A bill for an act relating to commerce and energy; appropriating money for the Department of Commerce; modifying the evaluation process for mandated health benefit proposals; requiring the commissioner of commerce to apply for continuation of the state innovation waiver; establishing a revolving loan fund for energy conservation improvements in state buildings; establishing the Minnesota efficient technology accelerator; authorizing a power purchase agreement for certain electric cogeneration activities; encouraging natural gas utilities to develop innovative resources; establishing a program to provide financial incentives for the production of wood pellets; extending provision to assess for certain regulatory duties; abolishing prohibition on issuing certificate of need for new nuclear power plant; establishing a program to promote the use of solar energy on school buildings; establishing a process to compensate businesses for loss of business opportunity resulting from sale and closure of a biomass energy plant; authorizing a local exchange carrier to elect competitive market regulation under certain conditions; appropriating money; requiring reports; amending Minnesota Statutes 2020, sections 16B.86; 16B.87; 62J.03, subdivision 4; 62J.26, subdivisions 1, 2, 3, 4, 5; 116C.779, subdivision 1; 116C.7792; 216B.1691, subdivision 2f; 216B.241, by adding a subdivision; 216B.2422, by adding a subdivision; 216B.2424, by adding subdivisions; 216B.243, subdivision 3b; 216B.62, subdivision 3b; 237.025, subdivisions 6, 9; Laws 2017, chapter 13, article 1, section 15, as amended; proposing coding for new law in Minnesota Statutes, chapters 216B; 216C; repealing Minnesota Statutes 2020, sections 115C.13; 216C.417; Laws 2005, chapter 97, article 10, section 3, as amended.

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

ARTICLE 1

COMMERCE AND CONSUMER PROTECTION AND ENERGY AND UTILITIES

FINANCE

Section 1. APPROPRIATIONS.

(a) 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.

(b) If an appropriation in this article is enacted more than once in the 2021 regular or special legislative sessions, the appropriation must be given effect only once.

APPROPRIATIONS
Available for the Year
Ending June 30
2022 2023

Sec. 2. DEPARTMENT OF COMMERCE

Subdivision 1. Total Appropriation

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>27,130,000</td>
<td>26,020,000</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>761,000</td>
<td>761,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>2,060,000</td>
<td>2,060,000</td>
</tr>
<tr>
<td>Petroleum Tank</td>
<td>1,056,000</td>
<td>-0-</td>
</tr>
</tbody>
</table>

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

Subd. 2. Telecommunications

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1,047,000</td>
<td>1,047,000</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>2,060,000</td>
<td>2,060,000</td>
</tr>
</tbody>
</table>

$2,060,000 each year is from the telecommunications access Minnesota fund account in the special revenue fund for the following transfers. This appropriation is added to the department's base:

(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
3.1 Hard-of-Hearing Minnesotans. This appropriation is available until June 30, 2023, and any unexpended amount on that date must be returned to the telecommunications access Minnesota fund;

3.2 (2) $290,000 each year is to the chief information officer for the purpose of coordinating technology accessibility and usability;

3.3 (3) $100,000 each year is to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

3.4 (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 their web-based services.

3.5 Subd. 3. Energy Resources

3.6 Subd. 4. Petroleum Tank Release Compensation Board

3.7 This appropriation is from the petroleum tank fund to account for base adjustments provided in Minnesota Statutes, section 115C.13.
Subd. 5. **Financial Institutions**

$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.

Subd. 6. **Administrative Services**

(a) $384,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

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

(c) $350,000 each year is for system modernization and cybersecurity upgrades for the unclaimed property program.

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

(e) $832,000 in fiscal year 2022 and $208,000 in fiscal year 2023 are for IT system modernization. The base amount in fiscal year 2024 and beyond is $0.
5.1 Subd. 7. **Enforcement**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>5,268,000</th>
<th>5,268,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>5,067,000</td>
<td>5,067,000</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>201,000</td>
<td>201,000</td>
</tr>
</tbody>
</table>

(a) $279,000 each year is for health care enforcement.

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

5.10 Subd. 8. **Insurance**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>6,424,000</th>
<th>6,093,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>5,533,000</td>
<td>5,533,000</td>
</tr>
<tr>
<td>Workers' Compensation</td>
<td>560,000</td>
<td>560,000</td>
</tr>
</tbody>
</table>

(a) $642,000 each year is for health insurance rate review staffing.

(b) $412,000 each year is for actuarial work to prepare for implementation of principle-based reserves.

(c) $30,000 in fiscal year 2022 is to pay for two years of membership dues for Minnesota to the National Conference of Insurance Legislators.

(d) $425,000 each year is 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.
Subd. 9. Mandated Health Benefit Proposals

Evaluation

$105,000 each year is to evaluate legislation for new mandated health benefits under Minnesota Statutes, section 62J.26, as amended by article 3.

Subd. 10. Continuation of State Innovation Waiver

$155,000 in fiscal year 2022 is to prepare and submit an application for continuance of the state innovation waiver pursuant to article 4, section 2.

Sec. 3. DEPARTMENT OF EDUCATION

Subdivision 1. Transfer

$300,000 in fiscal year 2022 is transferred from the consumer education account in the special revenue fund to the general fund.

Subd. 2. Appropriation

(a) $150,000 in fiscal year 2022 and $150,000 in fiscal year 2023 are for grants to the Minnesota Council on Economic Education. This is a onetime appropriation.

(b) The funds under paragraph (a) must be used by the council to:

(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 their work relates to activities in clauses (1) and (2).

(c) 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 its 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.

(d) 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.

Sec. 4. MINNESOTA MANAGEMENT AND
BUDGET $ 49,000 $ 49,000

$49,000 each year is for consultation with the
commissioner of commerce to evaluate
legislation for new mandated health benefits
under Minnesota Statutes, section 62J.26, as
amended by article 3.

Sec. 5. DEPARTMENT OF HEALTH $ 37,000 $ 37,000

$37,000 each year is for consultation with the
commissioner of commerce to evaluate
legislation for new mandated health benefits
under Minnesota Statutes, section 62J.26, as
amended by article 3.

Sec. 6. PUBLIC UTILITIES COMMISSION $ 7,793,000 $ 7,793,000

(a) $21,000 each year is to process utility
applications to install equipment crossing a
railroad right-of-way.

(b) $300,000 each year is the enhance the
commision's decision-making capability.

Sec. 7. TRANSFER.

The commissioner of management and budget shall transfer $150,000,000 in fiscal year
2023 from the general fund to the premium security plan account in Minnesota Statutes,
section 62E.25, subdivision 1. This is a onetime transfer.

Sec. 8. 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.
ARTICLE 2

RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. RENEWABLE DEVELOPMENT FINANCE.

(a) 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 renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, 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.

(b) If an appropriation in this article is enacted more than once in the 2021 regular or special legislative session, the appropriation must be given effect only once.

### APPROPRIATIONS

<table>
<thead>
<tr>
<th>Available for the Year</th>
<th>Ending June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>2023</td>
</tr>
</tbody>
</table>

Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

(a) Clean Energy Career Training Pilot

Project. $2,500,000 the first year is for a grant to Northgate Development, LLC, for a pilot project to provide training pathways into careers in the clean energy sector for students and young adults in underserved communities. 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 individuals with low incomes.

(b) The pilot project must provide skills training relevant to the design, construction, operation, or maintenance of:
(1) systems producing renewable solar or wind energy;

(2) systems resulting in improvements in energy efficiency as defined in Minnesota Statutes, section 216B.241, subdivision 1;

(3) systems of energy storage for renewable energy systems, 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 usage or shift demand to off-peak periods.

