

H. F. No. 1833

(5) (6) a person where use of the data directly advances the general welfare, health, or safety of the public; the commissioner of administration may issue advisory opinions construing this clause pursuant to section 13.072.

Sec. 2. Minnesota Statutes 2018, section 116C.7792, is amended to read:

**116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.**

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 ~~direct~~ 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. The program shall be operated for ~~eight~~ nine consecutive calendar years commencing in 2014. \$5,000,000 shall be allocated in each of the first four years, \$15,000,000 in each of the fifth year, \$10,000,000 and sixth years, \$14,000,000 in each of the ~~sixth and seventh~~ and eighth years, and \$5,000,000 in the ~~eighth~~ ninth year from funds withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of the solar production incentive program operated by the utility and not for any other program or purpose. Any unspent amount allocated in the fifth year is available until December 31 of the sixth year. Any unspent amount remaining at the end of any other allocation year must be transferred to the renewable development account. The solar system 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. 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.

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

Sec. 3. **[216B.078] CUSTOMER ENERGY DATA.**

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

(b) "Customer" means a person contracting for or purchasing electric or natural gas service from a utility.

(c) "Customer data" means all data a utility collects, creates, receives, or maintains in which a customer is identified or can be identified as the subject of the data. Customer data includes energy usage data.

(d) "Energy usage data" means a customer's account information and the data a utility collects from the customer's meter that reflects the quantity, quality, or timing of the customer's natural gas use, electricity use, or electricity production. Customer energy usage data includes but is not limited to data regarding:

(1) the amount and timing of energy use and production;

(2) energy outages, frequency, intermittency, or shutoffs;

(3) pricing and rate data applicable to the customer; and

(4) any other energy usage data used to calculate the customer's bill.

(e) "Summary energy usage data" means statistical records and reports derived from energy usage data that do not contain a customer's personally identifiable information.

(f) "Personally identifiable information" means any data in which a customer is identified or can be identified as the subject of the data.

(g) "Third party" means a person, other than a customer, who requests customer energy usage data or summary energy usage data from the utility that maintains the data.

(h) "Utility" means a public utility, retail municipal utility, or retail cooperative association that provides electric or natural gas service to Minnesota customers.

**Subd. 2. Customer access to energy usage data.** (a) A utility must provide a customer with access to the customer's own energy usage data.

(b) Access must be convenient for the typical customer. A utility's procedure to access energy usage data must be user-friendly. The utility must present the energy usage data in a format comprehensible to the typical customer.

(c) A utility must provide access to energy usage data in as close to real-time as practicable.

(d) Access to energy usage data must be provided free of charge to the customer, except that a utility may charge a fee if a customer requests access to energy usage data in a format or standard that differs from the format or standard the utility generally offers to customers.

(e) A utility must notify a customer if it substantially modifies the customer's energy usage data. The notification must include a detailed explanation of the changes made to the customer's energy usage data.

**Subd. 3. Third-party access to energy usage data.** (a) If a customer provides authorization, a utility must provide one or more third parties with access to the customer's energy usage data.

(b) The procedure a utility uses to allow a customer to authorize third-party access to energy usage data must be (1) convenient for the typical customer, and (2) available on the utility's website and in physical form by mail.

(c) The scope of the authorization may limit a third party's access to specific elements of the customer's energy usage data.

(d) An authorization to access energy usage data is valid for the period of time specified in the written authorization. An authorization may include a period without a specified end date.

(e) A customer may revoke an authorization for third-party access at any time. The utility's procedure to revoke authorization must be (1) convenient for the typical customer, and (2) available on the utility's website and in physical form by mail.

(f) Subject to the scope of the authorization, an authorized third party must have the same level of access to the customer's energy usage data as the customer.

(g) To the extent a third party with access to energy usage data under this subdivision maintains the data independent of the utility providing access, the third party is subject to the data security and privacy requirements under subdivision 6.

**Subd. 4. Public access to summary energy data.** (a) A utility must prepare and make available summary energy usage data upon the written request of any person. The procedure a utility uses to allow a person to request summary energy data must be (1) convenient for the typical customer, and (2) available on the utility's website. A utility may charge the requester a fee to prepare and supply summary energy data.

(b) Summary energy usage data provided under this subdivision may include aggregated sets of customer energy usage data from no less than 15 customers. A single customer's energy use must not constitute more than 15 percent of total energy consumption for the

requested data set. Summary energy usage data may be disaggregated on a per-customer basis, provided that the customer's identity is not ascertainable.

(c) Within ten days of the date a request for summary energy data is received, a utility must respond by providing the requester with:

(1) the summary energy data requested or a reference to responsive summary energy data published under paragraph (d);

(2) a written statement that describes any fee charged and a time schedule for preparing the requested summary energy data, including reasons for any time delays; or

(3) a written statement stating reasons why the utility has determined the requested summary energy data cannot be prepared.

(d) A utility may make summary energy data publicly available on its website.

Subd. 5. **Fees charged for data.** A utility charging a data access fee authorized by this section must:

(1) base the fee amount on the actual costs incurred by the utility to create and deliver the requested data;

(2) consider the reasonable value to the utility of the data prepared and, if appropriate, reduce the fee assessed to the requesting person;

(3) provide the requesting person with an estimate and explanation of the fee; and

(4) collect the fee before preparing or supplying the requested data.

Subd. 6. **Data security and privacy.** (a) A utility must establish appropriate, industry-standard safeguards to protect the security of energy usage data it maintains. A utility is prohibited from selling, sharing, licensing, or disseminating energy usage data, except as authorized under this section or by state or federal law.

(b) Utilities must implement risk management practices to protect customer data. Risk management practices must include but are not limited to practices that:

(1) identify, analyze, and mitigate cybersecurity risks to customer data;

(2) reasonably protect against loss and unauthorized use, access, or dissemination of customer data;

(3) implement employee training measures to preserve data integrity; and

(4) maintain a comprehensive data breach response program to identify, mitigate, and resolve an incident that causes or results in the unauthorized use, access, or dissemination

of customer data. The data breach response program must provide for complete, accurate, and timely notice to customers whose customer data may have been compromised.

(c) If a utility uses a third-party service to maintain or store customer data, the utility must ensure that the third-party service implements risk management practices that meet the requirements under paragraph (b).

Subd. 7. **Enforcement.** The commissioner may enforce this section as provided under section 45.027.

Sec. 4. Minnesota Statutes 2018, section 216B.16, is amended by adding a subdivision to read:

Subd. 7e. **Energy storage system pilot projects.** (a) A public utility may petition the commission under this section to recover costs associated with implementing an energy storage system pilot project. As part of the petition, the public utility must submit a report to the commission containing, at a minimum, the following information regarding the proposed energy storage system pilot project:

(1) the storage technology utilized;

(2) the energy storage capacity and the duration of output at that capacity;

(3) the proposed location;

(4) the purchase and installation costs;

(5) how the project will interact with existing distributed generation resources on the utility's grid; and

(6) the goals the project proposes to achieve, which may include controlling frequency or voltage, mitigating transmission congestion, providing emergency power supplies during outages, reducing curtailment of existing renewable energy generators, and reducing peak power costs.

(b) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover prudently incurred investments, expenses, or costs associated with energy storage system pilot projects approved by the commission under this subdivision. A petition filed under this subdivision must include the elements listed in section 216B.1645, subdivision 2a, paragraph (b), clauses (1) to (4), and must describe the benefits of the pilot project.

(c) The commission may approve, or approve as modified, a rate schedule filed under this subdivision. The rate schedule filed by the public utility may include the elements listed in section 216B.1645, subdivision 2a, paragraph (a), clauses (1) to (5).

(d) For each pilot project that the commission has determined is in the public interest, the commission must determine the specific amounts that are eligible for recovery under the approved rate schedule within 90 days of the date the specific pilot program receives final approval or within 90 days of the date the public utility files for approval of cost recovery for the specific pilot program, whichever is later.

(e) Nothing in this subdivision prohibits or deters the deployment of energy storage systems.

(f) For the purposes of this subdivision:

(1) "energy storage system" has the meaning given in section 216B.2422, subdivision 1; and

(2) "pilot project" means a project that is (i) owned, operated, and controlled by a public utility to optimize safe and reliable system operations, and (ii) deployed at a limited number of locations in order to assess the technical and economic effectiveness of its operations.

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

Sec. 5. Minnesota Statutes 2018, section 216B.16, subdivision 13, is amended to read:

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the expenses incurred (1) for economic and community development, and (2) to employ local workers to construct and maintain generation facilities that supply power to the utility's customers.

Sec. 6. Minnesota Statutes 2018, section 216B.1641, is amended to read:

**216B.1641 COMMUNITY SOLAR GARDEN.**

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

(b) "Subscriber" means a retail customer of a utility who owns one or more subscriptions to a community solar garden interconnected with that utility.

(c) "Subscription" means a contract between a subscriber and the owner of a community solar garden.

**Subd. 2. Solar garden; project requirements.** (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

(b) A solar garden is a facility that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription. The solar garden must have a nameplate capacity of no more than ~~one megawatt~~ three megawatts. Each subscription shall be sized to represent at least 200 watts of the community solar garden's generating capacity and to supply, when combined with other distributed generation resources serving the premises, no more than 120 percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility. Subscribers must be located in the same county as the solar garden or in a contiguous county ~~contiguous to where the facility is located.~~, unless:

(1) the solar garden has a minimum setback of 100 feet from the nearest residential property; and

(2) the owner or operator of the solar garden provides written certification to the commission that at least ten percent of the solar garden's electric generating capacity is reserved for residential subscribers.

(d) The public utility must purchase from the community solar garden all energy generated by the solar garden. Except as provided under subdivision 7, the purchase shall be at the most recent three-year average of the rate calculated annually under section 216B.164, subdivision 10, or, until that rate for the public utility has been approved by the commission, the applicable retail rate. A solar garden is eligible for any incentive programs offered under

~~either section 116C.7792 or section 216C.415.~~ A subscriber's portion of the purchase shall be provided by a credit on the subscriber's bill.

(e) Beginning January 1, 2020, any solar garden application filed with a utility must certify that all workers constructing the solar garden will be paid at the prevailing wage rate, as defined in section 177.42, subdivision 6.

**Subd. 3. Solar garden plan; requirements; nonutility status.** ~~(e)~~ (a) The commission may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan approved by the commission must:

(1) reasonably allow for the creation, financing, and accessibility of community solar gardens;

(2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(3) not apply different requirements to utility and nonutility community solar garden facilities;

(4) be consistent with the public interest;

(5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(6) include a program implementation schedule;

(7) identify all proposed rules, fees, and charges; and

(8) identify the means by which the program will be promoted.

~~(f)~~ (b) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

~~(g)~~ (c) Within 180 days of commission approval of a plan under this section, a utility shall begin crediting subscriber accounts for each community solar garden facility in its service territory, and shall file with the commissioner of commerce a description of its crediting system.

~~(h)~~ For the purposes of this section, the following terms have the meanings given:

~~(1) "subscriber" means a retail customer of a utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility; and~~

10.1 ~~(2) "subscription" means a contract between a subscriber and the owner of a solar garden.~~

10.2 Subd. 4. **Program administration; enforcement.** (a) The Department of Commerce  
10.3 must administer the community solar garden program and is responsible for implementing  
10.4 all elements of the program. The department's duties under this section include:

10.5 (1) processing community solar garden applications;

10.6 (2) establishing and accepting program fees from applicants and solar garden managers;

10.7 (3) calculating the rate paid to subscribers and submitting the rate to the commission for  
10.8 approval;

10.9 (4) ensuring that community solar garden program documents and protocols are available  
10.10 to subscribers;

10.11 (5) ensuring that solar garden managers provide adequate notice to subscribers of changes  
10.12 in solar garden operations, including but not limited to adjustments in subscriber bill credit  
10.13 rates;

10.14 (6) ensuring that a utility conducts the interconnection process in a timely fashion;

10.15 (7) ensuring that the actions of solar garden owners, operators, and subscribers comply  
10.16 with this section and orders of the commission; and

10.17 (8) other administrative tasks as determined by the commissioner.

10.18 (b) The commissioner may use the authority granted under section 45.027 to enforce  
10.19 any violations related to the duties and responsibilities entrusted to the commissioner under  
10.20 this subdivision.

10.21 Subd. 5. **Account established.** A solar garden administrative account is established in  
10.22 the special revenue fund. Fees collected under this section must be deposited in and credited  
10.23 to the account. Money in the account, including interest, is appropriated to the commissioner  
10.24 to administer this section.

10.25 Subd. 6. **Community access project; eligibility.** Any community solar garden established  
10.26 under a plan approved by the commission may petition the commission to be designated as  
10.27 a community access project. The commission must designate a solar garden as a community  
10.28 access project if the solar garden meets the following conditions:

10.29 (1) at least 50 percent of the solar garden's generating capacity is subscribed by residential  
10.30 customers;

11.1 (2) the contract between an owner of the solar garden and the public utility that purchases  
11.2 the garden's electricity, and any agreement between the utility or owner of the solar garden  
11.3 and subscribers, states (i) the owner of the solar garden does not discriminate against or  
11.4 screen subscribers based on income or credit score, and (ii) any customer of a utility whose  
11.5 community solar garden plan has been approved by the commission under subdivision 3 is  
11.6 eligible to become a subscriber;

11.7 (3) the solar garden is operated by an entity that maintains a physical address in Minnesota  
11.8 and has designated a contact person in Minnesota who responds to subscriber inquiries; and

11.9 (4) the agreement between the owner of the solar garden and subscribers states the owner  
11.10 will adequately publicize and convene at least one meeting annually to provide an opportunity  
11.11 for subscribers to address questions to the manager or owner.

11.12 Subd. 7. **Community access project; financial arrangements.** (a) If a solar garden is  
11.13 approved by the commission as a community access project:

11.14 (1) the public utility purchasing the electricity generated by the community access project  
11.15 may charge the owner of the community access project no more than one cent per watt  
11.16 alternating current, based on the solar garden's generating capacity, for any refundable  
11.17 deposit the utility requires of a solar garden during the application process;

11.18 (2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all  
11.19 energy generated by the community access project at the retail rate;

11.20 (3) a subscriber's portion of the energy purchased from a community access project by  
11.21 a public utility must be credited to the subscriber's bill; and

11.22 (4) all renewable energy credits generated by the community access project belong to  
11.23 subscribers unless the operator:

11.24 (i) contracts to sell the renewable energy credits to a third party, or sell or transfer the  
11.25 renewable energy credits to the utility; and

11.26 (ii) discloses the sale or transfer to a subscriber at the time the subscriber enters into a  
11.27 subscription.

