and
3. protect against unauthorized access to or use of the information that could result in substantial harm or inconvenience to any customer.

Subd. 3. **Examples of methods of development and implementation.** The following actions and procedures are examples of methods of implementation of the requirements of subdivisions 1 and 2. These examples are nonexclusive illustrations of actions and procedures that licensees may follow to implement subdivisions 1 and 2:

1. the licensee:
   
   i. identifies reasonably foreseeable internal or external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems;
   
   ii. assesses the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and
   
   iii. assesses the sufficiency of policies, procedures, customer information systems, and other safeguards in place to control risks;

2. the licensee:

   i. designs its information security program to control the identified risks, commensurate with the sensitivity of the information, as well as the complexity and scope of the licensee's activities;
   
   ii. trains staff, as appropriate, to implement the licensee's information security program; and
   
   iii. regularly tests or otherwise regularly monitors the key controls, systems, and procedures of the information security program. The frequency and nature of these tests or other monitoring practices are determined by the licensee's risk assessment;

3. the licensee:

   i. exercises appropriate due diligence in selecting its service providers; and
   
   ii. requires its service providers to implement appropriate measures designed to meet the objectives of this regulation, and, where indicated by the licensee's risk assessment, takes appropriate steps to confirm that its service providers have satisfied these obligations; and

4. the licensee monitors, evaluates, and adjusts, as appropriate, the information security program in light of any relevant changes in technology, the sensitivity of its customer information, internal or external threats to information, and the licensee's own changing business arrangements, such as
mergers and acquisitions, alliances and joint ventures, outsourcing arrangements, and changes to
customer information systems.

**60A.982 UNFAIR TRADE PRACTICES.**

A violation of sections 60A.98 and 60A.981 is considered to be a violation of sections 72A.17
to 72A.32.

**115C.13 REPEALER.**

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06,
115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.112,
115C.113, 115C.12, and 115C.13, are repealed effective June 30, 2022.

**216B.16 RATE CHANGE; PROCEDURE; HEARING.**

Subd. 10. **Intervenor compensation.** (a) A nonprofit organization or an individual granted
formal intervenor status by the commission is eligible to receive compensation.

(b) The commission may order a utility to compensate all or part of an eligible intervenor's
reasonable costs of participation in a general rate case that comes before the commission when the
commission finds that the intervenor has materially assisted the commission's deliberation and
when a lack of compensation would present financial hardship to the intervenor. Compensation
may not exceed $50,000 for a single intervenor in any proceeding. For the purpose of this subdivision,
"materially assisted" means that the intervenor's participation and presentation was useful and
seriously considered, or otherwise substantially contributed to the commission's deliberations in
the proceeding.

(c) In determining whether an intervenor has materially assisted the commission's deliberation,
the commission must consider, among other factors, whether:

(1) the intervenor represented an interest that would not otherwise have been adequately
represented;

(2) the evidence or arguments presented or the positions taken by the intervenor were an
important factor in producing a fair decision;

(3) the intervenor's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the intervenor
would not have been a part of the record without the intervenor's participation; and

(5) the administrative law judge or the commission adopted, in whole or in part, a position
advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to
the intervenor, the commission must consider:

(1) whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys
and expert witnesses and other reasonable costs; and

(2) the ratio between the costs of intervention and the intervenor's unrestricted funds.

(e) An intervenor seeking compensation must file a request and an affidavit of service with the
commission, and serve a copy of the request on each party to the proceeding. The request must be
filed 30 days after the later of (1) the expiration of the period within which a petition for rehearing,
amendment, vacation, reconsideration, or reargument must be filed or (2) the date the commission
issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(f) The compensation request must include:

(1) the name and address of the intervenor or representative of the nonprofit organization the
intervenor is representing;

(2) proof of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenues and expenses of the organization the intervenor is representing
for the preceding year and projected revenues, revenue sources, and expenses for the current year;

(5) the organization's balance sheet for the preceding year and a current monthly balance sheet;
(6) an itemization of intervenor costs and the total compensation request; and

(7) a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(i) If additional costs are incurred as a result of additional proceedings following the commission's initial order, the intervenor may file an amended request within 30 days after the commission issues an amended order. Paragraphs (e) to (h) apply to an amended request.

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor, and file with the commission proof of payment, within 30 days after the later of (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed or (2) the date the commission issues an order following reconsideration of its order on intervenor compensation.

216B.1691 RENEWABLE ENERGY OBJECTIVES.

Subd. 2. Eligible energy objectives. Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that commencing in 2005, at least one percent of the electric utility's total retail electric sales to retail customers in Minnesota is generated by eligible energy technologies and seven percent of the electric utility's total retail electric sales to retail customers in Minnesota by 2010 is generated by eligible energy technologies.

216B.241 ENERGY CONSERVATION IMPROVEMENT.

Subdivision 1. Definitions. For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

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

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:
(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(o) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Subd. 1b. Conservation improvement by cooperative association or municipality. (a) This subdivision applies to:

(1) a cooperative electric association that provides retail service to more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to natural gas retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:
(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities may be used to meet 50 percent of the conservation investment and spending requirements of this subdivision.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy-savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) Each municipality or cooperative shall file energy conservation improvement plans by June 1 on a schedule determined by order of the commissioner, but at least every three years. Plans received by June 1 must be approved or approved as modified by the commissioner by December 1 of the same year. The municipality or cooperative shall provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost-effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department. The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities.

(h) The commissioner shall consider and may require a utility, association, or other entity providing energy efficiency and conservation services under this section to undertake a program suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization.

Subd. 2c. Performance incentives. By December 31, 2008, the commission shall review any incentive plan for energy conservation improvement it has approved under section 216B.16, subdivision 6c, and adjust the utility performance incentives to recognize making progress toward and meeting the energy-savings goals established in subdivision 1c.

Subd. 4. Federal law prohibitions. If investments by public utilities in energy conservation improvements are in any manner prohibited or restricted by federal law and there is a provision under which the prohibition or restriction may be waived, then the commission, the governor, or any other necessary state agency or officer shall take all necessary and appropriate steps to secure a waiver with respect to those public utility investments in energy conservation improvements included in this section.

Subd. 10. Waste heat recovery; thermal energy distribution. Demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to

APPENDIX
Repealed Minnesota Statutes: H1031-2
be counted towards a utility's natural gas or electric energy savings goals, subject to department approval.
Section 1. **NATURAL GAS COMBINED CYCLE ELECTRIC GENERATION PLANT.**

(a) Notwithstanding Minnesota Statutes, section 216B.243 and Minnesota Statutes, chapter 216E, a public utility may, at its sole discretion, construct, own, and operate a natural gas combined cycle electric generation plant as the utility proposed to the Public Utilities Commission in docket number E-002/RP-15-21, or as revised by the utility and approved by the Public Utilities Commission in the latest resource plan filed after the effective date of this section, provided that the plant is located on property in Sherburne County, Minnesota, already owned by the public utility, and will be constructed after January 1, 2018.

(b) Reasonable and prudently incurred costs and investments by a public utility under this section may be recovered pursuant to the provisions of Minnesota Statutes, section 216B.16.

(c) No less than 20 months prior to the start of construction, a public utility intending to construct a plant under this section shall file with the commission an evaluation of the utility’s forecasted costs prepared by an independent evaluator and may ask the commission to establish a sliding scale rate of return mechanism for this capital investment to provide an incentive for the utility to complete the project at or under the forecasted costs.