(c) Training must be designed to create pathways to a postsecondary degree or industry certification related to the fields in paragraph (b) and then to stable career employment at a living wage.

(d) 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.

(e) By January 15, 2023, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development on the results of the pilot program, including but not limited to information on use of grant funds and program outcomes.

(f) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 the first year is 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
and any amount unexpended by June 30, 2022,
must be returned to the renewable
development account under Minnesota
Statutes, section 116C.779, subdivision 1.

Sec. 3. DEPARTMENT OF COMMERCE

Subdivision 1. Total Appropriation

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

Subd. 2. Final "Made In Minnesota" solar
energy production program administration

$21,155,000 the first year is appropriated from
the renewable development account in the
special revenue fund established under
Minnesota Statutes, section 116C.779,
subdivision 1, to make the final payments for
the remaining program obligations under the
"Made in Minnesota" solar energy production
incentive program in Minnesota Statutes,
section 216C.417. Of this amount, $100,000
the first year is to administer the final
payments for the program. Any remaining
unspent funds at the end of fiscal year 2025
cancel to the renewable development account.

Subd. 3. Solar for Schools

$8,000,000 the first year is for the solar for
schools program under Minnesota Statutes,
section 216C.376. Any unobligated amount
of this appropriation remaining on June 30, 2026, is canceled to the renewable development account.

### Subd. 4. Wood Pellet Production Incentive

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $3,750,000 each year is for wood pellet manufacturing incentives under Minnesota Statutes, section 216B.2428. Any unobligated amount of this appropriation remaining on June 30, 2023, is canceled to the renewable development account.

#### Sec. 4. UNIVERSITY OF MINNESOTA

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $10,000,000 the first year is to the Board of Regents of the University of Minnesota, West Central Research and Outreach Center, for the purpose of leading research, development, and advancement of energy storage systems that utilize hydrogen and ammonia production from renewables and other sources of clean energy. This is a onetime appropriation and any amount unexpended by June 30, 2025, must be returned to the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1.

#### Sec. 5. DEPARTMENT OF ADMINISTRATION

Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), $5,000,000 the first year is for deposit in the state building energy conservation improvement account established in Minnesota Statutes, section 16B.86, for the purpose of...
providing loans to state agencies for energy conservation projects under Minnesota Statutes, section 16B.87.

Sec. 6. CANCELLATION; FISCAL YEAR 2021.

The fiscal year 2021 appropriation under Laws 2019, First Special Session chapter 7, article 1, section 6, subdivision 7, paragraph (d), is canceled.

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

ARTICLE 3

MANDATED HEALTH BENEFIT PROPOSALS EVALUATION

Section 1. Minnesota Statutes 2020, section 62J.03, subdivision 4, is amended to read:

Subd. 4. Commissioner. "Commissioner" means the commissioner of health, unless another commissioner is specified.

Sec. 2. Minnesota Statutes 2020, section 62J.26, subdivision 1, is amended to read:

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given unless the context otherwise requires:

(1) "commissioner" means the commissioner of commerce;

(2) "enrollee" has the meaning given in section 62Q.01, subdivision 2b;

(3) "health plan" means a health plan as defined in section 62A.011, subdivision 3, but includes coverage listed in clauses (7) and (10) of that definition;

(4) "mandated health benefit proposal" or "proposal" means a proposal that would statutorily require a health plan company to do the following:

(i) provide coverage or increase the amount of coverage for the treatment of a particular disease, condition, or other health care need;

(ii) provide coverage or increase the amount of coverage of a particular type of health care treatment or service or of equipment, supplies, or drugs used in connection with a health care treatment or service; or

(iii) provide coverage for care delivered by a specific type of provider;

(iv) require a particular benefit design or impose conditions on cost-sharing for:

(A) the treatment of a particular disease, condition, or other health care need;
(B) a particular type of health care treatment or service; or

(C) the provision of medical equipment, supplies, or a prescription drug used in connection with treating a particular disease, condition, or other health care need; or

(v) impose limits or conditions on a contract between a health plan company and a health care provider.

"Mandated health benefit proposal" does not include health benefit proposals amending the scope of practice of a licensed health care professional.

Sec. 3. Minnesota Statutes 2020, section 62J.26, subdivision 2, is amended to read:

Subd. 2. Evaluation process and content. (a) The commissioner, in consultation with the commissioners of health and management and budget, must evaluate mandated health benefit proposals as provided under subdivision 3.

(b) The purpose of the evaluation is to provide the legislature with a complete and timely analysis of all ramifications of any mandated health benefit proposal. The evaluation must include, in addition to other relevant information, the following to the extent applicable:

(1) scientific and medical information on the mandated health benefit proposal, on the potential for harm or benefit to the patient, and on the comparative benefit or harm from alternative forms of treatment, and must include the results of at least one professionally accepted and controlled trial comparing the medical consequences of the proposed therapy, alternative therapy, and no therapy;

(2) public health, economic, and fiscal impacts of the mandated health benefit proposal on persons receiving health services in Minnesota, on the relative cost-effectiveness of the benefit proposal, and on the health care system in general;

(3) the extent to which the treatment, service, equipment, or drug is generally utilized by a significant portion of the population;

(4) the extent to which insurance coverage for the mandated benefit proposal is already generally available;

(5) the extent to which the mandated health benefit proposal, by payer category, would apply to the benefits offered to the payer's enrollees;

(5) (6) the extent to which the mandated health benefit proposal will increase or decrease the cost of the treatment, service, equipment, or drug; and
(7) the extent to which the mandated health benefit proposal may increase enrollee premiums; and

(8) if the proposal applies to a qualified health plan as defined in section 62A.011, subdivision 7, the cost to the state to defray the cost of the mandated health benefit proposal using commercial market reimbursement rates in accordance with Code of Federal Regulations, title 45, section 155.70.

(c) The commissioner may consider actuarial analysis done by health insurers plan companies and any other proponent or opponent of the mandated health benefit proposal in determining the cost of the proposed mandated benefit proposal.

(d) The commissioner must summarize the nature and quality of available information on these issues, and, if possible, must provide preliminary information to the public. The commissioner may conduct research on these issues or may determine that existing research is sufficient to meet the informational needs of the legislature. The commissioner may seek the assistance and advice of researchers, community leaders, or other persons or organizations with relevant expertise.

Sec. 4. Minnesota Statutes 2020, section 62J.26, subdivision 3, is amended to read:

Subd. 3. Requests Requirements for evaluation. (a) Whenever a legislative measure containing a mandated health benefit proposal is introduced as a bill or offered as an amendment to a bill, or is likely to be introduced as a bill or offered as an amendment, a No later than August 1 of the year preceding the legislative session in which a legislator is planning on introducing a bill containing a mandated health benefit proposal, or is planning on offering an amendment to a bill that adds a mandated health benefit, the prospective author must notify the chair of one of the standing legislative committees that have jurisdiction over the subject matter of the proposal. Once notification is received, the chair of any standing legislative committee that has jurisdiction over the subject matter of the proposal may request that the commissioner complete an evaluation of the a mandated health benefit proposal under this section, to is required to be completed in accordance with this section in order to inform any committee of floor the legislature before any action is taken on the proposal by either house of the legislature.