11.28 (b) If at any time a solar garden approved by the commission as a community access  
11.29 project fails to meet the conditions under subdivision 4, the solar garden is no longer subject  
11.30 to subdivisions 5 and 6 and must operate under the program rules established by the  
11.31 commission for a solar garden that does not qualify as a community access project.

12.1 (c) An owner of a solar garden whose designation as a community access project is  
12.2 revoked under this subdivision may reapply to the commission at any time to have its  
12.3 designation as a community access project reinstated under subdivision 4.

12.4 Subd. 8. **Community access project; reporting.** (a) The owner of a community access  
12.5 project must include the following information in an annual report to the subscribers of the  
12.6 community access project and the utility:

12.7 (1) a description of the process by which subscribers can provide input to solar garden  
12.8 policy and decision-making;

12.9 (2) the amount of revenues received by the solar garden in the previous year that were  
12.10 allocated to categories that include but are not limited to operating costs, debt service, profits  
12.11 distributed to subscribers, and profits distributed to others; and

12.12 (3) an analysis of the proportion of subscribers that are low- and moderate-income, and  
12.13 a description of one or more of the following methods used to calculate that proportion:

12.14 (i) income verification by subscribers;

12.15 (ii) subscriber evidence that the subscriber or a member of the subscriber's household  
12.16 receives assistance from any of the following sources:

12.17 (A) the low-income home energy assistance program;

12.18 (B) Section 8 housing assistance;

12.19 (C) medical assistance;

12.20 (D) the Supplemental Nutrition Assistance Program; or

12.21 (E) the National School Lunch Program;

12.22 (iii) characterization of the census tract in which the subscriber resides as low- or  
12.23 moderate-income by the Federal Financial Institutions Examination Council; or

12.24 (iv) other methods approved by the commission.

12.25 Subd. 9. **Commission order.** Within 180 days of the effective date of this act, the  
12.26 commission must issue an order incorporating the provisions of this act.

12.27 **EFFECTIVE DATE.** Subdivisions 4 and 5 are effective January 1, 2020. Subdivisions  
12.28 1 to 3 and 6 to 9 are effective the day following final enactment.

Sec. 7. **[216B.1643] SOLAR GARDEN GRANT PROGRAM FOR LOW-INCOME HOUSEHOLDS.**

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

(b) "Eligible entity" means a community action agency, as defined in section 256E.31, a tribal or county governmental agency, or a non-profit governmental organization that administers low-income energy programs for the Department of Commerce.

(c) "Income-eligible residential household" means a household with an annual income that is (1) 50 percent or less of the state median income, or (2) 200 percent or less of the federal poverty level.

(d) "Solar garden" has the meaning given in section 216B.1641.

**Subd. 2. Establishment; purpose.** A solar garden grant program for income-eligible residential households is established in the Department of Commerce to award grants that promote the development of solar gardens for income-eligible residential households. Funds in the account are reserved for the purpose of this section and do not lapse.

**Subd. 3. Eligibility.** (a) A solar garden owner is eligible to receive a grant under this section if:

(1) the new solar garden capacity is 500 kilowatts or less;

(2) all of the solar garden subscribers are income-eligible residential households, as defined through a yearly application provided by the Department of Commerce; and

(3) the solar garden is operated by an eligible entity or by a third party performing the duties under a contract with an eligible entity.

(b) An eligible entity is responsible for managing the solar garden and must annually certify to the commissioner that the solar garden complies with paragraph (a).

**Subd. 4. Application process; content.** (a) An eligible applicant must submit an application to the commissioner on a form designated by the commissioner. The commissioner must develop administrative procedures that govern the application, grant award process, and ongoing solar garden management requirements.

(b) An application for a grant under this section must include:

(1) evidence that the solar garden meets the eligibility requirements under subdivision 3; and

14.1 (2) any other information requested by the commissioner.

14.2 Subd. 5. **Limitations.** A grant awarded under this section must not exceed 60 percent  
14.3 of the total cost to develop the community solar garden.

14.4 Subd. 6. **Eligible expenditures.** Grants awarded under this section may be expended to  
14.5 (1) finance, purchase, and install facilities necessary to operate a solar garden, and (2) pay  
14.6 reasonable expenses incurred by the department to administer the program and certify  
14.7 applicant eligibility on an ongoing basis.

14.8 Sec. 8. Minnesota Statutes 2018, section 216B.1645, subdivision 1, is amended to read:

14.9 Subdivision 1. **Commission authority.** Upon the petition of a public utility, the Public  
14.10 Utilities Commission shall approve or disapprove power purchase contracts, investments,  
14.11 or expenditures entered into or made by the utility to satisfy the wind and biomass mandates  
14.12 contained in sections 216B.169, 216B.2423, and 216B.2424, and to satisfy the renewable  
14.13 energy objectives and standards set forth in section 216B.1691, including reasonable  
14.14 investments and expenditures, net of revenues, made to:

14.15 (1) transmit the electricity generated from sources developed under those sections that  
14.16 is ultimately used to provide service to the utility's retail customers, including studies  
14.17 necessary to identify new transmission facilities needed to transmit electricity to Minnesota  
14.18 retail customers from generating facilities constructed to satisfy the renewable energy  
14.19 objectives and standards, provided that the costs of the studies have not been recovered  
14.20 previously under existing tariffs and the utility has filed an application for a certificate of  
14.21 need or for certification as a priority project under section 216B.2425 for the new  
14.22 transmission facilities identified in the studies;

14.23 (2) provide storage facilities for renewable energy generation facilities that contribute  
14.24 to the reliability, efficiency, or cost-effectiveness of the renewable facilities; or

14.25 (3) develop renewable energy sources from the account required in section 116C.779.

14.26 Sec. 9. Minnesota Statutes 2018, section 216B.1645, subdivision 2, is amended to read:

14.27 Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the  
14.28 approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section  
14.29 116C.779 ~~shall be~~, and employment of local workers to construct and maintain generation  
14.30 facilities that supply power to the utility's customers are recoverable from the ratepayers of  
14.31 the utility, to the extent they are not offset by utility revenues attributable to the contracts,  
14.32 investments, or expenditures. Upon petition by a public utility, the commission shall approve

15.1 or approve as modified a rate schedule providing for the automatic adjustment of charges  
15.2 to recover the expenses or costs approved by the commission under subdivision 1, which,  
15.3 in the case of transmission expenditures, are limited to the portion of actual transmission  
15.4 costs that are directly allocable to the need to transmit power from the renewable sources  
15.5 of energy. The commission may not approve recovery of the costs for that portion of the  
15.6 power generated from sources governed by this section that the utility sells into the wholesale  
15.7 market.

15.8 Sec. 10. Minnesota Statutes 2018, section 216B.1691, subdivision 1, is amended to read:

15.9 Subdivision 1. **Definitions.** (a) Unless otherwise specified in law, "eligible energy  
15.10 technology" means an energy technology that generates electricity from the following  
15.11 renewable energy sources:

15.12 (1) solar;

15.13 (2) wind;

15.14 (3) hydroelectric with a capacity of less than 100 megawatts;

15.15 (4) hydrogen, provided that after January 1, 2010, the hydrogen must be generated from  
15.16 the resources listed in this paragraph; or

15.17 (5) biomass, which includes, without limitation, landfill gas; an anaerobic digester  
15.18 system; the predominantly organic components of wastewater effluent, sludge, or related  
15.19 by-products from publicly owned treatment works, but not including incineration of  
15.20 wastewater sludge to produce electricity; and an energy recovery facility used to capture  
15.21 the heat value of mixed municipal solid waste or refuse-derived fuel from mixed municipal  
15.22 solid waste as a primary fuel.

15.23 (b) "Electric utility" means a public utility providing electric service, a generation and  
15.24 transmission cooperative electric association, a municipal power agency, or a power district.

15.25 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by  
15.26 an electric utility to retail customers of the electric utility or to a distribution utility for  
15.27 distribution to the retail customers of the distribution utility. "Total retail electric sales"  
15.28 does not include the sale of hydroelectricity supplied by a federal power marketing  
15.29 administration or other federal agency, regardless of whether the sales are directly to a  
15.30 distribution utility or are made to a generation and transmission utility and pooled for further  
15.31 allocation to a distribution utility.

16.1 (d) "Carbon-free" means a technology that generates electricity without emitting carbon  
16.2 dioxide.

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

16.4 Sec. 11. Minnesota Statutes 2018, section 216B.1691, subdivision 2b, is amended to read:

16.5 Subd. 2b. **Modification or delay of standard.** (a) The commission shall modify or delay  
16.6 the implementation of a standard obligation, in whole or in part, if the commission determines  
16.7 it is in the public interest to do so. The commission, when requested to modify or delay  
16.8 implementation of a standard, must consider:

16.9 (1) the impact of implementing the standard on its customers' utility costs, including the  
16.10 economic and competitive pressure on the utility's customers;

16.11 (2) the environmental costs incurred as a result of a delay or modification, based on the  
16.12 environmental cost values established in section 216B.2422, subdivision 3;

16.13 (3) the effects of implementing the standard on the reliability of the electric system;

16.14 ~~(3)~~ (4) technical advances or technical concerns;

16.15 ~~(4)~~ (5) delays in acquiring sites or routes due to rejection or delays of necessary siting  
16.16 or other permitting approvals;

16.17 ~~(5)~~ (6) delays, cancellations, or nondelivery of necessary equipment for construction or  
16.18 commercial operation of an eligible energy technology facility;

16.19 ~~(6)~~ (7) transmission constraints preventing delivery of service; and

16.20 ~~(7)~~ (8) other statutory obligations imposed on the commission or a utility.

16.21 (b) The commission may modify or delay implementation of a standard obligation under  
16.22 paragraph (a), clauses (1) to ~~(3)~~ (4), only if it finds implementation would cause significant  
16.23 rate impact, requires significant measures to address reliability, would cause significant  
16.24 environmental costs, or raises significant technical issues. The commission may modify or  
16.25 delay implementation of a standard obligation under paragraph (a), clauses ~~(4)~~ (5) to ~~(6)~~  
16.26 (7), only if it finds that the circumstances described in those clauses were due to  
16.27 circumstances beyond an electric utility's control and make compliance not feasible.

16.28 (c) When evaluating transmission capacity constraints under paragraph (a), clause (7),  
16.29 the commission must consider:

16.30 (1) whether the utility has, in a timely fashion, undertaken reasonable measures under  
16.31 its control and consistent with its obligations under local, state, and federal laws and

17.1 regulations, and its obligations as a member of the Midcontinent Independent System  
17.2 Operator, to acquire sites, necessary permit approvals, and necessary equipment to develop  
17.3 and construct new transmission lines or upgrade existing transmission lines to transmit  
17.4 electricity generated by eligible energy technologies; and

17.5 (2) whether the utility has taken all reasonable operational measures to maximize  
17.6 cost-effective electricity delivery from eligible energy technologies in advance of  
17.7 transmission availability.

17.8 ~~(b)~~ (d) When considering whether to delay or modify implementation of a standard  
17.9 obligation, the commission must give due consideration to a preference for electric generation  
17.10 through use of eligible energy technology and to the achievement of the standards set by  
17.11 this section.

17.12 ~~(e)~~ (e) An electric utility requesting a modification or delay in the implementation of a  
17.13 standard must file a plan to comply with its standard obligation in the same proceeding that  
17.14 it is requesting the delay.

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

17.16 Sec. 12. Minnesota Statutes 2018, section 216B.1691, is amended by adding a subdivision  
17.17 to read:

17.18 Subd. 2g. **Carbon-free standard.** By 2050, 100 percent of the electricity each electric  
17.19 utility subject to subdivision 2a directly provides to Minnesota retail customers, or indirectly  
17.20 provides through wholesale sales to a distribution utility serving Minnesota retail customers,  
17.21 must be generated by a technology that is carbon-free.

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

17.23 Sec. 13. Minnesota Statutes 2018, section 216B.1691, subdivision 9, is amended to read:

17.24 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its  
17.25 statutory authority to ensure this section is implemented ~~to maximize~~ in a manner that  
17.26 maximizes benefits to all Minnesota citizens, ~~balancing~~ and local workers throughout the  
17.27 state. Benefits under this subdivision include but are not limited to:

17.28 (1) the creation of high-quality jobs in Minnesota that pay wages that support families;

17.29 (2) recognition of the rights of workers to organize and unionize;

17.30 (3) ensuring workers have the necessary tools, opportunities, and economic assistance  
17.31 to adapt successfully during the energy transition, particularly in communities that host

18.1 retiring power plants or that contain historically marginalized and underrepresented  
18.2 populations;

18.3 (4) ensuring all Minnesotans share (i) the benefits of clean and renewable energy, and  
18.4 (ii) the opportunity to participate fully in the clean energy economy;

18.5 (5) ensuring air emissions are reduced in communities historically burdened by pollution  
18.6 and the impacts of climate change; and

18.7 (6) the provision of affordable electric service to Minnesotans, and particularly to  
18.8 low-income consumers.

18.9 (b) The commission must also implement this section in a manner that balances factors  
18.10 such as local ownership of or participation in energy production, local job impacts,  
18.11 development and ownership of eligible energy technology facilities by independent power  
18.12 producers, Minnesota utility ownership of eligible energy technology facilities, the costs  
18.13 of energy generation to satisfy the renewable ~~standard~~ and carbon-free standards, and the  
18.14 reliability of electric service to Minnesotans.

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

18.16 Sec. 14. **[216B.1697] ENERGY STORAGE SYSTEM; APPLICATION.**

18.17 Subdivision 1. **Definition.** For the purposes of this section, "energy storage system"  
18.18 means a commercially available technology that uses mechanical, chemical, or thermal  
18.19 processes to:

18.20 (1) store energy and deliver the stored energy for use at a later time; or

18.21 (2) store thermal energy for direct use for heating or cooling at a later time in a manner  
18.22 that reduces the demand for electricity at the later time.

18.23 Subd. 2. **Application requirement.** No later than January 1, 2021, each public utility  
18.24 providing retail electric service in Minnesota must submit to the commission for review  
18.25 and approval an application to install one or more energy storage systems.

