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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2036

02/20/2023 Authored by Carroll, Rehm and Pursell

The bill was read for the first time and referred to the Committee on Sustainable Infrastructure Policy

03/06/2023 Adoption of Report: Re-referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act
1.2 relating to state government; modifying provisions on energy use; amending
1.3 Minnesota Statutes 2022, sections 16B.32, subdivisions 1, 1a; 16B.87, subdivision
1.4 2; repealing Minnesota Statutes 2022, sections 16B.323, subdivisions 1, 2; 16B.326.

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

1.6 Section 1. Minnesota Statutes 2022, section 16B.32, subdivision 1, is amended to read:

1.7 Subdivision 1. **Alternative energy sources.** ~~Plans prepared by the commissioner for a~~
1.8 ~~new building or for a renovation of 50 percent or more of an existing building or its energy~~
1.9 ~~systems must include designs which use active and passive solar energy systems, earth~~
1.10 ~~sheltered construction, and other alternative energy sources where feasible. (a) If the~~
1.11 incorporation of cost-effective energy efficiency measures into the design, materials, and
1.12 operations of a building or major building renovation subject to section 16B.325 is not
1.13 sufficient to meet Sustainable Building 2030 energy performance standards required under
1.14 section 216B.241, subdivision 9, cost-effective renewable energy sources or solar thermal
1.15 energy systems, or both, must be deployed to achieve those standards.

1.16 (b) The commissioners of administration and commerce shall review compliance of
1.17 building designs and plans subject to this section with Sustainable Building 2030 performance
1.18 standards developed under section 216B.241, subdivision 9, and shall make recommendations
1.19 to the legislature as necessary to ensure that those performance standards are met.

1.20 (c) For the purposes of this section:

1.21 (1) "energy efficiency" has the meaning given in section 216B.2402, subdivision 7;

2.1 (2) "renewable energy" has the meaning given in section 216B.2422, subdivision 1,  
 2.2 paragraph (c), and includes hydrogen generated from wind, solar, or hydroelectric; and

2.3 (3) "solar thermal energy systems" has the meaning given to "qualifying solar thermal  
 2.4 project" in section 216B.2411, subdivision 2, paragraph (e).

2.5 Sec. 2. Minnesota Statutes 2022, section 16B.32, subdivision 1a, is amended to read:

2.6 Subd. 1a. **Onsite energy generation from renewable sources.** ~~A state agency that~~  
 2.7 ~~prepares a predesign for a new building must consider meeting at least two percent of the~~  
 2.8 ~~energy needs of the building from renewable sources located on the building site. For~~  
 2.9 ~~purposes of this subdivision, "renewable sources" are limited to wind and the sun. The~~  
 2.10 ~~predesign must include an explicit cost and price analysis of complying with the two-percent~~  
 2.11 ~~requirement compared with the present and future costs of energy supplied by a public~~  
 2.12 ~~utility from a location away from the building site and the present and future costs of~~  
 2.13 ~~controlling carbon emissions. If the analysis concludes that the building should not meet at~~  
 2.14 ~~least two percent of its energy needs from renewable sources located on the building site,~~  
 2.15 ~~the analysis must provide explicit reasons why not. The building may not receive further~~  
 2.16 ~~state appropriations for design or construction unless at least two percent of its energy needs~~  
 2.17 ~~are designed to be met from renewable sources, unless the commissioner finds that the~~  
 2.18 ~~reasons given by the agency for not meeting the two-percent requirement were supported~~  
 2.19 ~~by evidence in the record. The total aggregate nameplate capacity of all renewable energy~~  
 2.20 sources utilized to meet Sustainable Building 2030 standards in a state-owned building or  
 2.21 facility, including any subscription to a community solar garden under section 216B.1641,  
 2.22 may not exceed 120 percent of the average annual electric energy consumption of the  
 2.23 state-owned building or facility.

2.24 Sec. 3. Minnesota Statutes 2022, section 16B.87, subdivision 2, is amended to read:

2.25 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form  
 2.26 developed by the commissioner of administration that requires an applicant to submit the  
 2.27 following information:

2.28 (1) a description of the proposed project, including existing equipment, structural  
 2.29 elements, operating characteristics, and other conditions affecting energy use that the energy  
 2.30 conservation improvements financed by the loan modify or replace;

2.31 (2) the total estimated project cost and the loan amount sought;

2.32 (3) a detailed project budget;

- 3.1 (4) projections of the proposed project's expected energy and monetary savings;
- 3.2 (5) information demonstrating the agency's ability to repay the loan;
- 3.3 (6) a description of the energy conservation programs offered by the utility providing
- 3.4 service to the state building from which the applicant seeks additional funding for the project;
- 3.5 and
- 3.6 (7) any additional information requested by the commissioner.
- 3.7 (b) The committee shall review applications for loans and shall award a loan based upon
- 3.8 criteria adopted by the committee. A loan made under this section must:
- 3.9 (1) be at or below the market rate of interest, including a zero interest loan; and
- 3.10 (2) have a term no longer than ~~seven~~ ten years.
- 3.11 (c) In making awards, the committee shall give preference to:
- 3.12 (1) applicants that have sought funding for the project through energy conservation
- 3.13 projects offered by the utility serving the state building that is the subject of the application;
- 3.14 and
- 3.15 (2) to the extent feasible, applications for state buildings located within the electric retail
- 3.16 service area of the utility that is subject to section 116C.779.

3.17 Sec. 4. **REPEALER.**

3.18 Minnesota Statutes 2022, sections 16B.323, subdivisions 1 and 2; and 16B.326, are

3.19 repealed.

**16B.323 SOLAR ENERGY IN STATE BUILDINGS.**

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

(b) "Major renovation" means a substantial addition to an existing building, or a substantial change to the interior configuration or the energy system of an existing building.

(c) "Solar energy system" means photovoltaic devices alone or installed in conjunction with a solar thermal system.

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

(e) "Solar thermal system" has the meaning given "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

(f) "State building" means a building whose construction or renovation is paid wholly or in part by the state from the bond proceeds fund.

Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for the construction or major renovation of a state building, after the completion of a cost-benefit analysis, may include installation of solar energy systems of up to 300 kilowatts capacity on, adjacent, or in proximity to the state building.

(b) The capacity of a solar energy system must be less than 300 kilowatts to the extent necessary to match the electrical load of the building, or the capacity must be no more than necessary to keep the costs for the installation below the five percent maximum set by paragraph (c).

(c) The cost of the solar energy system must not exceed five percent of the appropriations from the bond proceeds fund for the construction or renovation of the state building. Purchase and installation of a solar thermal system may account for no more than 25 percent of the cost of a solar energy system installation.

(d) A project subject to this section is ineligible to receive a rebate for the installation of a solar energy system under section 116C.7791 or from any utility.

**16B.326 HEATING AND COOLING SYSTEMS; STATE-FUNDED BUILDINGS.**

The commissioner must review project proposer's study for geothermal and solar thermal applications as possible uses for heating or cooling for all building projects subject to a predesign review under section 16B.335 that receive any state funding for replacement of heating or cooling systems. When practicable, geothermal and solar thermal heating and cooling systems must be considered when designing, planning, or letting bids for necessary replacement or initial installation of cooling or heating systems in new or existing buildings that are constructed or maintained with state funds. The predesign review must include a written plan for compliance with this section from a project proposer.

For the purposes of this section, "solar thermal" means a flat plate or evacuated tube with a fixed orientation that collects the sun's radiant energy and transfers it to a storage medium for distribution as energy for heating and cooling.