(b) The commissioner must conduct an evaluation described in subdivision 2 of each mandated health benefit proposal for which an evaluation is required under paragraph (a), unless the commissioner determines under paragraph (c) or subdivision 4 that priorities and resources do not permit its evaluation.
(c) If requests for the evaluation of multiple proposals are received, the commissioner must consult with the chairs of the standing legislative committees having jurisdiction over the subject matter of the mandated health benefit proposals to prioritize the requests and establish a reporting date for each proposal to be evaluated. The commissioner is not required to direct an unreasonable quantity of the commissioner's resources to these evaluations.

Sec. 5. Minnesota Statutes 2020, section 62J.26, subdivision 4, is amended to read:

Subd. 4. Sources of funding. (a) The commissioner shall not use any funds for purposes of this section other than as provided in this subdivision or as specified in an appropriation.

(b) The commissioner may seek and accept funding from sources other than the state to pay for evaluations under this section to supplement or replace state appropriations. Any money received under this paragraph must be deposited in the state treasury, credited to a separate account for this purpose in the special revenue fund, and is appropriated to the commissioner for purposes of this section.

(c) If a request for an evaluation has been made, the commissioner may use for purposes of the evaluation:

(1) any funds appropriated to the commissioner specifically for purposes of this section; or

(2) funds available under paragraph (b), if use of the funds for evaluation of that mandated health benefit proposal is consistent with any restrictions imposed by the source of the funds.

(d) The commissioner must ensure that the source of the funding has no influence on the process or outcome of the evaluation.

Sec. 6. Minnesota Statutes 2020, section 62J.26, subdivision 5, is amended to read:

Subd. 5. Report to legislature. The commissioner must submit a written report on the evaluation to the legislature author of the proposal and to the chairs and ranking minority members of the legislative committees with jurisdiction over health insurance policy and finance no later than 180 days after the request. The report must be submitted in compliance with sections 3.195 and 3.197 commissioner receives notification from a chair as required under subdivision 3.
MINNESOTA PREMIUM SECURITY PLAN

Sec. 15. MINNESOTA PREMIUM SECURITY PLAN FUNDING.

(a) The Minnesota Comprehensive Health Association shall fund the operational and administrative costs and reinsurance payments of the Minnesota security plan and association using the following amounts deposited in the premium security plan account in Minnesota Statutes, section 62E.25, subdivision 1, in the following order:

(1) any federal funding available;
(2) funds deposited under article 1, sections 12 and 13;
(3) any state funds from the health care access fund; and
(4) any state funds from the general fund.

(b) The association shall transfer from the premium security plan account any remaining state funds not used for the Minnesota premium security plan by June 30, 2023, to the commissioner of commerce. Any amount transferred to the commissioner of commerce shall be deposited in the health care access fund in Minnesota Statutes, section 16A.724.

(c) The Minnesota Comprehensive Health Association may not spend more than $271,000,000 for benefit year 2018 and not more than $271,000,000 for benefit year 2019 for the operational and administrative costs of, and reinsurance payments under, the Minnesota premium security plan.

Sec. 2. CONTINUATION OF STATE INNOVATION WAIVER.

Subdivision 1. Submission of waiver continuation application. The commissioner of commerce shall apply to the secretary of health and human services under United States Code, title 42, section 18052, for a continuation of the state innovation waiver previously granted to continue the Minnesota premium security plan for benefit years beginning January 1, 2023, and future years, to maximize federal funding. The waiver continuation application must clearly state that operation of the Minnesota premium security plan after the 2022 benefit year is contingent on approval of the waiver continuation request.
Subd. 2. Consultation. In preparing the waiver continuation application, the commissioner shall consult with the commissioner of human services, the commissioner of health, and the MNsure board.

Subd. 3. Application timelines; notification. The commissioner shall submit the waiver continuation application to the secretary of health and human services on or before June 15, 2021. The commissioner shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services and insurance, and the board of directors of the Minnesota Comprehensive Health Association, of any federal actions regarding the waiver continuation application.

Subd. 4. Minnesota premium security plan administration. (a) The Minnesota Comprehensive Health Association must administer the Minnesota premium security plan through the 2022 benefit year.

(b) The Minnesota Comprehensive Health Association must administer the Minnesota premium security plan through the 2023 benefit year, provided that the waiver continuation application described in this section is granted.

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

ARTICLE 5
ENERGY POLICY

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 them.

(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 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 reduced operating costs or increased revenues, or both, for a state agency. The commission of administration shall make these loans in accordance with the Productivity State Building Energy Conservation Act, sections 16B.87 to 16B.89.

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 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; and

(6) 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. Priority
in granting awards shall be given to projects for state buildings located within the retail
electric service area of the public 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. 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
year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
to transfer under this paragraph.

(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.

(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.

(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.

(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).

(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.

(l) 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. Except as otherwise provided herein,
members of the advisory group shall be chosen by the public utility. The public utility may
design a request for proposal in conjunction with the advisory group. 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, potential benefit to Minnesota citizens and businesses and the
utility's ratepayers.

(m) The cost of acquiring the services of the independent third-party expert described
in paragraph (l) and any other costs incurred in administering the advisory group and its
actions as required by this section, not to exceed $150,000, shall be paid from funds withheld
by the public utility under paragraph (e).

(n) 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 commission. 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) (o).

(o) 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. 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.

(q) 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.

(o) The advisory group public utility 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.

(s) 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.

(t) 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.

(u) 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.

(v) 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.

(w) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

Sec. 4. Minnesota Statutes 2020, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. The owner of a solar
energy system installed before June 1, 2018, is eligible to receive a production incentive
under this section for any additional solar energy systems constructed at the same customer
location, provided that the aggregate capacity of all systems at the customer location does
not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development
account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must
be placed in a separate account for the purpose of the solar energy production incentive
program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020
remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) $10,000,000 in 2021; and
(2) $10,000,000 in 2022;
(3) $5,000,000 in 2023; and
(4) $5,000,000 in 2024.

(e) Funds allocated to the solar energy production incentive program that have not been
committed to a specific project at the end of a program year remain available to the solar
energy production incentive program.

(f) Any unspent amount remaining on January 1, 2023 2025, must be transferred to the
renewable development account.

(g) A solar energy system receiving a production incentive under this section must be
sized to less than 120 percent of the customer's on-site annual energy consumption when
combined with other distributed generation resources and subscriptions provided under
section 216B.1641 associated with the premise. The production incentive must be paid for
ten years commencing with the commissioning of the system.

(h) The utility must file a plan to operate the program with the commissioner of
commerce. The utility may not operate the program until it is approved by the commissioner.
A change to the program to include projects up to a nameplate capacity of 40 kilowatts or
less does not require the utility to file a plan with the commissioner. Any plan approved by
the commissioner of commerce must not provide an increased incentive scale over prior
years unless the commissioner demonstrates that changes in the market for solar energy
facilities require an increase.
Sec. 5. 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, 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.
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.

Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a final report with the commission detailing the utility's progress in toward achieving the solar energy standard established under this subdivision.

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

Sec. 6. Minnesota Statutes 2020, section 216B.241, is amended by adding a subdivision to read:

Subd. 11. **Minnesota efficient technology accelerator.** (a) A nonprofit organization with extensive experience implementing energy efficiency programs in Minnesota and conducting efficient technology research in the state may file a proposal with the commissioner of commerce for a program to accelerate deployment and reduce the cost of emerging and innovative efficient technologies and approaches and lead to lower energy costs for Minnesota consumers. Activities of the accelerator shall include strategic initiatives with technology manufacturers to improve the efficiency and performance of their products, as well as with equipment installers and other key actors in the technology supply chain. Benefits of activities expected from the accelerator include cost effective energy savings for Minnesota utilities, bill savings for Minnesota utility consumers, enhanced employment opportunities in the state, and avoidance of greenhouse gas emissions.