18.26 Subd. 3. **Application contents.** (a) Each application submitted under this section must  
18.27 contain the following information:

18.28 (1) technical specifications of the energy storage system, including but not limited to:

18.29 (i) the maximum amount of electric output that the energy storage system can provide;

18.30 (ii) the length of time the energy storage system can sustain its maximum output;

- 19.1 (iii) the location of the project and a description of the analysis conducted to determine  
19.2 the location;
- 19.3 (iv) the needs of the public utility's electric system the proposed energy storage system  
19.4 addresses;
- 19.5 (v) a description of the types of services the energy storage system is expected to provide;  
19.6 and
- 19.7 (vi) a description of the technology required to construct, operate, and maintain the  
19.8 energy storage system, including any data or communication system necessary to operate  
19.9 the energy storage system;
- 19.10 (2) the estimated cost of the project, including:
- 19.11 (i) capital costs;
- 19.12 (ii) the estimated cost per unit of energy delivered by the energy storage system; and
- 19.13 (iii) an evaluation of the energy storage system's cost-effectiveness;
- 19.14 (3) the estimated benefits of the energy storage system to the public utility's electric  
19.15 system, including but not limited to:
- 19.16 (i) deferred investments in generation, transmission, or distribution capacity;
- 19.17 (ii) reduced need for electricity during times of peak demand;
- 19.18 (iii) improved reliability of the public utility's transmission or distribution system; and
- 19.19 (iv) improved integration of the public utility's renewable energy resources;
- 19.20 (4) how the addition of an energy storage system complements proposed actions of the  
19.21 public utility described in its most recent integrated resource plan submitted under section  
19.22 216B.2422, to meet expected demand with the lowest-cost combination of resources; and
- 19.23 (5) any additional information required by the commission.
- 19.24 (b) A public utility must include in its application an evaluation of the potential to store  
19.25 energy in the public utility's electric system, and must identify geographic areas in the public  
19.26 utility's service area where the deployment of energy storage systems has the greatest  
19.27 potential to achieve the economic benefits identified in paragraph (a), clause (3).
- 19.28 Subd. 4. **Commission review.** The commission must review each proposal submitted  
19.29 under this section, and may approve, reject, or modify the proposal. The commission must  
19.30 approve a proposal it determines is in the public interest and reasonably balances the value  
19.31 derived from the deployment of an energy storage system for ratepayers and the public

20.1 utility's operations with the costs of procuring, constructing, operating, and maintaining the  
20.2 energy storage system.

20.3 Subd. 5. **Cost recovery.** A public utility may recover from ratepayers all costs prudently  
20.4 incurred by the public utility to deploy an energy storage system approved by the commission  
20.5 under this section, net of any revenues generated by the operation of the energy storage  
20.6 system.

20.7 Subd. 6. **Commission authority; orders.** The commission may issue orders necessary  
20.8 to implement and administer this section.

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

20.10 Sec. 15. **[216B.1698] INNOVATIVE CLEAN TECHNOLOGIES.**

20.11 (a) For purposes of this section, "innovative clean technology" means advanced energy  
20.12 technology that is:

20.13 (1) environmentally superior to technologies currently in use;

20.14 (2) expected to offer energy-related, environmental, or economic benefits; and

20.15 (3) not widely deployed by the utility industry.

20.16 (b) A public utility may petition the commission for authorization to invest in a project  
20.17 or projects to deploy one or more innovative clean technologies to further the development,  
20.18 commercialization, and deployment of innovative clean technologies for the benefit of utility  
20.19 customers.

20.20 (c) The commission may approve a petition under paragraph (b) if it finds:

20.21 (1) the technologies proposed to be deployed are innovative clean technologies;

20.22 (2) the utility is meeting its energy conservation goals under section 216B.241; and

20.23 (3) the petition does not result in a utility spending greater than \$5,000,000 per year on  
20.24 innovative clean technologies under this section.

20.25 (d) The commission may also permit a public utility to file rate schedules containing  
20.26 provisions to automatically adjust charges for public utility service in direct relation to  
20.27 changes in prudent costs incurred by a utility under this section, up to \$5,000,000 each year.  
20.28 To the extent the utility investment under this section is for a capital asset, the utility may  
20.29 request that the asset be included in the utility's rate base.

21.1 Sec. 16. Minnesota Statutes 2018, section 216B.2401, is amended to read:

21.2 **216B.2401 ENERGY SAVINGS AND OPTIMIZATION POLICY GOAL.**

21.3 (a) The legislature finds that energy savings are an energy resource, and that cost-effective  
21.4 energy savings are preferred over all other energy resources. In addition, the legislature  
21.5 finds that optimizing when and how energy consumers manage energy use can provide  
21.6 significant benefits to the consumers and to the utility system as a whole. The legislature  
21.7 further finds that cost-effective energy savings and load management programs should be  
21.8 procured systematically and aggressively in order to reduce utility costs for businesses and  
21.9 residents, improve the competitiveness and profitability of businesses, create more  
21.10 energy-related jobs, reduce the economic burden of fuel imports, and reduce pollution and  
21.11 emissions that cause climate change. Therefore, it is the energy policy of the state of  
21.12 Minnesota to achieve annual energy savings ~~equal~~ equivalent to at least ~~1.5~~ 2.5 percent of  
21.13 annual retail energy sales of electricity and natural gas through ~~cost-effective energy~~  
21.14 ~~conservation improvement programs and rate design, energy efficiency achieved by energy~~  
21.15 ~~consumers without direct utility involvement, energy codes and appliance standards, programs~~  
21.16 ~~designed to transform the market or change consumer behavior, energy savings resulting~~  
21.17 ~~from efficiency improvements to the utility infrastructure and system, and other efforts to~~  
21.18 ~~promote energy efficiency and energy conservation.~~ multiple means, including but not  
21.19 limited to:

21.20 (1) cost-effective energy conservation improvement programs and efficient fuel-switching  
21.21 utility programs under sections 216B.2402 to 216B.241;

21.22 (2) rate design;

21.23 (3) energy efficiency achieved by energy consumers without direct utility involvement;

21.24 (4) advancements in statewide energy codes and cost-effective appliance and equipment  
21.25 standards;

21.26 (5) programs designed to transform the market or change consumer behavior;

21.27 (6) energy savings resulting from efficiency improvements to the utility infrastructure  
21.28 and system; and

21.29 (7) other efforts to promote energy efficiency and energy conservation.

21.30 (b) A utility is encouraged to design and offer to its customers load management programs  
21.31 that enable (1) customers to maximize the economic value gained from the energy purchased  
21.32 from the customer's utility service provider, and (2) utilities to optimize the infrastructure  
21.33 and generation capacity needed to effectively serve customers and facilitate the integration

of renewable energy into the energy system. The commissioner must provide a reasonable estimate for progress toward this statewide energy-savings goal in the annual report required under section 216B.241, subdivision 1c, along with recommendations for administrative or legislative initiatives to increase energy savings toward that goal. The commissioner must also annually report on the energy productivity of the state's economy by providing an estimate of the ratio of economic output produced in a previous year to the primary energy inputs used in the current year.

Sec. 17. **[216B.2402] DEFINITIONS.**

(a) For the purposes of section 216B.16, subdivision 6b, and sections 216B.2401 to 216B.241, the terms defined in this section have the meanings given them.

(b) "Consumer-owned utility" means a municipal utility or a cooperative electric association.

(c) "Cumulative lifetime savings" means the total electric energy or natural gas savings in a given year from energy conservation improvements installed in the given year or in previous years that are still operational and providing savings because the measures have not reached the end of the measure's useful life.

(d) "Efficient fuel-switching improvement" means a project that (1) converts a customer from use of a fuel to the use of electric energy or natural gas delivered at retail by a utility subject to this section, resulting in a net increase in the use of electric energy or natural gas and a net decrease in source energy consumption on a fuel-neutral basis, and (2) otherwise meets the criteria established in section 216B.2403, subdivision 8. An efficient fuel-switching improvement requires the installation of equipment that utilizes electric energy or natural gas, resulting in a reduction or elimination of use of the previous fuel. An efficient fuel-switching improvement is not an energy conservation improvement even if it results in a net reduction in electricity or natural gas.

(e) "Energy conservation" means an action that results in a net reduction in electric energy or natural gas consumption. Energy conservation does not include an efficient fuel-switching improvement.

(f) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement includes waste heat recovered and used as thermal energy.

23.1 (g) "Energy efficiency" means measures or programs, including energy conservation  
23.2 measures or programs, that target consumer behavior, equipment, processes, or devices  
23.3 designed to produce either an absolute decrease in consumption of electric energy or natural  
23.4 gas or a decrease in consumption of electric energy or natural gas on a per unit of production  
23.5 basis, without reducing the quality or level of service provided to the energy consumer.

23.6 (h) "Fuel" means energy consumed by a retail utility customer. Fuel includes electricity,  
23.7 propane, natural gas, heating oil, gasoline, diesel fuel, or steam.

23.8 (i) "Fuel neutral" means an approach that compares the use of various fuels for a given  
23.9 end use, using a common metric.

23.10 (j) "Gross annual retail energy sales" means the annual electric sales to all retail customers  
23.11 in a utility's or association's Minnesota service territory or natural gas throughput to all retail  
23.12 customers, including natural gas transportation customers, on a utility's distribution system  
23.13 in Minnesota. Gross annual retail energy sales does not include:

23.14 (1) gas sales to:

23.15 (i) a large energy facility;

23.16 (ii) a large customer facility whose natural gas utility has been exempted by the  
23.17 commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural  
23.18 gas sales made to the large customer facility; and

23.19 (iii) a commercial gas customer facility whose natural gas utility has been exempted by  
23.20 the commissioner under section 216B.241, subdivision 1a, paragraph (c), with respect to  
23.21 natural gas sales made to the commercial gas customer facility; or

23.22 (2) electric sales to a large customer facility whose electric utility has been exempted  
23.23 by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect  
23.24 to electric sales made to the large facility.

23.25 (k) "Investments and expenses of a public utility" means the investments and expenses  
23.26 incurred by a public utility in connection with an energy conservation improvement.

23.27 (l) "Large customer facility" means all buildings, structures, equipment, and installations  
23.28 at a single site that collectively (1) impose a peak electrical demand on an electric utility's  
23.29 system of at least 20,000 kilowatts, measured in the same way as the utility that serves the  
23.30 customer facility measures electric demand for billing purposes, or (2) consume at least  
23.31 500,000,000 cubic feet of natural gas annually. When calculating peak electrical demand,  
23.32 a large customer facility may include demand offset by on-site cogeneration facilities and,

24.1 if engaged in mineral extraction, may aggregate peak energy demand from the large customer  
24.2 facility's mining processing operations.

24.3 (m) "Large energy facility" has the meaning given in section 216B.2421, subdivision 2,  
24.4 clause (1).

24.5 (n) "Lifetime energy savings" means the amount of savings a particular energy  
24.6 conservation improvement produces over the improvement's effective useful lifetime.

24.7 (o) "Load management" means an activity, service, or technology to change the timing  
24.8 or the efficiency of a customer's use of energy that allows a utility or a customer to (1)  
24.9 respond to local and regional energy system conditions, or (2) reduce peak demand for  
24.10 electric energy or natural gas. Load management that reduces the customer's net annual  
24.11 energy consumption is also energy conservation.

24.12 (p) "Low-income household" means a household whose household income is 60 percent  
24.13 or less of the state median household income.

24.14 (q) "Low-income programs" means energy conservation improvement programs that  
24.15 directly serve the needs of low-income persons, including low-income renters. Multifamily  
24.16 buildings of five units or more that are rented by low-income persons are eligible to be  
24.17 served through low-income programs, which may include upgrading appliances, upgrading  
24.18 heating and air conditioning equipment, and building envelope improvements.

24.19 (r) "Member" has the meaning given in section 308B.005, subdivision 15.

24.20 (s) "Qualifying utility" means a utility that supplies a customer with energy that enables  
24.21 the customer to qualify as a large customer facility.

24.22 (t) "Source energy" means the total amount of fuel required for a given purpose,  
24.23 considering energy losses in the production, transmission, and delivery of the energy.

24.24 (u) "Waste heat recovered and used as thermal energy" means capturing heat energy  
24.25 that would be exhausted or dissipated to the environment from machinery, buildings, or  
24.26 industrial processes, and productively using the recovered thermal energy where it was  
24.27 captured or distributing it as thermal energy to other locations where it is used to reduce  
24.28 demand-side consumption of natural gas, electric energy, or both.

24.29 (v) "Waste heat recovery converted into electricity" means an energy recovery process  
24.30 that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines  
24.31 or manufacturing or industrial processes, or the reduction of high pressure in water or gas  
24.32 pipelines.

Sec. 18. **[216B.2403] CUSTOMER-OWNED UTILITIES; ENERGY  
CONSERVATION AND OPTIMIZATION.**

Subdivision 1. **Applicability.** This section applies to:

(1) a cooperative electric association that provides retail service to more than 5,000  
members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales  
to natural gas retail customers.

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual  
consumer-owned utility subject to this section has an annual energy-savings goal equivalent  
to 1.5 percent of gross annual retail energy sales. The annual energy-savings goal must be  
met with a minimum of energy savings from energy conservation improvements equivalent  
to at least one percent of the consumer-owned utility's gross annual retail energy sales. The  
balance of energy savings toward the annual energy-savings goal must be achieved by the  
following utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision  
1; or

(3) net energy savings from efficient fuel-switching improvements that meet the criteria  
under subdivision 8.

(b) Nothing in this section limits a utility's ability to report and recognize savings from  
activities under paragraph (a), clauses (2) and (3), in excess of the utility's annual energy  
savings, provided the utility has met the minimum energy-savings goal from energy  
conservation improvements.

(c) The energy-savings goals specified in this section must be calculated based on the  
most recent three-year, weather-normalized average. A consumer-owned utility that elects  
to file annual plans may carry forward for up to three years any energy savings in excess  
of its 1.5 percent energy-savings goal in a single year.

(d) A consumer-owned utility subject to this section is not required to make energy  
conservation improvements that are not cost-effective, even if the improvement is necessary  
to attain the energy-savings goal. A consumer-owned utility subject to this section must  
make reasonable efforts to implement energy conservation improvements above the minimum

level set under this subdivision if cost-effective opportunities and utility funding are available,  
considering other potential investments the utility plans to make for the benefit of customers  
during the term of the plan filed under subdivision 4.

(e) A consumer-owned utility may request that the commissioner adjust its minimum  
goal for energy savings from energy conservation improvements specified under paragraph  
(a) for the period of the plan filed under subdivision 4. The request must be made by January  
1 of a year when the utility must file a plan under subdivision 4. The request must be based  
on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective  
energy conservation potential that exists in the utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by  
the utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an  
adjustment.