(b) Prior to developing and filing a proposal, the nonprofit must submit to the commissioner of commerce a notice of intent to file a proposal under this subdivision describing the eligibility and qualifications of the nonprofit to file a proposal under this subdivision. The commissioner shall review the notice of intent and issue a determination of eligibility within 30 days if the commissioner finds that the nonprofit meets the qualifications required.

(c) Upon receiving the determination by the commissioner under paragraph (b), the nonprofit organization must engage with interested stakeholders on at least the following attributes required of a program proposal under this subdivision:

1. a proposed budget and operational guidelines for the accelerator;
2. a proposed energy savings attribution, evaluation, and allocation methodology that includes a method for calculating net benefits from activities under the program. Energy
savings and net benefits from activities under the program must be allocated to participating utilities and be considered when determining cost-effectiveness of achieved energy savings and related incentives;

(3) a process to ensure that the technologies that are selected for the program benefit electric and natural gas utility customers in proportion to the funds each utility sector contributes to the program and address residential, commercial, and industrial building energy use; and

(4) a process for identifying and tracking performance metrics for each technology selected against which progress can be measured, including one or more methods for evaluating cost-effectiveness.

(d) No earlier than January 1, 2023, the nonprofit may file a program proposal under this subdivision. The filing must describe how the proposal addresses each of the required attributes listed in paragraph (c), clauses (1) to (4), and how the proposal addresses the recommendations and concerns identified in the stakeholder engagement process required under paragraph (c).

(e) Within ten days of receiving the proposal, the commissioner shall provide public notice of the proposal and solicit feedback from interested parties for a period of not less than ten business days.

(f) Within 90 days of the filing of the proposal, the commissioner shall approve, modify, or reject a proposal under this subdivision. In making a determination, the commissioner must consider public comments, the expected costs and benefits of the program from the perspectives of ratepayers, the participating utilities, and society, and the expected costs and benefits relative to other energy conservation programming authorized under this section.

(g) A program under this section may not be implemented prior to January 1, 2024. The initial program term may be up to five years. At the request of the nonprofit, the commissioner may renew a program approved under paragraph (d) for up to five years at a time. The nonprofit shall submit to the commissioner a request to renew the program no later than 180 days prior to the end of the term of the program approved or renewed under this subdivision. When making a request to renew and determination on renewal, the nonprofit and commissioner shall follow the process established under this subdivision, except that a qualified nonprofit is not required to seek eligibility under paragraph (b).

(h) Upon approval, each public utility with over 30,000 customers shall participate in the program and contribute to the approved budget of the program in proportion to its gross operating revenue from sales of gas or electric service in the state, excluding revenues from...
large customer facilities exempted under subdivision 1a. No participating utility may be
required to contribute more than the following percentages of the utility's spending approved
by the commission in the plan filed under 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
thereafter. Other utilities may elect to participate in the accelerator program. 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 cover 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.

(i) The commissioner shall not approve more than one program for implementation at
a time under paragraphs (d) to (e) or (f). No more than one program approved under this
subdivision may be implemented or in operation at any given time.

(j) At least once during the term of a program that is approved or renewed, the
commissioner shall contract for an independent review of the program to determine if it
meets the objectives and requirements of this section and any criteria established by the
department as a condition of approval. The review may not be conducted by an entity or
person that acted as a stakeholder or interested party, or otherwise participated in the program
preparation, filing, or review process. Upon completion, the reviewer shall prepare a report
detailing findings and recommendations, and the commissioner must transmit a copy of the
report to the chairs and ranking minority members of the house of representatives and senate
committees with jurisdiction over energy policy. Funds required to conduct the review and
prepare the report shall be deducted from the total contribution amount under paragraph
(h).

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

Sec. 7. 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. As a part
of a resource plan filing, a utility that has scheduled the retirement of an electric generating
facility located in Minnesota must include in the filing a narrative identifying and describing
the utility's plan and efforts made to date to work with the utility's workers represented by an exclusive representative 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 benefits;
(5) identify and maximize 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 its rates as a result of efforts made under this subdivision to minimize impacts to workers.

Sec. 8. 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 on January 1, 2023, and ending on 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. 9. 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 21, 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:

1. 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:

   (i) 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 accomplished 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, modify, or reject a proposed electrification project
that meets the requirements of this subdivision if it finds the electrification project is 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 sources 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 through 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) Except as provided in paragraph (a), the commission is prohibited from approving a power purchase agreement after the agreement period unless it approves an electrification project. Nothing in this section shall require 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. 10. [216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and the lifecycle carbon accounting framework and cost-benefit test for innovative resources issued by the commission, the terms defined in this subdivision have the meanings given.

(b) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture and utilization, strategic electrification, district energy, and energy efficiency.
(c) "Biogas" means gas created by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

(d) "Carbon capture and utilization" means the capture of greenhouse gases that would otherwise be released into the atmosphere and the use of those gases to create industrial or commercial products for sale.

(e) "Carbon-free resource" means an electricity generation facility that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(f) "District energy" means a network of hot- and cold-water pipes used to provide thermal energy to multiple buildings.

(g) "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 the natural gas utility's conservation improvement program.

(h) "Lifecycle greenhouse gas emissions" means the emissions of an energy resource associated with the production, processing, transmission, and consumption of energy associated with the resource.

(i) "Natural gas utility" means a public utility as defined in section 216B.02, subdivision 4, that provides natural gas sales or transportation services to customers in Minnesota.

(j) "Power-to-ammonia" means the creation of ammonia from hydrogen created via power-to-hydrogen using a process that has lower lifecycle greenhouse gas intensity than conventional geologic natural gas.

(k) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to create hydrogen.

(l) "Renewable natural gas" means biogas that has been processed to be interchangeable with conventional natural gas and has lower lifecycle greenhouse gas intensity than conventional geologic natural gas.

(m) "Strategic electrification" means the installation of electric end-use equipment where natural gas is a primary or back-up fuel source provided that installation (1) will result in a net reduction in statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the life of the equipment as compared to the most efficient commercially available natural gas alternative, and (2) is installed and operated in a manner that improves the customer's electric utility's load factor. Electric end-use equipment installed pursuant
to this section is the exclusive property of the building owner. Strategic electrification does not include investments that the commissioner determines could be reasonably included in the natural gas utility's conservation improvement program pursuant to section 216B.241. Strategic electrification approved pursuant to this section is not eligible for a financial incentive pursuant to section 216B.241, subdivision 2c.

(n) "Total incremental cost" means the sum of:

1. return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources included in a utility innovation plan approved pursuant to subdivision 2;

2. incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources included in a utility innovation plan approved under subdivision 2;

3. the incremental cost to procure innovative resources from third parties;

4. the incremental costs to develop and administer programs included in a utility innovation plan; and

5. incremental costs for research and development related to innovative resources approved pursuant to subdivision 2, less the sum of:

   i. any value received by the natural gas utility upon the resale of the innovative resources or their byproducts, including any environmental credits included with the resale of renewable gaseous fuels or value received by the natural gas utility when innovative resources are used as vehicle fuel;

   ii. any cost savings achieved through avoidance of conventional natural gas purchases, including but not limited to any avoided commodity purchases or avoided pipeline costs; and

   iii. any other revenues received by the utility that are directly attributable to the utility's implementation of an innovation plan.