The commissioner must adjust the savings goal to a level the commissioner determines is  
supported by the record, but must not approve a minimum energy-savings goal from energy  
conservation improvements that is less than one percent of gross annual retail energy sales.

Subd. 3. **Consumer-owned utility; energy savings investments.** (a) Each cooperative  
electric association and municipality subject to subdivision 2 must spend and invest in the  
following amounts for energy conservation improvements under this subdivision:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas  
and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross  
operating revenues from electric and gas service provided in Minnesota to large electric  
customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues  
from service provided in the state, excluding gross operating revenues from service provided  
in the state to large electric customer facilities indirectly through a distribution cooperative  
electric association.

(b) Each municipality and cooperative electric association subject to this subdivision must identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association must not spend or invest for energy conservation improvements that directly benefit a large energy facility or a large electric customer facility that the commissioner has issued an exemption to under section 216B.241, subdivision 1a, paragraph (b).

Subd. 4. **Consumer-owned utility; energy conservation and optimization plans.** (a) By June 1, 2021, each consumer-owned utility must file with the commissioner an energy conservation and optimization plan that describes the programs for energy conservation, efficient fuel-switching improvements and load management programs, and other processes and programs the utility plans to use to achieve its energy-savings goal. The plan may cover a period not to exceed two years. The plan must provide an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. Plans received by June 1 must be evaluated by the commissioner based on how well the plan meets the goals set under subdivision 2 by December 1 of the same year, including the commissioner's assessment of whether the plan is likely to achieve the goals. Beginning June 1, 2022, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of its annual plan filed under this subdivision, including (i) total expenditures and investments made to date, and (ii) any intended changes to the plan; and (2) a summary of the annual energy-savings achievements under a completed plan and a new plan that complies with this section.

(b) In the filings required under paragraph (a), the consumer-owned utility must describe and evaluate the programs offered by the utility under the plan, including:

(1) energy conservation improvements in the previous period and its progress toward the minimum energy-savings goal from energy conservation improvements described in subdivision 2, including accounting for lifetime savings and cumulative lifetime energy savings under the plan. The evaluation must briefly describe each conservation program the utility offers or plans to offer, and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the program. The commissioner must review each evaluation and make recommendations, where appropriate, to the consumer-owned utility to increase the effectiveness of conservation improvement activities. The commissioner must consider and may require a consumer-owned

28.1 utility to undertake a cost-effective program suggested by an outside source, including a  
28.2 political subdivision, nonprofit corporation, or community organization;

28.3 (2) load management activities, including an analysis of the reduction in peak load  
28.4 resulting from the program and an assessment of the cost-effectiveness of each program;  
28.5 and

28.6 (3) efficient fuel-switching improvement activities, including an analysis regarding how  
28.7 each program meets the criteria specified in subdivision 8 and an assessment of the  
28.8 cost-effectiveness of each program. For improvements requiring the deployment of electric  
28.9 technologies, the plan must also provide an analysis regarding how the fuel-switching  
28.10 improvement is operated in order to facilitate the integration of variable renewable energy  
28.11 into the electric system.

28.12 (c) When evaluating the cost-effectiveness of utility programs, the consumer-owned  
28.13 utility and the commissioner must consider the costs and benefits to ratepayers, the utility,  
28.14 participants, and society. In addition, the commissioner must consider the rate at which the  
28.15 consumer-owned utility is increasing its energy savings and expenditures on energy  
28.16 conservation, as well as the lifetime energy savings and cumulative energy savings of the  
28.17 consumer-owned utility.

28.18 (d) Each consumer-owned utility subject to this subdivision may annually spend and  
28.19 invest up to ten percent of the total amount spent and invested on energy conservation  
28.20 improvements under this subdivision on research and development projects that meet the  
28.21 definition of energy conservation improvement and that are funded directly by the  
28.22 consumer-owned utility.

28.23 (e) A generation and transmission cooperative electric association or municipal power  
28.24 agency that provides energy services to consumer-owned utilities may invest in energy  
28.25 conservation improvements on behalf of consumer-owned utilities it serves and may fulfill  
28.26 the conservation, reporting, and energy-savings goals for any of those consumer-owned  
28.27 utilities on an aggregate basis. For consumer-owned utilities electing to aggregate services  
28.28 under this paragraph, multiyear plans up to three years may be filed with the department  
28.29 under subdivision 3 activities with continued annual performance reporting.

28.30 (f) A consumer-owned utility is prohibited from spending for or investing in energy  
28.31 conservation improvements that directly benefit a large energy facility or a large electric  
28.32 customer facility the commissioner has issued an exemption to under section 216B.241,  
28.33 subdivision 1a.

(g) The energy conservation and optimization plan of each consumer-owned utility subject to this section must have a component focused on improving the energy efficiency in the public schools served by the utility. At a minimum, the efficiency in schools component must consist of programs to update lighting in the school, update the heating and cooling systems of the school, provide for building recommissioning, provide building operator training, and provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at that school, including associated benefits for improved learning resulting from the measures.

Subd. 5. **Low-income programs.** (a) Each consumer-owned utility subject to this section must provide energy conservation programs to low-income households. The commissioner must evaluate a utility's plans under this section, considering the utility's historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.4 percent of its most recent three-year average gross operating revenue from residential customers in Minnesota on low-income programs. A consumer-owned utility that furnishes electric service must spend at least 0.4 percent of its gross operating revenue from residential customers in Minnesota on low-income programs. This requirement applies to each generation and transmission cooperative association's members' aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota.

(b) To meet the requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account in section 216B.241, subdivision 2a. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the utility plans to contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish low-income programs to use money contributed to the energy and conservation account under paragraph (b). When establishing low-income programs, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations engaged in providing energy and weatherization assistance to low-income households. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income households, including low-income renters, located in the service territory of the utility or association providing the money. The commissioner must record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph

(g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify its required spending under this subdivision if the utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) For purposes of this subdivision, "multifamily building" means a residential building with five or more dwelling units. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining eligibility for multifamily buildings in low-income programs, a utility or association may use one or more of the following:

(1) information demonstrating a multifamily building's units are rented to households meeting one of the following criteria:

(i) household income at or below 200 percent of federal poverty level;

(ii) household income at or below 60 percent of area median income;

(iii) occupancy within a building that is certified on the Low Income Rental Classification (LIRC) Assessor Report compiled annually by the Minnesota Housing Finance Agency; or

(iv) occupancy within a building that has a declaration against the property requiring that a portion of the units are rented to tenants with an annual household income less than or equal to 60 percent of area median income;

(2) a property's participation in an affordable housing program, including low-income housing tax credits (LIHTC), United States Department of Housing and Urban Development (HUD) assistance, United States Department of Agriculture (USDA) assistance, Minnesota Housing Finance Agency assistance, or local tax abatement for low-income properties; or

(3) documentation demonstrating that the property is on the waiting list for or currently participating in the United States Department of Energy Weatherization Assistance Program.

Subd. 6. **Recovery of expenses.** The commission must allow a cooperative electric association subject to rate regulation under section 216B.026 to recover expenses resulting from (1) a plan under this subdivision, and (2) assessments and contributions to the energy and conservation account under section 216B.241, subdivision 2a.

Subd. 7. **Ownership of energy conservation improvement.** An energy conservation improvement to or installed in a building under this section, excluding a system owned by the consumer-owned utility that is designed to turn off, limit, or vary the delivery of energy,

is the exclusive property of the building owner, except to the extent that the improvement is subject to a security interest in favor of the utility in case of a loan to the building owner.

Subd. 8. **Criteria for efficient fuel-switching improvements.** A fuel-switching improvement is deemed efficient if the commissioner finds the improvement, relative to the fuel being displaced:

(1) results in a net reduction in the cost and amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the reduction in emissions must be measured based on the hourly emissions profile of the utility or the utility's wholesale provider. Where applicable, the hourly emissions profile used must be the most recent resource plan accepted by the commission under section 216B.2422;

(3) is cost-effective from a societal perspective, considering the costs associated with both the fuel used in the past and the fuel used in the future; and

(4) is installed and operated in a manner that does not unduly increase the utility's system peak demand or require significant new investment in utility infrastructure.

Subd. 9. **Manner of filing and service.** (a) A consumer-owned utility must submit the filings required by this section to the department using the department's electronic filing system.

(b) The submission of a document to the department's electronic filing system constitutes service on the department. If a department rule requires service of a notice, order, or other document by the department, utility, or interested party upon persons on a service list maintained by the department, service may be made by personal delivery, mail, or electronic service. Electronic service may be made only to persons on the service list that have previously agreed in writing to accept electronic service at an electronic address provided to the department for electronic service purposes.

Subd. 10. **Assessment.** The commission or department may assess utilities subject to this section to carry out the purposes of section 216B.241, subdivisions 1d, 1e, and 1f. An assessment under this paragraph must be proportionate to the utility's respective gross operating revenue from sales of gas or electric service in Minnesota during the previous calendar year. Assessments under this subdivision are not subject to the cap on assessments under section 216B.62 or any other law.

Subd. 11. **Waste heat recovery; thermal energy distribution.** Subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility, is eligible to be counted toward a consumer-owned utility's natural gas or electric savings goals.

Sec. 19. Minnesota Statutes 2018, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. ~~Investment, expenditure, and contribution; public utility~~ **Large customer facility.** (a) ~~For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:~~

~~(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;~~

~~(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and~~

~~(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.~~

~~For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), or from commercial gas customers that are exempted under paragraph (c) or (e).~~

~~(b)~~ (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of ~~paragraph (a)~~ a utility's plan under this section or section 216B.2403 with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be

33.1 limited to the qualifying utility if the commissioner finds that the owner of the large customer  
33.2 facility has failed to take reasonable measures to identify, evaluate, and implement energy  
33.3 conservation and efficiency improvements with respect to the nonqualifying utility. Once  
33.4 an exemption is approved, the commissioner may request the owner of a large customer  
33.5 facility to submit, not more often than once every five years, a report demonstrating the  
33.6 large customer facility's ongoing commitment to energy conservation and efficiency  
33.7 improvement after the exemption filing. The commissioner may request such reports for  
33.8 up to ten years after the effective date of the exemption, unless the majority ownership of  
33.9 the large customer facility changes, in which case the commissioner may request additional  
33.10 reports for up to ten years after the change in ownership occurs. The commissioner may,  
33.11 within 180 days of receiving a report submitted under this paragraph, rescind any exemption  
33.12 granted under this paragraph upon a determination that the large customer facility is not  
33.13 continuing to make reasonable efforts to identify, evaluate, and implement energy  
33.14 conservation improvements. A large customer facility that is, under an order from the  
33.15 commissioner, exempt from the investment and expenditure requirements of paragraph (a)  
33.16 as of December 31, 2010, is not required to submit a report to retain its exempt status, except  
33.17 as otherwise provided in this paragraph with respect to ownership changes. No exempt large  
33.18 customer facility may participate in a utility conservation improvement program unless the  
33.19 owner of the facility submits a filing with the commissioner to withdraw its exemption.

33.20 ~~(e)~~ (b) A commercial gas customer that is not a large customer facility and that purchases  
33.21 or acquires natural gas from a public utility having fewer than 600,000 natural gas customers  
33.22 in Minnesota may petition the commissioner to exempt gas utilities serving the commercial  
33.23 gas customer from the investment and expenditure requirements of ~~paragraph (a)~~ a utility's  
33.24 plan under this section or section 216B.2403 with respect to retail revenues attributable to  
33.25 the commercial gas customer. The petition must be supported by evidence demonstrating  
33.26 that the commercial gas customer has acquired or can reasonably acquire the capability to  
33.27 bypass use of the utility's gas distribution system by obtaining natural gas directly from a  
33.28 supplier not regulated by the commission. The commissioner shall grant the exemption if  
33.29 the commissioner finds that the petitioner has made the demonstration required by this  
33.30 paragraph.

33.31 ~~(d)~~ (c) The commissioner may require investments or spending greater than the amounts  
33.32 required under this subdivision for a public utility whose most recent advance forecast  
33.33 required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100  
33.34 megawatts or greater within five years under midrange forecast assumptions.

~~(e) (d)~~ A public utility or owner of a large customer facility may appeal a decision of the commissioner under paragraph (a) or (b), ~~(e), or (d)~~ to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (a) or (b), ~~(e), or (d)~~, the commission shall rescind the decision if it finds ~~that the required investments or spending will:~~

~~(1) not result in cost-effective energy conservation improvements; or~~

~~(2) otherwise the decision is not be in the public interest.~~

(e) A public utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has issued an exemption to under this section.

Sec. 20. Minnesota Statutes 2018, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual public utility and association shall have providing electric service has an annual energy-savings goal equivalent to 1.5 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d) (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which cannot be modified by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility or association providing electric service may elect to carry forward energy savings in excess of 1.5 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can be used only for one year's goal.

~~(e) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.~~

~~(d) (c)~~ In its energy conservation improvement and optimization plan filing, a public utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public

utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

~~(d) A public utility or association~~ may include in its energy conservation and optimization plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. ~~Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association.~~ Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

~~(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.~~

~~(f) An association or~~ (e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which ~~an association or~~ a municipal utility is increasing its energy savings and its expenditures on energy conservation, as well as the public utility's lifetime energy savings and cumulative energy savings.

~~(g) (f)~~ On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the ~~energy conservation improvement~~ programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from any efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must provide an estimate for progress toward the statewide energy-savings goal under section 216B.2401.

~~(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy savings goals established in this subdivision.~~

~~(i) This subdivision does not apply to:~~

~~(1) a cooperative electric association with fewer than 5,000 members;~~

~~(2) a municipal utility with fewer than 1,000 retail electric customers; or~~

~~(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.~~

Sec. 21. Minnesota Statutes 2018, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs under this section and section 216B.2403 on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The department must track a public utility's or consumer-owned utility's lifetime energy savings and cumulative lifetime energy savings provided to the commissioner in plans submitted under this section. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to \$850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

~~(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and~~

~~energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2018. By March 15 of the year following the enactment of this section, the commissioner must, by order, develop and publish technical information necessary to evaluate whether deployment of a fuel-switching improvement meets the criteria established under subdivision 11, paragraph (c), and section 216B.2403, subdivision 8, including the formula to account for the energy saved by a fuel-switching improvement on a fuel-neutral basis. The commissioner must update the technical information as necessary.~~

Sec. 22. Minnesota Statutes 2018, section 216B.241, subdivision 1f, is amended to read:

Subd. 1f. **Facilities energy efficiency.** (a) The commissioner of administration and the commissioner of commerce shall maintain and, as needed, revise the sustainable building design guidelines developed under section 16B.325.

(b) The commissioner of administration and the commissioner of commerce shall maintain and update the benchmarking tool developed under Laws 2001, chapter 212, article 1, section 3, so that all public buildings can use the benchmarking tool to maintain energy use information for the purposes of establishing energy efficiency benchmarks, tracking building performance, and measuring the results of energy efficiency and conservation improvements.

(c) The commissioner shall require that utilities include in their conservation improvement plans programs that facilitate professional engineering verification to qualify a building as Energy Star-labeled, Leadership in Energy and Environmental Design (LEED) certified, or Green Globes-certified. ~~The state goal is to achieve certification of 1,000 commercial buildings as Energy Star-labeled, and 100 commercial buildings as LEED-certified or Green Globes-certified by December 31, 2010.~~

(d) The commissioner may assess up to \$500,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

Sec. 23. Minnesota Statutes 2018, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Programs Public utility; energy conservation and optimization plans.** (a) The commissioner may require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover no more than a three-year period. Public utilities shall file energy

conservation ~~improvement~~ and optimization plans by June 1, on a schedule determined by order of the commissioner, but at least every three years. As provided in subdivision 11, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The plan must account for the lifetime energy savings and cumulative lifetime savings under the plan. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. ~~The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.~~

(c) Each public utility subject to this subdivision ~~1a~~ may spend and invest annually up to ten percent of the total amount ~~required to be~~ spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.

~~(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b).~~ The commissioner shall consider and may require a public utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization.

(e) A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the

attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

(f) The commissioner may order a public utility to include, with the filing of the utility's annual status report, the results of an independent audit of the utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the spending and investments. The audit must evaluate the cost-effectiveness of the utility's conservation programs.

~~(g) A gas utility may not spend for or invest in energy conservation improvements that directly benefit a large customer facility or commercial gas customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b), (c), or (e). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision, a nonprofit corporation, or a community organization.~~

(g) The energy conservation and optimization plan for each public utility subject to this section must include a component focused on improving energy efficiency in public schools served by the utility. At a minimum, the efficiency in schools component must consist of programs to update lighting in schools, update heating and cooling systems in schools, provide for building recommissioning, provide building operator training, and provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school, including the associated benefits for improved learning resulting from the measures.

Sec. 24. Minnesota Statutes 2018, section 216B.241, subdivision 2b, is amended to read:

Subd. 2b. **Recovery of expenses.** The commission shall allow a public utility to recover expenses resulting from a an energy conservation improvement program required and optimization plan approved by the department under this section and contributions and assessments to the energy and conservation account, unless the recovery would be

inconsistent with a financial incentive proposal approved by the commission. ~~The commission shall allow a cooperative electric association subject to rate regulation under section 216B.026, to recover expenses resulting from energy conservation improvement programs, load management programs, and assessments and contributions to the energy and conservation account unless the recovery would be inconsistent with a financial incentive proposal approved by the commission.~~ In addition, a public utility may file annually, or the Public Utilities Commission may require the utility to file, and the commission may approve, rate schedules containing provisions for the automatic adjustment of charges for utility service in direct relation to changes in the expenses of the utility for real and personal property taxes, fees, and permits, the amounts of which the utility cannot control. A public utility is eligible to file for adjustment for real and personal property taxes, fees, and permits under this subdivision only if, in the year previous to the year in which it files for adjustment, it has spent or invested at least 1.75 percent of its gross revenues from provision of electric service, excluding gross operating revenues from electric service provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), and 0.6 percent of its gross revenues from provision of gas service, excluding gross operating revenues from gas services provided in the state to large electric customer facilities for which the commissioner has issued an exemption under subdivision 1a, paragraph (b), for that year for energy conservation improvements under this section.

Sec. 25. Minnesota Statutes 2018, section 216B.241, subdivision 3, is amended to read:

Subd. 3. **Ownership of energy conservation improvement.** ~~An~~ A preweatherization measure or energy conservation improvement made to or installed in a building in accordance with this section, except systems owned by the utility and designed to turn off, limit, or vary the delivery of energy, are the exclusive property of the owner of the building except to the extent that the improvement is subjected to a security interest in favor of the utility in case of a loan to the building owner. The utility has no liability for loss, damage or injury caused directly or indirectly by ~~an~~ a preweatherization measure or energy conservation improvement except for negligence by the utility in purchase, installation, or modification of the product.

Sec. 26. Minnesota Statutes 2018, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers and is subject to subdivision 1c shall include as part of its conservation improvement activities a program to strongly encourage the use of ~~fluorescent and high-intensity discharge lamps~~.

41.1 light-emitting diode lighting products. The program must include at least a public information  
41.2 campaign to encourage use of the lamps and proper management of spent lamps by all  
41.3 customer classifications.

41.4 (b) A public utility that provides electric service at retail to 200,000 or more customers  
41.5 shall establish, either directly or through contracts with other persons, including lamp  
41.6 manufacturers, distributors, wholesalers, and retailers and local government units, a system  
41.7 to collect for delivery to a reclamation or recycling facility spent fluorescent and  
41.8 high-intensity discharge lamps from households and from small businesses as defined in  
41.9 section 645.445 that generate an average of fewer than ten spent lamps per year.

41.10 (c) A collection system must include establishing reasonably convenient locations for  
41.11 collecting spent lamps from households and financial incentives sufficient to encourage  
41.12 spent lamp generators to take the lamps to the collection locations. Financial incentives may  
41.13 include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash  
41.14 back system, or any other financial incentive or group of incentives designed to collect the  
41.15 maximum number of spent lamps from households and small businesses that is reasonably  
41.16 feasible.

41.17 (d) A public utility that provides electric service at retail to fewer than 200,000 customers,  
41.18 a cooperative electric association, or a municipal utility that provides electric service at  
41.19 retail to customers may establish a collection system under paragraphs (b) and (c) as part  
41.20 of conservation improvement activities required under this section.

41.21 (e) The commissioner of the Pollution Control Agency may not, unless clearly required  
41.22 by federal law, require a public utility, cooperative electric association, or municipality that  
41.23 establishes a household fluorescent and high-intensity discharge lamp collection system  
41.24 under this section to manage the lamps as hazardous waste as long as the lamps are managed  
41.25 to avoid breakage and are delivered to a recycling or reclamation facility that removes  
41.26 mercury and other toxic materials contained in the lamps prior to placement of the lamps  
41.27 in solid waste.

41.28 (f) If a public utility, cooperative electric association, or municipal utility contracts with  
41.29 a local government unit to provide a collection system under this subdivision, the contract  
41.30 must provide for payment to the local government unit of all the unit's incremental costs of  
41.31 collecting and managing spent lamps.

41.32 (g) All the costs incurred by a public utility, cooperative electric association, or municipal  
41.33 utility for promotion and collection of fluorescent and high-intensity discharge lamps under  
41.34 this subdivision are conservation improvement spending under this section.

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

Sec. 27. Minnesota Statutes 2018, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each public utility and association subject to subdivision 1c provides low-income energy conservation programs to low-income households. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. ~~A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at least 0.4~~ 0.8 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. ~~A utility or association that furnishes electric service must spend at least 0.1 percent of its gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, A utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.~~

(b) To meet the requirements of paragraph (a), a public utility or association may contribute money to the energy and conservation account. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the public utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income programs to utilize money contributed to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons households. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income persons households, including low-income renters, in the service territory of the public utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c,

paragraph (g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A public utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) For purposes of this subdivision, "multifamily building" is defined as a residential building with five or more dwelling units. Notwithstanding the definition of low-income household in section 216B.2402, for purposes of determining eligibility for multifamily buildings in low-income programs, a utility or association may use one or more of the following:

(1) information demonstrating a multifamily building's units are rented to households meeting one of the following criteria:

(i) household income at or below 200 percent of federal poverty level;

(ii) household income at or below 60 percent of area median income;

(iii) occupancy within a building that is certified on the Low Income Renter Classification (LIRC) Assessor Report compiled annually by Minnesota Housing Finance Agency; or

(iv) occupancy within a building which has a declaration against the property requiring that a portion of the units are rented to tenants with an annual household income less than or equal to 60 percent of area median income;

(2) a property's participation in an affordable housing program, including low-income housing tax credits (LIHTC), United States Department of Housing and Urban Development (HUD) assistance, United States Department of Agriculture (USDA) assistance, state housing finance agency assistance, or local tax abatement for low-income properties; or

(3) documentation demonstrating that the property is on the waiting list for or currently participating in the United States Department of Energy Weatherization Assistance Program.

(f) Up to 15 percent of a public utility's spending on low-income programs may be spent on preweatherization measures. For purposes of this section and section 216B.241, subdivision 3, "preweatherization measure" means an improvement that is necessary to allow energy conservation improvements to be installed in a home.

(1) The commissioner must, by order, establish a list of qualifying preweatherization measures eligible for inclusion in low-income programs no later than March 15 of the year following enactment of this section.

(2) A public utility may elect to contribute money to the Healthy Asbestos Insulation Removal (AIR) program administered by the department. Money contributed to the fund counts toward the minimum low-income spending requirement in paragraph (a) and toward the cap on preweatherization measures.

~~(e)~~ (g) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the utility may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the utility. The energy and demand savings may, at the discretion of the utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

Sec. 28. Minnesota Statutes 2018, section 216B.241, subdivision 9, is amended to read:

Subd. 9. **Building performance standards; Sustainable Building 2030.** (a) The purpose of this subdivision is to establish cost-effective energy-efficiency performance standards for new and substantially reconstructed commercial, industrial, and institutional buildings that can significantly reduce carbon dioxide emissions by lowering energy use in new and substantially reconstructed buildings. For the purposes of this subdivision, the establishment of these standards may be referred to as Sustainable Building 2030.

(b) The commissioner shall contract with the Center for Sustainable Building Research at the University of Minnesota to coordinate development and implementation of energy-efficiency performance standards, strategic planning, research, data analysis, technology transfer, training, and other activities related to the purpose of Sustainable Building 2030. The commissioner and the Center for Sustainable Building Research shall, in consultation with utilities, builders, developers, building operators, and experts in building design and technology, develop a Sustainable Building 2030 implementation plan that must address, at a minimum, the following issues:

(1) training architects to incorporate the performance standards in building design;

(2) incorporating the performance standards in utility conservation improvement programs; and

(3) developing procedures for ongoing monitoring of energy use in buildings that have adopted the performance standards.

The plan must be submitted to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy by July 1, 2009.

(c) Sustainable Building 2030 energy-efficiency performance standards must be firm, quantitative measures of total building energy use and associated carbon dioxide emissions per square foot for different building types and uses, that allow for accurate determinations of a building's conformance with a performance standard. Performance standards must address energy use by electric vehicle charging infrastructure in or adjacent to buildings as that infrastructure begins to be made widely available. The energy-efficiency performance standards must be updated every three or five years to incorporate all cost-effective measures. The performance standards must reflect the reductions in carbon dioxide emissions per square foot resulting from actions taken by utilities to comply with the renewable energy standards in section 216B.1691. The performance standards should be designed to achieve reductions equivalent to the following reduction schedule, measured against energy consumption by an average building in each applicable building sector in 2003: (1) 60 percent in 2010; (2) 70 percent in 2015; (3) 80 percent in 2020; and (4) 90 percent in 2025. A performance standard must not be established or increased absent a conclusive engineering analysis that it is cost-effective based upon established practices used in evaluating utility conservation improvement programs.

(d) The annual amount of the contract with the Center for Sustainable Building Research is up to \$500,000. The Center for Sustainable Building Research shall expend no more than \$150,000 of this amount each year on administration, coordination, and oversight activities related to Sustainable Building 2030. Up to an additional \$150,000 of this amount may be used by the Center for Sustainable Building Research to provide technical assistance to local jurisdictions that adopt a voluntary stretch code under section 326B.106, subdivision 16, that conforms to Sustainable Building 2030. The balance of contract funds must be spent on substantive programmatic activities allowed under this subdivision that may be conducted by the Center for Sustainable Building Research and others, and for subcontracts with not-for-profit energy organizations, architecture and engineering firms, and other qualified entities to undertake technical projects and activities in support of Sustainable Building 2030. The primary work to be accomplished each year by qualified technical experts under subcontracts is the development and thorough justification of recommendations for specific energy-efficiency performance standards. Additional work may include:

(1) research, development, and demonstration of new energy-efficiency technologies and techniques suitable for commercial, industrial, and institutional buildings;

(2) analysis and evaluation of practices in building design, construction, commissioning and operations, and analysis and evaluation of energy use in the commercial, industrial, and institutional sectors;

(3) analysis and evaluation of the effectiveness and cost-effectiveness of Sustainable Building 2030 performance standards, conservation improvement programs, and building energy codes;

(4) development and delivery of training programs for architects, engineers, commissioning agents, technicians, contractors, equipment suppliers, developers, and others in the building industries; and

(5) analysis and evaluation of the effect of building operations on energy use.

(e) The commissioner shall require utilities to develop and implement conservation improvement programs that are expressly designed to achieve energy efficiency goals consistent with the Sustainable Building 2030 performance standards. These programs must include offerings of design assistance and modeling, financial incentives, and the verification of the proper installation of energy-efficient design components in new and substantially reconstructed buildings. The programs must be available to customers in local jurisdictions that adopt a voluntary stretch code under section 326B.106, subdivision 16. A utility's design assistance program must consider the strategic planting of trees and shrubs around buildings as an energy conservation strategy for the designed project. A utility making an expenditure under its conservation improvement program that results in a building meeting the Sustainable Building 2030 performance standards may claim the energy savings toward its energy-savings goal established in subdivision 1c.

(f) The commissioner shall report to the legislature every three years, beginning January 15, 2010, on the cost-effectiveness and progress of implementing the Sustainable Building 2030 performance standards and shall make recommendations on the need to continue the program as described in this section.

Sec. 29. Minnesota Statutes 2018, section 216B.241, is amended by adding a subdivision to read:

Subd. 11. **Programs for efficient fuel-switching improvements and load management.** (a) A public utility subject to this section may include in its plan required under subdivision 2 programs for (1) efficient fuel-switching improvements and load

management, or (2) combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the utility must provide proposed budgets, cost-effectiveness analyses, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if it finds the improvements meet the requirements of paragraph (e). For improvements requiring the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, provided the department finds the primary purpose and effect of the program is energy efficiency.