Subd. 2. **Innovation plans.** (a) A natural gas utility may file an innovation plan with the commission. The utility's recommended plan must describe or include, as applicable, the following components:

1. the recommended innovative resource or resources the utility plans to implement to advance the state's goals 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) any recommended research and development investments related to innovative
resources the utility plans to undertake as part of the plan;

(3) the total lifecycle greenhouse gas emissions that the natural gas utility expects to
reduce or avoid pursuant to the plan;

(4) the natural gas utility's estimate of how emissions expected to be avoided or reduced
compare to total emissions from natural gas use by its customers in 2020;

(5) any pilot program proposed by the natural gas utility related to the development or
provision of innovative resources, including an estimate of the total incremental costs to
implement the pilot program;

(6) the cost effectiveness of innovative resources proposed from the perspective of the
natural gas utility, society, the utility's nonparticipating customers, and participating
customers as compared to other innovative resources that could be deployed to reduce or
avoid the same greenhouse gas emissions targeted by the utility's proposed resource;

(7) for any pilot not previously approved as part of the utility's most recent innovation
plan, a third-party analysis of the lifecycle greenhouse gas intensity of any innovative
resources proposed to be included in the pilot;

(8) for any proposed pilot not previously approved as part of the utility's most recent
innovation plan, a third-party analysis of the forecasted lifecycle greenhouse gas emissions
reductions achieved or the lifecycle greenhouse gas emissions reduced or avoided if the
proposed pilot is implemented;

(9) an explanation of how the utility calculated the lifecycle greenhouse gas emissions
avoided or reduced by each pilot including descriptions of how the utility's method deviated,
if at all, from the carbon accounting frameworks established by the commission;

(10) whether the recommended 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 so, a description of where those benefits
will be realized;

(11) a description of third-party systems and processes the utility plans to use to:

(i) track the proposed innovative resources included in the plan so that environmental
benefits are used only for this plan and not claimed for any other program; and
(ii) verify the environmental attributes and greenhouse gas intensity of proposed
innovative resources included in the plan;

(12) a description of known local job impacts and the steps the utility and its energy
suppliers and contractors are taking to maximize the availability of construction employment
opportunities for local workers;

(13) a description of how the utility proposes to recover annual total incremental costs
and any steps the utility has taken or proposes to take to reduce the expected cost impact
on low- and moderate-income residential customers;

(14) any steps the utility has taken or proposes to take to ensure that low- and moderate-
income residential customers will benefit from innovative resources included in the plan;

(15) a report on the utility's progress toward implementing the approved proposals
contained in its previously approved innovation plan, if applicable; and

(16) a report of the utility's progress toward achieving the cost-effectiveness objectives
established upon approval of its previously approved innovation plan, if applicable.

(b) Along with its recommended plan, the natural gas utility must provide forecasted
total incremental costs and lifecycle greenhouse gas emissions for:

(1) a set of pilots that the utility estimates would provide approximately half of the
greenhouse gas reduction or avoidance benefits of the utility's preferred plan;

(2) a set of pilots that the utility estimates would provide approximately one and a half
times the greenhouse gas reduction or avoidance benefits of the utility's preferred plan; and

(3) a set of pilots that the utility estimates would provide approximately twice the
greenhouse gas reduction or avoidance benefits of the utility's preferred plan.

(c) In deciding whether to approve, modify, or deny a plan, the commission may not
approve an innovation plan unless it finds that:

(1) the size, scope, and scale of the plan and the incremental total cost of the plan will
result in net benefits under the cost-benefit framework established by the commission;

(2) the plan will promote the use of renewable energy resources and reduce or avoid
greenhouse gas emissions at a cost level consistent with subdivision 3;

(3) the plan will promote local economic development;

(4) the innovative resources included in the plan have a lower lifecycle greenhouse gas
intensity than conventional geologic natural gas.
(5) reasonable systems will be used to track and verify the environmental attributes of
the innovative resources included in the plan, taking into account any third-party tracking
or verification systems available;

(6) the costs and revenues expected to be incurred pursuant to the plan are reasonable
in comparison to other innovative resources the utility could deploy to address greenhouse
gas emissions and considering other benefits of the innovative resources included in the
plan;

(7) the costs and revenues expected to be incurred for any energy efficiency, district
energy, or strategic electrification measures included in the plan are reasonable in comparison
to the costs of renewable natural gas, biogas, hydrogen produced via power-to-hydrogen,
or ammonia produced via power-to-ammonia resources that the utility could deploy to
address greenhouse gas emissions;

(8) the total amount of estimated greenhouse gas reduction or avoidance to be achieved
is reasonable considering the state's goals established in section 216C.05, subdivision 2,
clause (3), and section 216H.02, subdivision 1, customer cost, and the total amount of
greenhouse gas reduction or avoidance achieved under the natural gas utility's previously
approved plans, if applicable; and

(9) 50 percent or more of estimated costs included for recovery in the plan are for the
procurement and distribution of renewable natural gas, biogas, hydrogen produced via
power-to-hydrogen, or ammonia produced via power-to-ammonia.

(d) The utility bears the burden to prove the actual total incremental costs to implement
the approved innovation plan were reasonable. Prudently incurred costs incurred pursuant
to an approved plan and prudently incurred costs for obtaining 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 natural gas 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 the rate schedule are prudently
incurred. Annual adjustments shall include a rate of return, income taxes on the rate of
return, incremental property taxes, incremental depreciation expense, and incremental
operation and maintenance expense. The rate of return shall be at the level approved by the
commission in the natural gas utility’s last general rate case, unless the commission
determines that a different rate of return is in the public interest.

(e) Upon approval of a utility's plan, the commission shall establish plan cost-effectiveness
objectives based on the cost-benefit test for innovative resources. The cost-effectiveness
objective for each plan should demonstrate incremental progress from the previously
approved plan's cost-effectiveness objective.

(f) A natural gas utility with an approved plan must provide annual reports to the
commission regarding the work completed pursuant to the plan, including the costs incurred
under the plan and lifecycle greenhouse gas reduction or avoidance accomplished under
the plan; a description of the processes used to track, verify, and retire the innovative
resources and associated environmental attributes; an update on the lifecycle greenhouse
gas accounting methodology consistent with current science; an update on the economic
impact of the plan including job creation; and the utility's progress toward achieving the
cost-effectiveness objectives established by the commission on approval of the plan. As
part of the annual status report, the natural gas utility may propose modifications to pilot
programs in the plan. In evaluating a utility's annual report, the commission may:

(1) approve the continuation of a pilot program, with or without modifications;
(2) require the utility to file a new or modified plan to account for changed circumstances;
or
(3) disapprove the continuation of a pilot program.

(g) Each innovation plan shall be in effect for five years. Once a natural gas utility has
an approved innovation plan, it must file a new innovation plan within four years for
implementation at the end of the prior five-year plan period.

(h) A utility may file an innovation plan at any time after this section becomes effective.

(i) For purposes of this section, and the commission's lifecycle carbon accounting
framework and cost-benefit test for innovative resources, whenever an analysis or estimate
of lifecycle greenhouse gas emissions reductions, lifecycle greenhouse gas avoidance, or
lifecycle greenhouse gas intensity is required, the analysis will include, but not be limited
to, as applicable:

(1) avoided or reduced emissions attributable to utility operations;
(2) avoided or reduced emissions from the production, processing, and transmission of
fuels prior to receipt by the utility; and
avoided or reduced emissions at the point of end use, but in no event shall the analysis count any one unit of greenhouse gas emissions avoidance or reduction more than once.