(c) The department may approve a proposed program in load management if it finds the program investment is cost-effective after considering the costs and benefits of the proposed investment to ratepayers, the utility, participants, and society. The net benefits from a load management activity that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, provided the department finds the primary purpose and effect of the program is energy efficiency.

(d) The commission may permit a public utility to file rate schedules that provide for annual cost recovery for efficient fuel-switching improvements and cost-effective load management programs approved by the department, including reasonable and prudent costs to implement and promote programs approved under this subdivision. The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage investments in load management programs, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission must not approve a financial incentive to encourage efficient fuel-switching programs. An incentive plan to encourage cost-effective load management programs may be structured as a regulatory asset on which a public utility could earn a rate of return. A utility is not eligible for a financial incentive under this subdivision in any year the utility or association does not achieve its minimum energy-savings goal.

(e) A fuel-switching improvement is deemed efficient if the commissioner finds the improvement, relative to the fuel that is being displaced, meets the following criteria:

(1) results in a net reduction in the cost and amount of source energy consumed for a particular use, measured on a fuel-neutral basis;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the change in emissions must be measured based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422;

(3) is cost-effective from a societal perspective, considering the costs associated with both the fuel that was used and the fuel that will be used; and

(4) is installed and operated in a manner that does not unduly increase the utility's system peak demand or require significant new investment in utility infrastructure.

Sec. 30. Minnesota Statutes 2018, section 216B.2422, subdivision 1, is amended to read:

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

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

(7) predominantly organic components of wastewater effluent, sludge, or related by-products from publicly owned treatment works, but not including incineration of wastewater sludge.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option

would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

(f) "Clean energy resource" means renewable energy, an energy storage system, energy efficiency, as defined in section 216B.2402, paragraph (g), or load management, as defined in section 216B.2402, paragraph (o).

(g) "Carbon-free resource" means a generation technology that, when operating, does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2. Carbon-free resource does not include a nuclear-powered electric generation facility operating in Minnesota on the effective date of this act.

(h) "Energy storage system" means a commercially available technology that:

(1) uses mechanical, chemical, or thermal processes to:

(i) store energy and deliver the stored energy for use at a later time; or

(ii) store thermal energy for direct use for heating or cooling at a later time in a manner that reduces the demand for energy at the later time;

(2) if being used for electric grid benefits, is:

(i) operationally visible to the distribution or transmission entity managing it; and

(ii) capable of being controlled by the distribution or transmission entity to enable and optimize the safe and reliable operation of the electric system; and

(3) achieves any of the following:

(i) reduces peak electrical demand;

(ii) defers the need or substitutes for an investment in electric generation, transmission, or distribution assets;

(iii) improves the reliable operation of the electrical transmission or distribution systems;

or

(iv) lowers customer costs by storing energy when the cost of generating or purchasing energy is low and delivering energy to customers when costs are high.

(i) "Nonrenewable energy facility" means a generation facility, other than a nuclear facility, that does not use a renewable energy or other clean energy resource.

(j) "Local job impacts" means the impacts of an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility on the availability of high-quality construction and mining employment opportunities for local workers.

(k) "Local workers" means workers employed to construct and maintain energy infrastructure, or employed in a mining industry, that are Minnesota residents, residents of the utility's service territory, or who permanently reside within 150 miles of a proposed new or refurbished energy facility.

Sec. 31. Minnesota Statutes 2018, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting ~~50 and 75~~ 50, 75, and 100 percent of all energy needs from both new and refurbished generating facilities through a combination of ~~conservation~~ clean energy and ~~renewable energy~~ carbon-free resources.

Sec. 32. Minnesota Statutes 2018, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** ~~(a)~~ The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including power purchase agreement, resource plan, and certificate of need proceedings. When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the

environmental costs that must be analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

~~(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).~~

Sec. 33. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3a. **Favored energy resources; state policy.** It is the policy of the state that, in order to hasten the achievement of the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, subdivision 2a, and the solar energy standard under section 216B.1691, subdivision 2f, and given the significant and continuing reductions in the cost of wind technologies, solar technologies, energy storage systems, and demand-response technologies, the favored method to meet energy demand in Minnesota is a combination of clean energy resources.

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

Sec. 34. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision to read:

Subd. 3b. **Nonrenewable energy facility; required analysis.** (a) In its application requesting commission approval of the construction, refurbishing, or purchase of energy or capacity from a nonrenewable energy facility in an integrated resource plan, a power purchase agreement, or any other proceeding, a utility must include, at a minimum, the information required under this subdivision.

(b) A utility must include plans to meet 50, 75, and 100 percent of the energy or capacity provided by the proposed nonrenewable energy facility using the least costly combination of clean energy resources.

(c) When analyzing costs under this subdivision, a utility must include the environmental costs most recently adopted by the commission for carbon dioxide emissions and criteria air pollutants, and socioeconomic costs required under subdivision 3, using both the low and high ends of any cost range adopted by the commission. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs that must be analyzed under subdivision 3, including both the low and high values of any cost range adopted by the commission.

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

52.2 Sec. 35. Minnesota Statutes 2018, section 216B.2422, subdivision 4, is amended to read:

52.3 Subd. 4. **Preference for renewable energy facility clean energy resources.** (a) In order  
52.4 to achieve the greenhouse gas reduction goals under section 216H.02, and the carbon-free  
52.5 standard under section 216B.1691, the commission shall not approve a new or refurbished  
52.6 nonrenewable energy facility in an integrated resource plan or a certificate of need, ~~pursuant~~  
52.7 ~~to under~~ section 216B.243, or in any proceeding in which a utility seeks to construct an  
52.8 electric generating facility or procure electricity or capacity, nor shall the commission  
52.9 approve a power purchase agreement for power with a nonrenewable energy facility, or  
52.10 allow rate recovery pursuant to under section 216B.16 for such a nonrenewable energy  
52.11 facility, unless the utility has demonstrated by clear and convincing evidence that a renewable  
52.12 energy facility, alone or in combination with other clean energy resources, is not in the  
52.13 public interest. ~~When making the public interest determination, the commission must~~  
52.14 ~~consider:~~

52.15 ~~(1) whether the resource plan helps the utility achieve the greenhouse gas reduction~~  
52.16 ~~goals under section 216H.02, the renewable energy standard under section 216B.1691, or~~  
52.17 ~~the solar energy standard under section 216B.1691, subdivision 2f;~~

52.18 ~~(2) impacts on local and regional grid reliability;~~

52.19 ~~(3) utility and ratepayer impacts resulting from the intermittent nature of renewable~~  
52.20 ~~energy facilities, including but not limited to the costs of purchasing wholesale electricity~~  
52.21 ~~in the market and the costs of providing ancillary services; and~~

52.22 ~~(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility,~~  
52.23 ~~changes in transmission costs, portfolio diversification, and environmental compliance~~  
52.24 ~~costs.~~

52.25 (b) In order to find that a renewable energy facility, alone or in combination with other  
52.26 clean energy resources, is not in the public interest, the commission must find by clear and  
52.27 convincing evidence that utilizing renewable or clean energy resources to meet the need  
52.28 for resources cannot be done affordably or reliably.

52.29 (c) To determine affordability, the commission must consider utility and ratepayer effects  
52.30 resulting from:

52.31 (1) the intermittent nature of renewable energy facilities, including but not limited to  
52.32 the costs to purchase wholesale electricity in the market and the costs to provide ancillary  
52.33 services;

53.1 (2) reduced exposure to fuel price volatility, changes in transmission and distribution  
53.2 costs, portfolio diversification, and environmental compliance costs; and

53.3 (3) other environmental costs of a nonrenewable energy facility, as determined by the  
53.4 commission under subdivision 3.

53.5 (d) To determine reliability, the commission must consider:

53.6 (1) effects on regional grid reliability; and

53.7 (2) the ability of the proposed energy resources or facilities to provide:

53.8 (i) essential reliability services, including frequency response, balancing services, and  
53.9 voltage control; and

53.10 (ii) energy and capacity.

53.11 (e) When considering the costs of a nonrenewable energy facility under this section, the  
53.12 commission must consider only nonzero values for the environmental costs that must be  
53.13 analyzed under subdivision 3, including both the low and high values of any cost range  
53.14 adopted by the commission.

53.15 (f) The commission must make a written determination of its findings and conclusions  
53.16 regarding affordability and reliability under this subdivision. The commission must also  
53.17 make a written determination as to whether the energy resources approved by the  
53.18 commission: (1) help the state achieve the greenhouse gas reduction goals under section  
53.19 216H.02; and (2) help the utility achieve the renewable energy standard under section  
53.20 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f.

53.21 (g) If the commission approves a resource plan that includes the retirement of a  
53.22 nonrenewable energy facility owned by a public utility, the public utility owns at least an  
53.23 amount of the accredited capacity of clean energy resources equal to the percentage of the  
53.24 retiring nonrenewable energy facility that remains undepreciated multiplied by the accredited  
53.25 capacity of the retiring facility, and owns the transmission and other facilities necessary to  
53.26 replace the accredited capacity of the retiring facility, provided:

53.27 (1) the utility demonstrates its ownership of replacement resources is in the public  
53.28 interest, considering customer impacts and benefits; and

53.29 (2) the resource plan results in the utility meeting the standards described below:

53.30 (i) for an electric utility that owned a nuclear generating facility as of January 1, 2007,  
53.31 at least 85 percent of its electric supply by the year 2030 and thereafter, and 100 percent of

54.1 its electric supply by the year 2045, from resources that do not contribute to statewide  
54.2 greenhouse gas emissions, as defined in section 216H.01, subdivision 2; and

54.3 (ii) for an electric utility that did not own a nuclear generating facility as of January 1,  
54.4 2007, at least 80 percent of its electric supply by the year 2030 and thereafter, and 100  
54.5 percent of its electric supply by the year 2050, from resources that do not contribute to  
54.6 statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

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

54.8 Sec. 36. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision  
54.9 to read:

54.10 Subd. 4a. **Preference for local job creation.** As a part of its resource plan filing, a utility  
54.11 must report on associated local job impacts and the steps the utility and its energy suppliers  
54.12 and contractors are taking to maximize the availability of construction employment  
54.13 opportunities for local workers. The commission must consider local job impacts and give  
54.14 preference to proposals that maximize the creation of construction employment opportunities  
54.15 for local workers, consistent with the public interest, when evaluating any utility proposal  
54.16 that involves the selection or construction of facilities used to generate or deliver energy to  
54.17 serve the utility's customers, including but not limited to a certificate of need, a power  
54.18 purchase agreement, or commission approval of a new or refurbished electric generation  
54.19 facility.

54.20 Sec. 37. Minnesota Statutes 2018, section 216B.2422, subdivision 5, is amended to read:

54.21 Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may  
54.22 select resources to meet its projected energy demand through a bidding process approved  
54.23 or established by the commission. A utility shall use the environmental cost estimates  
54.24 determined under subdivision 3 and consider local job impacts in evaluating bids submitted  
54.25 in a process established under this subdivision.

54.26 (b) Notwithstanding any other provision of this section, if an electric power generating  
54.27 plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding  
54.28 process approved or established by the commission, a certificate of need proceeding under  
54.29 section 216B.243 is not required.

54.30 (c) A certificate of need proceeding is also not required for an electric power generating  
54.31 plant that has been selected in a bidding process approved or established by the commission,

55.1 or such other selection process approved by the commission, to satisfy, in whole or in part,  
55.2 the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

55.3 Sec. 38. Minnesota Statutes 2018, section 216B.2422, is amended by adding a subdivision  
55.4 to read:

55.5 Subd. 7. **Energy storage systems assessment.** (a) Each public utility required to file a  
55.6 resource plan under subdivision 2 must include in the filing an assessment of energy storage  
55.7 systems that analyzes how the deployment of energy storage systems contributes to:

55.8 (1) meeting identified generation and capacity needs; and

55.9 (2) evaluating ancillary services.

55.10 (b) The assessment must employ appropriate modeling methods to enable the analysis  
55.11 required in paragraph (a).

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

55.13 Sec. 39. **[216B.2427] ELECTRIC UTILITIES; ANCILLARY SERVICES COST**  
55.14 **REPORT.**

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

55.17 (b) "Ancillary services" means services that help maintain the reliability of the electrical  
55.18 grid by maintaining the proper flow and direction of electricity, addressing temporary  
55.19 imbalances of supply and demand, and helping the electrical grid to recover after a power  
55.20 failure. Ancillary services include but are not limited to spinning reserves, nonspinning  
55.21 reserves, voltage regulation, load following, and black start capability.

55.22 (c) "Black start capability" means the provision of the initial energy needed to start up  
55.23 and begin operation of an electricity generator.

55.24 (d) "Load following" means the matching, within five minutes or less, of electricity  
55.25 supply to demand as demand fluctuates.

55.26 (e) "Nonspinning reserves" means electric generation capacity that is not connected to  
55.27 the electric grid, but is capable of:

55.28 (1) being connected, ramped to capacity, and synchronized to the electric grid within  
55.29 ten minutes; and

55.30 (2) maintaining a specified output level for at least two hours.

(f) "Spinning reserves" means reserve electric generation capacity that is connected and synchronized to the electric grid and can meet electric demand within ten minutes.

(g) "Voltage regulation" means the maintenance of voltage levels on the electric grid.

Subd. 2. **Report.** By October 1, 2019, and each April 1 thereafter, each electric utility must report to the commission on a form developed by the commission the total cost to purchase or self-provide ancillary services throughout the previous calendar year. For each type of ancillary service, the utility must report:

(1) the entity providing the ancillary service;

(2) the amount, duration, and frequency of the ancillary service provided; and

(3) the cost to purchase or provide the ancillary service.

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

Sec. 40. Minnesota Statutes 2018, section 216B.243, subdivision 3, is amended to read:

**Subd. 3. Showing required for construction.** (a) No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation, energy storage, and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;

(4) promotional activities that may have given rise to the demand for this facility;

(5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

(6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy

57.1 generation and transmission facilities, energy storage systems, load-management programs,  
57.2 and distributed generation;

57.3 (7) the policies, rules, and regulations of other state and federal agencies and local  
57.4 governments;

57.5 (8) any feasible combination of energy conservation improvements, required under  
57.6 section 216B.241, or energy storage systems that can (i) replace part or all of the energy to  
57.7 be provided by the proposed facility, and (ii) compete with it economically;

57.8 (9) with respect to a high-voltage transmission line, the benefits of enhanced regional  
57.9 reliability, access, or deliverability to the extent these factors improve the robustness of the  
57.10 transmission system or lower costs for electric consumers in Minnesota;

57.11 (10) whether the applicant or applicants are in compliance with applicable provisions  
57.12 of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date  
57.13 certain an application for certificate of need under this section or for certification as a priority  
57.14 electric transmission project under section 216B.2425 for any transmission facilities or  
57.15 upgrades identified under section 216B.2425, subdivision 7;

57.16 (11) whether the applicant has made the demonstrations required under subdivision 3a;  
57.17 and

57.18 (12) if the applicant is proposing a nonrenewable generating plant, the applicant's  
57.19 assessment of the risk of environmental costs and regulation on that proposed facility over  
57.20 the expected useful life of the plant, including a proposed means of allocating costs associated  
57.21 with that risk.

57.22 (b) "Energy storage system" means a commercially available technology that uses  
57.23 mechanical, chemical, or thermal processes to:

57.24 (1) store energy and deliver the stored energy for use at a later time; or

57.25 (2) store thermal energy for direct use for heating or cooling at a later time in a manner  
57.26 that reduces the demand for electricity at the later time.

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

57.28 Sec. 41. Minnesota Statutes 2018, section 216B.243, subdivision 3a, is amended to read:

57.29 Subd. 3a. **Use of ~~renewable~~ nonrenewable resource.** The commission ~~may~~ must not  
57.30 issue a certificate of need under this section for a large energy facility that generates electric  
57.31 power by means of a nonrenewable energy source, or that transmits electric power generated  
57.32 by means of a nonrenewable energy source, unless the applicant for the certificate has

demonstrated by clear and convincing evidence to the commission's satisfaction under  
section 216B.2422, subdivision 4, that ~~it~~ the applicant has ~~explored the possibility of~~  
conducted the analysis required under section 216B.2422, subdivision 3b, regarding  
generating power by means of renewable clean energy sources ~~resources~~, as defined in  
section 216B.2422, subdivision 1, and ~~has demonstrated~~ that the ~~alternative selected is less~~  
~~expensive (including environmental costs) than power generated by a renewable energy~~  
~~source. For purposes of this subdivision, "renewable energy source" includes hydro, wind,~~  
~~solar, and geothermal energy and the use of trees or other vegetation as fuel.~~ nonrenewable  
energy source is in the public interest.

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

Sec. 42. **[216B.247] BENEFICIAL ELECTRIFICATION.**

(a) It is the goal of the state to promote energy end uses powered by electricity that result  
in a net reduction in greenhouse gas emissions and improvements to public health, consistent  
with the goal established under section 216H.02, subdivision 1.

(b) To the maximum reasonable extent, the implementation of beneficial electrification  
should prioritize investment and activity in low-income and underresourced communities,  
maintain or improve the quality of electricity service, maximize customer savings, improve  
the integration of renewable and carbon-free resources, and prioritize job creation.

Sec. 43. **[216B.248] PUBLIC UTILITY BENEFICIAL ELECTRIFICATION.**

(a) A public utility may submit to the commission a plan to promote energy end uses  
powered by electricity within its service area. To the maximum reasonable extent, the plans  
must:

(1) maximize consumer savings over the lifetime of the investment;

(2) maintain or enhance the reliability of electricity service;

(3) quantify the acres of land that will be needed for new generation, transmission, and  
distribution facilities to provide the additional electricity required under the plan;

(4) maintain or enhance public health and safety when temperatures fall below 25 degrees  
below zero Fahrenheit;

(5) support the integration of renewable and carbon-free resources;

(6) encourage load shape management and energy storage that reduce overall system  
costs;

(7) prioritize electrification projects in economically disadvantaged communities; and

(8) produce a net reduction in greenhouse gas emissions, based on the electricity generation portfolio of the public utility proposing the plan either over the lifetime of the conversion or by 2050, whichever is sooner.

(b) The commission must approve, reject, or modify the public utility's plan, consistent with the public interest. Plans approved by the commission under this subdivision are eligible for cost recovery under section 216B.1645.

Sec. 44. **[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 awarded a grant under this section.

(c) "Energy storage system" means a commercially available technology capable of:

(1) absorbing and storing electrical energy; and

(2) dispatching stored electrical energy at a later time.

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

(e) "School" means a school that operates as part of an independent or special school district.

(f) "School district" means an independent or special school district.

(g) "Solar energy system" means photovoltaic or solar thermal devices installed alone or in combination with an energy storage system.

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 (1) stimulate the installation of solar energy systems on or adjacent to school buildings by reducing costs, and (2) enable schools to use the solar energy system as a teaching tool that is 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.

60.1 (b) When a grant is awarded under this section, the commissioner must reserve the grant  
60.2 amount in the account.

60.3 Subd. 4. **Expenditures.** (a) Money in the account may be used only:

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

60.5 (2) to pay the reasonable costs incurred by the department to administer this section.

60.6 (b) Grant awards made with funds in the account must be used only for grants for solar  
60.7 energy systems installed on or adjacent to school buildings receiving retail electric service  
60.8 from a utility that is not subject to section 116C.779, subdivision 1.

60.9 Subd. 5. **Eligible system.** (a) A grant may be awarded to a school under this section  
60.10 only if the solar energy system that is the subject of the grant:

60.11 (1) is installed on or adjacent to the school building that consumes the electricity generated  
60.12 by the solar energy system, on property within the service territory of the utility currently  
60.13 providing electric service to the school building; and

60.14 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the  
60.15 estimated annual electricity consumption of the school building where the solar energy  
60.16 system is installed.

60.17 (b) A school district that receives a rebate or other financial incentive under section  
60.18 216B.241 for a solar energy system and that demonstrates considerable need for financial  
60.19 assistance, as determined by the commissioner, is eligible for a grant under this section for  
60.20 the same solar energy system.

60.21 Subd. 6. **Application process.** (a) The commissioner must issue a request for proposals  
60.22 to utilities, schools, and developers who wish to apply for a grant under this section on  
60.23 behalf of a school.

60.24 (b) A utility or developer must submit an application to the commissioner on behalf of  
60.25 a school on a form prescribed by the commissioner. The form must include, at a minimum,  
60.26 the following information:

60.27 (1) the capacity of the proposed solar energy system and the amount of electricity that  
60.28 is expected to be generated;

60.29 (2) the current energy demand of the school building on which the solar energy generating  
60.30 system is to be installed and information regarding any distributed energy resource, including  
60.31 subscription to a community solar garden, that currently provides electricity to the school  
60.32 building;

61.1 (3) the size of any energy storage system proposed to be installed as part of a solar energy  
61.2 system;

61.3 (4) a description of any solar thermal devices proposed as part of the solar energy system;

61.4 (5) the total cost to purchase and install the solar energy system and the solar energy  
61.5 system's life-cycle cost, including the cost to remove and dispose the system at the end of  
61.6 its life;

61.7 (6) a copy of the proposed contract agreement between the school and the public utility  
61.8 or developer, including provisions addressing responsibility for maintaining the solar energy  
61.9 system;

61.10 (7) the school's plan to make the solar energy system serve as a visible learning tool for  
61.11 students, teachers, and visitors to the school, including how the solar energy system may  
61.12 be integrated into the school's curriculum;

61.13 (8) information that demonstrates the school district's level of need for financial assistance  
61.14 available under this section;

61.15 (9) information that demonstrates the school's readiness to implement the project,  
61.16 including but not limited to the availability of the site where the solar energy system is to  
61.17 be installed, and the level of the school's engagement with the utility providing electric  
61.18 service to the school building on which the solar energy system is to be installed on issues  
61.19 relevant to the implementation of the project, including metering and other issues;

61.20 (10) with respect to the installation and operation of the solar energy system, the  
61.21 willingness and ability of the developer or the public utility to:

61.22 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,  
61.23 subdivision 6; and

61.24 (ii) adhere to the provisions of section 177.43;

61.25 (11) how the developer or public utility plans to reduce the school's initial capital expense  
61.26 to purchase and install the solar energy system, and to provide financial benefits to the  
61.27 school from the utilization of federal and state tax credits, utility incentives, and other  
61.28 financial incentives; and

61.29 (12) any other information deemed relevant by the commissioner.

61.30 (c) The commissioner must administer an open application process under this section  
61.31 at least twice annually.

62.1 (d) The commissioner must develop administrative procedures governing the application  
62.2 and grant award process.

62.3 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded  
62.4 a grant under this section must provide the commissioner information regarding energy  
62.5 conservation measures implemented at the school building where the solar energy system  
62.6 is to be installed. The commissioner may make recommendations to the school regarding  
62.7 cost-effective conservation measures it can implement, and may provide technical assistance  
62.8 and direct the school to available financial assistance programs.

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

62.11 Subd. 9. **Grant payments.** The commissioner must award a grant from the account  
62.12 established under subdivision 3 to a school for the necessary costs associated with the  
62.13 purchase and installation of a solar energy system. The amount of the grant must be based  
62.14 on the commissioner's assessment of the school's need for financial assistance.

62.15 Subd. 10. **Limitations.** (a) No more than 50 percent of the grant payments awarded to  
62.16 schools under this section may be awarded to schools where the proportion of students  
62.17 eligible for free and reduced-price lunch under the National School Lunch Program is less  
62.18 than 50 percent.

62.19 (b) No more than ten percent of the total amount of grants awarded under this section  
62.20 may be awarded to schools that are part of the same school district.

62.21 Subd. 11. **Application deadline.** No application may be submitted under this section  
62.22 after December 31, 2023.

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

62.24 Sec. 45. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**  
62.25 **SERVICE TERRITORY.**

62.26 Subdivision 1. **Establishment; purpose.** The utility subject to section 116C.779 must  
62.27 operate a program to develop, and to supplement with additional funding, financial  
62.28 arrangements that allow schools to benefit from state and federal tax and other financial  
62.29 incentives that schools are ineligible to receive directly, in order to enable schools to install  
62.30 and operate solar energy systems that can be used as teaching tools and integrated into the  
62.31 school curriculum.

Subd. 2. **Required plan.** (a) By October 1, 2019, 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:

(1) a description of how entities that are eligible to take advantage of state and federal tax and other financial incentives that reduce the cost to purchase, install, and operate a solar energy system that schools are ineligible to take advantage of directly can share a portion of the financial benefits with schools where a solar energy system is proposed to be installed;

(2) a description of how the public utility intends to use funds appropriated to the program under this section to provide additional financial assistance to schools where a solar energy system is proposed to be installed;

(3) certification that the financial assistance provided under this section to a school by the public utility must include the full value of the renewable energy certificates associated with the generation of electricity by the solar energy system receiving financial assistance under this section over the lifetime of the solar energy system;

(4) an estimate of the amount of financial assistance that the public utility provides to a school under clauses (1) to (3) on a per kilowatt-hour produced basis, and the length of time financial assistance is provided;

(5) certification that the transaction between the public utility and the school for electricity is the buy-all/sell-all method by which the public utility charges the school for all electricity the school consumes at the applicable retail rate schedule for sales to the school based on the school's customer class, and credits or pays the school at the rate established in subdivision 5;

(6) administrative procedures governing the application and financial benefit award process, and the costs the public utility and the department are projected to incur to administer the program;

(7) the public utility's proposed process for periodic reevaluation and modification of the program; and

(8) any additional information required by the commissioner.

(b) The public utility must 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 is in the public interest no

later than December 31, 2019. 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 where the school building operates;

(2) any energy storage system that is part of a solar energy system may only store energy generated by an existing solar energy system serving the school or the solar energy system receiving financial assistance under this section; and

(3) the total aggregate nameplate capacity of all distributed generation serving the school building, including any subscriptions to a community solar garden under section 216B.1641, does not exceed the lesser of one megawatt alternating current or 120 percent of the school building's average annual electric energy consumption.

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 plans to use 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. **Benefits information.** Before signing an agreement with the public utility to receive financial assistance under this section, a school must obtain from the developer and provide to the public utility information the developer shared with potential investors in the project regarding future financial benefits to be realized from installation of a solar energy system at the school, and potential financial risks.

Subd. 6. **Purchase rate; cost recovery; renewable energy credits.** (a) The public utility must purchase all of the electricity generated by a solar energy system receiving financial assistance under this section at a rate of \$0.105 per kilowatt-hour generated.

(b) Payments by the public utility of the rate established under this subdivision to a school receiving financial assistance under this section are fully recoverable by the public utility through the public utility's fuel clause adjustment.

(c) 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.

Subd. 7. **Limitation.** (a) No more than 50 percent of the financial assistance provided by the public utility to schools under this section may be provided to schools where the proportion of students eligible for free and reduced-price lunch under the National School Lunch Program is less than 50 percent.

(b) No more than ten percent of the total amount of financial assistance provided by the public utility to schools under this section may be provided to schools that are part of the same school district.

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

Subd. 9. **Application deadline.** No application may be submitted under this section after December 31, 2023.

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

Sec. 46. **[216C.401] ELECTRIC VEHICLE REBATES.**

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

(b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

(c) "New eligible electric vehicle" means an eligible electric vehicle that has not been registered in any state.

(d) "Used eligible electric vehicle" means an eligible electric vehicle that has previously been registered in a state.

Subd. 2. **Eligibility.** The purchaser of an electric vehicle is eligible for a rebate, subject to the amounts and limits in subdivisions 3 and 4, if:

(1) the electric vehicle:

(i) has not been modified from the original manufacturer's specifications; and

66.1 (ii) is purchased after the effective date of this act for use by the purchaser and not for  
66.2 resale;

66.3 (2) the purchaser:

66.4 (i) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph (a),  
66.5 when the electric vehicle is purchased;

66.6 (ii) is a business that has a valid address in Minnesota from which business is conducted;

66.7 (iii) is a nonprofit corporation incorporated under chapter 317A; or

66.8 (iv) is a political subdivision of the state; and

66.9 (3) the purchaser:

66.10 (i) has not received a rebate or tax credit for the purchase of an electric vehicle from  
66.11 Minnesota; and

66.12 (ii) registers the electric vehicle in Minnesota.

66.13 Subd. 3. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an  
66.14 eligible purchaser for the purchase of a new eligible electric vehicle.

66.15 (b) A \$500 rebate may be issued under this section to an eligible purchaser for the  
66.16 purchase of a used eligible electric vehicle, provided the electric vehicle has not previously  
66.17 been registered in Minnesota.