The analysis or estimate may rely on emissions factors, default values, or engineering estimates from a publicly accessible source accepted by a federal or state government agency, where direct measurement is not technically or economically feasible, if such emissions factors, default values, or engineering estimates can be demonstrated to produce a reasonable estimate of greenhouse gas emissions reductions, avoidance, or intensity.

Subd. 3. Limitations on utility customer costs. (a) The first innovation plan submitted to the commission by a natural gas utility may not propose, and the commission may not approve, recovery of annual total incremental costs exceeding the lesser of (1) one and three quarters percent of the natural gas utility's gross operating revenues from service provided in the state 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. Notwithstanding this limitation, the commission may approve additional annual recovery of up to the lesser of (1) an additional quarter of one percent of the natural gas utility's gross operating revenues from service provided in the state at the time of plan filing for recovery, 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 for the purchase of renewable natural gas produced from:

(i) food waste diverted from a landfill;

(ii) community wastewater treatment; or

(iii) an organic mixture including at least 15 percent sustainably harvested native prairie grasses or locally appropriate cover crops selected in consultation with the local Soil and Water Conservation District or the United States Department of Agriculture, Natural Resources Conservation Service, by volume.

(b) Subsequent innovation plans submitted to the commission may not propose and the commission may not approve, recovery of annual total incremental costs exceeding the limits set forth in paragraph (a) unless the commission determines that the utility has successfully achieved the cost-effectiveness objectives established upon approval of a utility innovation plan under paragraph (a), in which case the utility may propose, and the commission may approve, recovery of annual total incremental costs of up to the lesser of (1) two and three quarters percent of the natural gas utility's gross operating revenues from service provided in the state at the time of plan filing, or (2) $35 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. Notwithstanding this limitation, the
commission may approve additional annual recovery of up to the lesser of (1) an additional
three quarters of one percent of the natural gas utility's gross operating revenues from service
provided in the state at the time of plan filing for recovery, or (2) $10 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 for the
purchase of renewable natural gas produced from:

   (i) food waste diverted from a landfill;

   (ii) community wastewater treatment; or

   (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
grasses or locally appropriate cover crops selected in consultation with the local Soil and
Water Conservation District or the United States Department of Agriculture, Natural
Resources Conservation Service, by volume.

(c) Subsequent innovation plans submitted to the commission may not propose, and the
commission may not approve, recovery of total incremental costs exceeding the limits set
forth in paragraph (b) unless the commission determines that the utility has successfully
achieved the cost-effectiveness objectives established upon approval of a utility innovation
plan under paragraph (b), in which case the utility may propose, and the commission may
approve, recovery of annual total incremental costs of up to the lesser of (1) four percent
of the natural gas utility's gross operating revenues from service provided in the state at the
time of plan filing, or (2) $50 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. Notwithstanding this limitation, the commission may approve additional annual
recovery of up to the lesser of (1) an additional one and one-half percent of the natural gas
utility's gross operating revenues from service provided in the state at the time of plan filing
for recovery, 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 of incremental costs for the purchase of renewable natural gas produced from:

   (i) food waste diverted from a landfill;

   (ii) community wastewater treatment; or

   (iii) an organic mixture including at least 15 percent sustainably harvested native prairie
grasses or locally appropriate cover crops selected in consultation with the local Soil and
Water Conservation District or the United States Department of Agriculture, Natural
Resources Conservation Service, by volume.

(d) A large customer facility that has been exempted by the commissioner of commerce
from a utility's conservation improvement program under section 216B.241, subdivision
1a, paragraph (b), shall be exempt from the utility's innovation plan offerings and shall not
bear 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 exempted from innovation plan costs
from participating in innovation plan pilots. For purposes of this subdivision, "gross operating
revenues" do not include revenues from large customer facilities exempted from innovation
plan costs.

c) A natural gas utility filing an innovation plan may also include spending and
investments annually up to ten percent of the proposed total incremental costs related to
innovative plan pilots, subject to the limitations in paragraphs (a), (b), and (c).

Subd. 4. Innovative resources procured outside of an innovation plan. 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 conventional natural gas at
the time of the transaction per unit of fossil natural gas that the innovative resource will
displace.

An approved green-tariff program must include provisions to ensure reasonable systems
are used to track and verify the environmental attributes of innovative resources included
in the program, taking into account any third-party tracking or verification systems available.

Subd. 5. Thermal energy leadership challenge. The first innovation plan filed by a
natural gas utility with more than 800,000 customers must include a pilot thermal energy
leadership challenge for small- and medium-sized businesses. The pilot program must
provide small- and medium-sized businesses with thermal energy audits to identify
opportunities to reduce or avoid greenhouse gas emissions from natural gas use, and provide
incentives for businesses to follow through with audit recommendations. The utility must
develop criteria to identify businesses that take meaningful steps to follow through on audit recommendations and recognize qualifying businesses as thermal energy leaders.

Subd. 6. **Innovative resources for very high-heat industrial processes.** The first innovation plan filed by a natural gas utility with more than 800,000 customers must include a pilot program that will provide innovative resources for hard-to-electrify industrial processes. A large customer facility exempt from innovation plan offerings under subdivision 3, paragraph (e), shall not be eligible to participate in this pilot.

Subd. 7. **Electric cold climate air-source heat pumps.** (a) The first innovation plan filed by a natural gas 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 with natural gas backups 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 the 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 project, as defined in section 216B.2411.

**EFFECTIVE DATE.** This section is effective June 1, 2022.

Sec. 11. [216B.2428] **WOOD PELLET PRODUCTION INCENTIVE.**

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

(b) "Forest residue" means unused portions of harvested trees and materials from diseased, distressed, or burned trees that are processed into chips or sawdust in the field near the forested area from which the tree or tree material is supplied.

(c) "Residual materials" means forest and wood mill residue.

(d) "Wood mill residue" means wood residue generated at a manufacturing plant that processes harvested trees into products, including but not limited to lumber and sheathing, that are suitable for processing into chips or sawdust.

(e) "Wood pellets" means a pellet manufactured from forest and wood mill residuals that is burned to produce heat or electricity.
Subd. 2. Eligible facility. (a) To be eligible for payments under this section, a facility must:

1. be located in Minnesota;
2. dry and process residual materials from Minnesota forests and sawmills into wood pellets;
3. begin construction no later than December 31, 2022;
4. produce at least 50,000 metric tons of wood pellets annually; and
5. certify that all contractors and subcontractors pay employees constructing the facility no less than the prevailing wage rate, as defined in section 177.42.

(b) An eligible facility is prohibited from transferring eligibility for payments under this section to a facility at a different location.

(c) An eligible facility that ceases production for any reason is prohibited from receiving payments under this section until the eligible facility resumes production.

(d) Payments under this section may be made to no more than two eligible facilities. Payments must be made to eligible facilities on a first-come, first-served basis.

Subd. 3. Forest residue; requirements. (a) Forest residue harvested from land parcels larger than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System as being harvested from sustainably managed forests.

(b) Forest residue not certified under paragraph (a) must be harvested under a forest stewardship plan by a logger certified as a qualified logging professional by the Minnesota logger education program, or an equivalent certification by an independent third-party organization that teaches sustainable harvesting practices to loggers.

Subd. 4. Payment; process. (a) The commissioner must make payments under this section to an eligible facility as provided in this subdivision.

(b) By the last day of January, April, July, and October, each eligible facility must file a claim for payment for wood pellets produced by the eligible facility during the preceding three calendar months. The claim must be filed with the commissioner on a form developed by the commissioner.

(c) A claim submitted under this section must include documentation and verification by an independent third party that, with respect to an eligible facility’s claim filed under this subdivision:
(1) the conditions of subdivision 3 have been met; and

(2) the amount of wood pellets, expressed in metric tons, that the eligible facility claims
to have produced during the quarter is accurate.

(d) No later than February 15, May 15, August 15, and November 15, the commissioner
must issue payments under this section for the applicable quarter to an eligible facility that
filed a quarterly claim approved by the commissioner.

Subd. 5. Payment amount; limitation. (a) The commissioner must pay an eligible
facility $25 per metric ton of wood pellets produced, subject to the limitations provided
under this subdivision.

(b) An eligible facility must not be paid more than $3,750,000 in a calendar year under
this section, irrespective of the number of metric tons of wood pellets produced in a calendar
year.

(c) An eligible facility may receive payments under this section for no more than ten
years.

(d) A payment must not be made under this section after June 30, 2033.

Sec. 12. Minnesota Statutes 2020, section 216B.243, subdivision 3b, is amended to read:

Subd. 3b. Nuclear power plant; new construction prohibited; relicensing Additional
storage of spent nuclear fuel. (a) The commission may not issue a certificate of need for
the construction of a new nuclear-powered electric generating plant.

(b) Any certificate of need for additional storage of spent nuclear fuel for a facility
seeking a license extension shall address the impacts of continued operations over the period
for which approval is sought.

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

Sec. 13. 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, 2023.

Sec. 14. [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 them.

(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 provide grants to stimulate the
installation of solar energy systems on or adjacent to school buildings by reducing the cost,
and to 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 may be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.
(b) Grant awards made with funds 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 public 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 within 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 public 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 public 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
is installed. The commissioner may make recommendations to the school regarding
cost-effective conservation measures it can implement and may provide technical assistance
and direct the school to available financial assistance programs.

49.4 Subd. 8. Technical assistance. The commissioner must provide technical assistance to
schools to develop and execute projects under this section.

49.6 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.

49.10 Subd. 10. Application deadline. No application may be submitted under this section
after December 31, 2025.

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

49.13 Sec. 15. [216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY
SERVICE TERRITORY.

49.15 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 allow schools to benefit from state and federal tax and other financial
incentives that schools are ineligible to receive directly in order to enable schools to install
and operate solar energy systems that can be used as teaching tools and integrated into the
school curriculum.

49.21 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 but is not
limited to the following elements:

49.24 (1) a description of how the public utility uses incentive funds appropriated to the program
from the renewable development account to provide additional financial assistance to schools
at which a solar energy system is installed;

49.27 (2) an estimate of the amount of financial assistance that the public utility provides to a
school under clause (1), and the length of time financial assistance is provided;

49.31 (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 must approve
a plan under this subdivision that the commissioner determines to be in the public interest
no later than December 31, 2021. 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 it 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,
may 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 under subdivision 5 are allocated to program participants, including
funds from canceled projects.

Subd. 5. 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.

(b) The renewable energy credits associated with the electricity generated by a solar
energy system installed under this section are the property of the public utility that is subject
to this section for the life of the system, regardless of the solar on school incentive's duration.
Subd. 6. Limitation. (a) No more than 75 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. 7. Technical assistance. The commissioner may provide technical assistance to schools to develop and execute projects under this section.

Subd. 8. 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. 16. PUBLIC UTILITIES COMMISSION LIFECYCLE CARBON ACCOUNTING FRAMEWORK AND COST-BENEFIT TEST FOR INNOVATIVE RESOURCES.

By June 1, 2022, the Public Utilities Commission shall issue by order frameworks for the calculation of lifecycle carbon intensities of each innovative resource for natural gas utilities as follows:

1. a general framework for the comparison of power-to-hydrogen, strategic electrification, renewable natural gas, district energy, energy efficiency, biogas, carbon capture, and power-ammonia according to their lifecycle greenhouse gas intensities; and

2. a cost-benefit analytic framework to be applied to innovative resources and innovation plans filed pursuant to section 216B.2427, that the commission will use to compare the cost-effectiveness of those resources and plans. This analytic framework shall take into account:

   i. the total incremental cost of the plan or resource that would be evaluated under the framework and the lifecycle greenhouse gas emissions avoided or reduced by the innovative resource or plan, using the framework developed under clause (1);

   ii. any important 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. In establishing the baseline criteria, the commission shall take into account the options available for reducing 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 shall be consistent with environmental cost values established pursuant to section 216B.2422, subdivision 3, and other calculation of the social value of greenhouse gas emissions reduction.

The commission may update frameworks established under this section as necessary.

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

**Sec. 17. BIOMASS BUSINESS COMPENSATION.**

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

(b) "Biomass plant" means the biomass plant identified under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (f).

(c) "Early termination" means the early termination of the power purchase agreement authorized under Minnesota Statutes, section 216B.2424, subdivision 9, with the biomass plant.

(d) "Operating income" means a business's revenue minus its operating expenses.

Subd. 2. **Office of Administrative Hearings; claims process.** (a) The chief administrative law judge of the Office of Administrative Hearings must assign an administrative law judge to administer a claims award process to compensate businesses negatively affected by the early termination. The chief administrative law judge may develop a process, prescribe forms, identify documentation affected businesses must submit with claims, and issue awards to eligible businesses consistent with this section. The process must allow, but not require, an authorized representative from each business that applies for compensation to appear in person before the assigned administrative law judge to provide evidence in support of the business's claim.

(b) The chief administrative law judge may contract with and use the services of financial or other consultants to examine financial documentation presented by claimants or otherwise assist in the evaluation and award of claims.

(c) Records submitted to the Office of Administrative Hearings as part of the claims process constitute business data under Minnesota Statutes, section 13.591.
An award made under this section is final and is not subject to judicial review.

An award made under this section does not constitute an admission of liability by the state for any damages or other losses suffered by a business affected by the early termination.

Subd. 3. Eligibility. To be eligible for an award of compensation, an affected business must meet the following criteria:

(1) as of May 1, 2017, the affected business was operating under the terms of a valid written contract, or an oral contract that is sufficiently supported by business records, with the company operating the biomass plant or the fertilizer plant integrated with the biomass plant to supply or manage material for, or receive material from, the biomass plant or the fertilizer plant integrated with the biomass plant;

(2) the affected business is located in the state; and

(3) as the result of the early termination, the affected business suffered:

(i) decreased operating income; or

(ii) the loss of value of investments in real or personal property essential to its business operations with the biomass plant.

Subd. 4. Types of claims. (a) An eligible business may make claims for a compensation award based on either or both:

(1) decreased operating income; or

(2) the loss of value of investments in real or personal property essential to its business operations with the biomass plant.

(b) To establish and quantify a claim for decreased operating income, an eligible business must:

(1) demonstrate its operating income over the past five years derived from supplying or managing material for, or receiving material from, the biomass plant;

(2) present evidence of any alternative business opportunities it has pursued or could pursue to mitigate the loss of revenue from the termination of its contract with the biomass plant; and

(3) demonstrate the amount that the business's annual operating income, including operating income from any alternative business opportunities, after the termination of the
business's contract with the biomass plant is less than the five-year average of the business's annual operating income before the early termination.

(c) To establish and quantify a loss of value of investments in real or personal property claim, an eligible business must provide sufficient evidence of:

1. the essential nature of the investment made in the property to fulfill the contract with the biomass plant;
2. the extent to which the eligible business is able to repurpose the property for another productive use after the early termination, including but not limited to the use, sales, salvage, or scrap value of the property for which the loss is claimed; and
3. the value of the eligible business's nondepreciated investment in the property.

Subd. 5. Limitations on awards. (a) A compensation award for a decreased operating income claim must not exceed the amount calculated under subdivision 4, paragraph (b), clause (3), multiplied by two.

(b) The use, sales, salvage, or scrap value of the property for which a loss is claimed must be deducted from a compensation award for a loss of value of investments in real or personal property claim.

(c) A payment received from business interruption insurance policies, settlements, or other forms of compensation related to the termination of the business's contract with the biomass plant must be deducted from any compensation award provided under this section.

Subd. 6. Priority. The chief administrative law judge may give priority to claims by eligible businesses that demonstrate a significant effort to pursue alternative business opportunities or to conduct other loss mitigation efforts to reduce its claimed losses related to the termination of its contract with the company operating the biomass plant.

Subd. 7. Awarding claims. If the amount provided for compensation in the biomass business compensation account established under section 17 is insufficient to fully award all claims eligible for an award, all awards must be adjusted proportionally based on the value of the claim.

Subd. 8. Deadlines. The chief administrative law judge must make the application process for eligible claims available by August 1, 2021. A business seeking an award under this section must file all claims with the chief administrative law judge within 60 days of the date the chief administrative law judge makes the application process for eligible claims available. All preliminary awards on eligible claims must be made within 120 days of the deadline date to file claims. Any requests to reconsider an award denial must be filed with
the chief administrative law judge within 60 days of the notice date for preliminary awards. All final awards for eligible claims must be made within 60 days of the deadline date to file reconsideration requests. The commissioner of management and budget must pay all awarded claims within 45 days of the date the commissioner of management and budget receives notice of the final awards from the chief administrative law judge.


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

Sec. 18. BIOMASS BUSINESS COMPENSATION ACCOUNT.

Subdivision 1. Account established. A biomass business compensation account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account must be credited to the account. Earnings, such as interest, and any other earnings arising from the assets of the account are credited to the account. Funds remaining in the account as of December 31, 2023, must be transferred to the renewable development account established under Minnesota Statutes, section 116C.779.

Subd. 2. Funding for the special account. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), on July 1, 2021, $18,000,000, and on July 1, 2022, $18,000,000 must be transferred from the renewable development account under Minnesota Statutes, section 116C.779, to the biomass business compensation account established under subdivision 1. These are onetime transfers. The transferred funds are appropriated to pay eligible obligations under the biomass business compensation program established under section 16.

Subd. 3. Payment of expenses. The chief administrative law judge must certify to the commissioner of management and budget the total costs incurred to administer the biomass business compensation claims process. The commissioner of management and budget must transfer an amount equal to the certified costs incurred for biomass business compensation claim activities from the renewable development account under Minnesota Statutes, section 116C.779, and deposit it in the administrative hearings account under Minnesota Statutes, section 14.54. Transfers may occur quarterly throughout the fiscal year and must be based on quarterly cost and revenue reports, with final certification and reconciliation after each fiscal year. The total amount transferred under this subdivision must not exceed $200,000.

Subd. 4. Expiration. This section expires June 30, 2023.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 19. **REMAINING "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION PROGRAM INCENTIVE OBLIGATION.**

(a) On or before June 30, 2021, the commissioner of commerce must (1) determine the total remaining obligation for the "Made in Minnesota" solar energy production incentive program under Minnesota Statutes, section 216C.417, and (2) report the amount determined under clause (1) to the commissioner of management and budget and the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over energy policy.

(b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), the amount determined by the commissioner of commerce under paragraph (a) is appropriated in equal amounts over four consecutive years beginning in fiscal year 2022 from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (a), to the commissioner of commerce to make final payments for "Made in Minnesota" obligations.

(c) By October 15, 2021, the commissioner of commerce must pay the total remaining obligation for a "Made in Minnesota" solar energy production incentive approved by the commissioner under Minnesota Statutes 2016, section 216C.415, to an owner whose application was approved by the commissioner.

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

Sec. 20. **REPEALER.**

(a) Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9, is repealed.

(b) Minnesota Statutes 2020, section 216C.417, is repealed.

(c) Minnesota Statutes 2020, section 115C.13, is repealed.

**EFFECTIVE DATE.** Paragraphs (a) and (c) are effective the day following final enactment. Paragraph (b) is effective October 16, 2021.

**ARTICLE 6**

**TELECOMMUNICATIONS**

Section 1. Minnesota Statutes 2020, section 237.025, subdivision 6, is amended to read:

Subd. 6. **Market regulation and consumer protection.** (a) A local exchange carrier that has received approval from the commission to be regulated under this section in one
or more of its exchange service areas shall be subject to regulation in those approved
exchange service areas as a telecommunications carrier under section 237.035, and as a
competitive local exchange carrier under Minnesota Rules, parts 7811.2210 and 7812.2210,
as applicable. A local exchange carrier that has obtained approval for at least 90 percent of
the local exchange carrier's access lines may elect to have all of the local exchange carrier's
lines regulated under this section. Nothing in this section shall be construed to provide or
imply that a local exchange carrier regulated under this section is exempted from Minnesota
Statutes and Minnesota Rules applying to competitive local exchange carriers, including,
but not limited to:

- (1) sections 237.50 to 237.56;
- (2) sections 237.66, 237.661, 237.663, and 237.665;
- (3) sections 237.69 to 237.71; and
- (4) Minnesota Rules, chapter 7810.

(b) Regulation under this section is effective 30 days after a petition is deemed approved
under subdivision 3 or approved by the commission under subdivision 4.

Sec. 2. Minnesota Statutes 2020, section 237.025, subdivision 9, is amended to read:

Subd. 9. Obligation to serve. Nothing in this section affects the obligation of a local
exchange carrier that petitions the commission to be regulated under this section to provide
service to customers, when requested, in accordance with this chapter, commission rules,
and its duly authorized tariffs. A local exchange carrier that elects to be regulated under this
section is required to offer service throughout the local exchange carrier's service territory
to the extent required by federal law.
115C.13 REPEALER.


216C.417 PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVES.

Subdivision 1. General provisions. Payment of a "Made in Minnesota" solar energy production incentive to an owner whose application was approved by the commissioner of commerce under section 216C.415, by May 1, 2017, must be administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an owner whose application was approved by the commissioner after May 1, 2017.

Subd. 2. Appropriation. (a) Unspent money remaining in the account established under Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the renewable development account in the special revenue fund established under Minnesota Statutes, section 116C.779, subdivision 1.

(b) There is annually appropriated from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

(c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of this appropriation may be used for administrative costs.

Subd. 3. Eligibility window; payment duration. (a) Payments may be made under this subdivision only for solar photovoltaic module installations that meet the requirements of subdivision 1 and that first begin generating electricity between January 1, 2014, and October 31, 2018.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic modules first begins generating electricity.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years, provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after October 31, 2028.
Sec. 9. Laws 2005, chapter 97, article 10, section 3, is amended to read:

Sec. 3. **SUNSET.**

Sections 1 and 2 shall expire on June 30, 2023.