66.18 Subd. 4. **Limits.** (a) The number of rebates allowed under this section are limited to:

66.19 (1) no more than one rebate per resident per household; and

66.20 (2) no more than one rebate per business entity per year.

66.21 (b) A rebate must not be issued under this section for an electric vehicle with a  
66.22 manufacturer's suggested retail price that exceeds \$60,000.

66.23 Subd. 5. **Program administration.** (a) Rebate applications under this section must be  
66.24 filed with the commissioner on a form developed by the commissioner.

66.25 (b) The commissioner must develop administrative procedures governing the application  
66.26 and rebate award process. Applications must be reviewed and rebates awarded by the  
66.27 commissioner on a first-come, first-served basis.

66.28 (c) The commissioner may reduce the rebate amounts provided under subdivision 3 or  
66.29 restrict program eligibility based on fund availability or other factors.

66.30 Subd. 6. **Expiration.** This section expires June 30, 2024.

Sec. 47. **[216C.402] ELECTRIC VEHICLE PUBLIC CHARGING GRANT PROGRAM.**

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

(b) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(c) "Electric vehicle charging station" means infrastructure that recharges an electric vehicle's batteries by connecting the electric vehicle to:

(1) a level two charger that provides a 208- or 240-volt alternating current power source;

or

(2) a DC fast charger that has an electric output of 20 kilowatts or greater.

(d) "Park-and-ride facility" has the meaning given in section 174.256, subdivision 2, paragraph (b).

(e) "Public electric vehicle charging station" means an electric charging station located at a publicly available parking space.

Subd. 2. Program. (a) The commissioner must award grants to help fund the installation of a network of public electric vehicle charging stations in Minnesota, including locations in state and regional parks, trailheads, and park-and-ride facilities. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet.

(b) The commissioner must consult with the commissioner of natural resources to develop optimal locations for electric vehicle charging stations in state and regional parks, and with the commissioner of transportation to develop optimal locations for electric vehicle charging stations at park-and-ride facilities.

Subd. 3. Electricity supplier. Electricity dispensed from an electric vehicle charging station funded under this act must be purchased from the public utility subject to section 116C.779, subdivision 1.

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

Sec. 48. Minnesota Statutes 2018, section 216C.435, subdivision 3a, is amended to read:

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" mean:

68.1 (1) any new construction, renovation, or retrofitting of:

68.2 ~~(i)~~ qualifying commercial real property to improve energy efficiency that is permanently  
68.3 affixed to the property, results in a net reduction in energy consumption without altering  
68.4 the principal source of energy, and has been identified in an energy audit as repaying the  
68.5 purchase and installation costs in 20 years or less, based on the amount of future energy  
68.6 saved and estimated future energy prices; ~~or~~

68.7 ~~(ii)~~ (2) any renovation or retrofitting of qualifying residential real property that is  
68.8 permanently affixed to the property and is eligible to receive an incentive through a program  
68.9 offered by the electric or natural gas utility that provides service under section 216B.241  
68.10 to the property or is otherwise determined to be a cost-effective energy improvement by  
68.11 the commissioner under section 216B.241, subdivision 1d, paragraph (a);

68.12 ~~(2)~~ (3) permanent installation of new or upgraded electrical circuits and related equipment  
68.13 to enable electrical vehicle charging; or

68.14 ~~(3)~~ (4) a solar voltaic or solar thermal energy system attached to, installed within, or  
68.15 proximate to a building that generates electrical or thermal energy from a renewable energy  
68.16 source that has been identified in an energy audit or renewable energy system feasibility  
68.17 study as repaying their purchase and installation costs in 20 years or less, based on the  
68.18 amount of future energy saved and estimated future energy prices.

68.19 Sec. 49. Minnesota Statutes 2018, section 216C.435, subdivision 8, is amended to read:

68.20 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"  
68.21 means a multifamily residential dwelling, or a commercial or industrial building, that the  
68.22 implementing entity has determined, after review of an energy audit or renewable energy  
68.23 system feasibility study, can be benefited by installation of cost-effective energy  
68.24 improvements. Qualifying commercial real property includes new construction.

68.25 Sec. 50. Minnesota Statutes 2018, section 216C.436, subdivision 4, is amended to read:

68.26 Subd. 4. **Financing terms.** Financing provided under this section must have:

68.27 (1) a cost-weighted average maturity not exceeding the useful life of the energy  
68.28 improvements installed, as determined by the implementing entity, but in no event may a  
68.29 term exceed 20 years;

68.30 (2) a principal amount not to exceed the lesser of:

(i) the greater of 20 percent of the assessed value of the real property on which the improvements are to be installed or 20 percent of the real property's appraised value, accepted or approved by the mortgage lender; or

(ii) the actual cost of installing the energy improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Sec. 51. Minnesota Statutes 2018, section 216C.436, is amended by adding a subdivision to read:

Subd. 10. **Improvements; real property or fixture.** A cost-effective energy improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

Sec. 52. **[216C.45] POWER PLANT HOST COMMUNITY TRANSITION PLANNING.**

The commissioner of commerce must coordinate with the commissioner of labor and industry and the commissioner of employment and economic development to develop plans, programs, and recommendations to mitigate the impacts on host communities and workers resulting from the retirement of large electric generation facilities. The commissioners must confer with stakeholders in preparing these plans and programs, including representatives of local government units that host large electric generation facilities, workers and contractors at large generation facilities, and the utilities that own large electric generation facilities.

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

Sec. 53. Minnesota Statutes 2018, section 216F.04, is amended to read:

**216F.04 SITE PERMIT.**

(a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.

(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

(e) The commission may require, as a condition of permit issuance, that the recipient of a site permit to construct an LWECS with a nameplate capacity above 25,000 kilowatts and all of the permit recipient's construction contractors and subcontractors on the project pay the prevailing wage rate, as defined in section 177.42. The commission may also require, as a condition of modifying a site permit for an LWECS repowering project as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of the site permit and all of the recipient's construction contractors and subcontractors on the repowering project pay the prevailing wage rate as defined in section 177.42.

Sec. 54. Minnesota Statutes 2018, section 216F.08, is amended to read:

**216F.08 PERMIT AUTHORITY; ASSUMPTION BY COUNTIES.**

(a) A county board may, by resolution and upon written notice to the Public Utilities Commission, assume responsibility for processing applications for permits required under this chapter for LWECS with a combined nameplate capacity of less than 25,000 kilowatts. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to an appropriate county officer or employee. Processing by a county shall be done in accordance with procedures and processes established under chapter 394.

(b) A county board that exercises its option under paragraph (a) may issue, deny, modify, impose conditions upon, or revoke permits pursuant to this section. The action of the county board about a permit application is final, subject to appeal as provided in section 394.27.

(c) The commission shall, by order, establish general permit standards, including appropriate property line set-backs, governing site permits for LWECS under this section. The order must consider existing and historic commission standards for wind permits issued by the commission. The general permit standards shall apply to permits issued by counties and to permits issued by the commission for LWECS with a combined nameplate capacity of less than 25,000 kilowatts. The commission or a county may grant a variance from a general permit standard if the variance is found to be in the public interest, provided all LWECS site permits issued by the commission or a county and all modifications of site

71.1 permits issued by the commission or a county for repowering projects comply with the  
71.2 prevailing wage rate requirements under section 216F.04, paragraph (e).

71.3 (d) The commission and the commissioner of commerce shall provide technical assistance  
71.4 to a county with respect to the processing of LWECS site permit applications.

71.5 Sec. 55. Minnesota Statutes 2018, section 326B.106, is amended by adding a subdivision  
71.6 to read:

71.7 Subd. 16. **Voluntary adoption of stretch code.** The Construction Codes Advisory  
71.8 Council must establish a voluntary code of standards for the construction, reconstruction,  
71.9 and alteration of public and private commercial and multifamily residential buildings, as  
71.10 an appendix to the State Building Code. This voluntary code of standards must conform to  
71.11 Sustainable Building 2030 standards, as defined in section 216B.241, subdivision 9, which  
71.12 applies additional performance requirements without altering any underlying codes or safety  
71.13 standards. The code sections contained in this appendix may be adopted by a local jurisdiction  
71.14 at its election and become an official addendum to the baseline energy code in the  
71.15 jurisdictions adopting them. When adopting the code sections contained in the appendix,  
71.16 the local jurisdiction must not amend the code sections, but may specify a minimum size  
71.17 for the buildings the stretch code will apply to. The minimum size must be at least 10,000  
71.18 square feet.

71.19 Sec. 56. **METROPOLITAN COUNCIL; ELECTRIC BUS PURCHASES.**

71.20 After the effective date of this act and until the appropriation made in section 62,  
71.21 subdivision 5, is exhausted, any bus purchased by the Metropolitan Council for Metro  
71.22 Transit bus service must operate solely on electricity provided by rechargeable on-board  
71.23 batteries. The appropriation in section 62, subdivision 5, must be used to pay the incremental  
71.24 cost of buses that operate solely on electricity provided by rechargeable on-board batteries  
71.25 over diesel-operated buses that are otherwise comparable in size, features, and performance.

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

71.27 Sec. 57. **ELECTRIC SCHOOL BUS DEMONSTRATION GRANT.**

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

71.30 (b) "Electric school bus" means a school bus powered solely by an electric motor drawing  
71.31 current from rechargeable storage batteries, fuel cells, or other portable sources of electric  
71.32 current.

72.1 (c) "Electric vehicle charging station" means infrastructure that recharges an electric  
72.2 vehicle's batteries by connecting the electric vehicle to:

72.3 (1) a level 2 charger that provides a 240-volt alternating current power source; or

72.4 (2) a DC fast charger that has an electric output of 20 kilowatts or greater.

72.5 (d) "Private school bus contractor" means a person who contracts with a school district  
72.6 to transport school district students to and from school and school activities on school buses  
72.7 owned and operated by the person.

72.8 (e) "School bus" has the meaning given in Minnesota Statutes, section 169.011,  
72.9 subdivision 71. School bus does not include a Type III vehicle, as defined in Minnesota  
72.10 Statutes, section 169.011, paragraph (h).

72.11 (f) "School district" means an independent or special school district.

72.12 Subd. 2. **Purpose.** The commissioner of education must award a grant to a school district  
72.13 to purchase an electric school bus as a demonstration project to enable the school district,  
72.14 the electric utility serving the school district, and, if applicable, the private school bus  
72.15 contractor providing transportation services to the school district to gain experience operating  
72.16 an electric school bus and to assess its performance.

72.17 Subd. 3. **Eligibility.** A school district located within the electric retail service area of  
72.18 the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1, that owns  
72.19 and operates school buses or contracts with a private school bus contractor is eligible to  
72.20 apply for a grant under this section.

72.21 Subd. 4. **Application process.** An eligible applicant must submit an application to the  
72.22 commissioner of education on a form designed by the commissioner of education. The  
72.23 commissioner of education must develop administrative procedures governing the application  
72.24 and grant award process.

72.25 Subd. 5. **Application content.** An application for a grant under this section must include:

72.26 (1) the name of the school district or districts where the electric school bus is proposed  
72.27 to operate;

72.28 (2) a description of the route, timing of operation, number of students to be transported,  
72.29 and other factors affecting the performance characteristics that an electric school bus  
72.30 performance must meet;

72.31 (3) certification from the electric utility serving the school district, and, if applicable,  
72.32 the private school bus contractor providing transportation services to the school district,

73.1 that the electric utility and private school bus contractor fully support and are full partners  
73.2 in implementing the demonstration project, including a list of tasks the electric utility and  
73.3 private school bus contractor commit to conduct and any voluntary financial contributions  
73.4 to the project;

73.5 (4) certification from the electric utility serving the school district that it commits to pay  
73.6 the costs to purchase and install an electric vehicle charging station in a convenient location  
73.7 to recharge the batteries of the electric school bus;

73.8 (5) evidence that the proposed electric school bus has access to an electric vehicle  
73.9 charging station at a convenient location;

73.10 (6) if the school district contracts with a private school bus contractor:

73.11 (i) a copy of a signed agreement between the school district and the private school bus  
73.12 contractor that protects the state's interest in the electric school bus purchased with the grant  
73.13 in the case of the termination of the private school bus contractor's contract with the school  
73.14 district or other contingencies; and

73.15 (ii) written certification that any revenues paid to the private school bus contractor by  
73.16 the utility providing retail electric service to the private school bus contractor that result  
73.17 from the purchase of or access to the electricity stored in the batteries of the electric school  
73.18 bus purchased with a grant under this section must be forwarded to the school district; and

73.19 (7) any additional information required by the commissioner of education.

73.20 Subd. 6. **Eligible expenditures.** Grant funds awarded under this section may be expended  
73.21 to:

73.22 (1) purchase an electric school bus;

73.23 (2) pay the cost of electricity to charge the batteries of the electric school bus; and

73.24 (3) pay repair and maintenance costs for the electric school bus.

73.25 Subd. 7. **Reports.** On or before the first anniversary of the initial operation of a school  
73.26 bus funded by a grant under this section, and on or before the same date in each of the  
73.27 following two years, the school district awarded the grant, in collaboration with the electric  
73.28 utility serving the school district, and, if applicable, the private school bus contractor  
73.29 providing transportation services to the school district, must submit a report describing the  
73.30 performance of the electric school bus to the chairs and ranking minority members of the  
73.31 senate and house of representatives committees with primary jurisdiction over energy policy,  
73.32 transportation policy, and education policy, and to the commissioner of education. At a

74.1 minimum, the report must contain the following information regarding the performance of  
74.2 the electric school bus:

74.3 (1) the number of miles traveled per day and per year;

74.4 (2) the cost of recharging, and any steps taken to minimize the costs by charging at  
74.5 off-peak times;

74.6 (3) operating costs per mile;

74.7 (4) miles driven per kilowatt hour;

74.8 (5) the number of days the electric school bus was out of service for repairs;

74.9 (6) discussion of the qualitative aspects of performance, including the impact of extreme  
74.10 cold on bus performance; and

74.11 (7) any other information deemed relevant by the school district.

74.12 Sec. 58. **GREENHOUSE GAS EMISSIONS REDUCTION STRATEGY; REPORT.**

74.13 (a) The commissioner of commerce must develop benchmarks and strategies designed  
74.14 to significantly accelerate the reduction in greenhouse gas emissions in Minnesota by 2030,  
74.15 including strategies to:

74.16 (1) increase energy efficiency in all buildings, including residential;

74.17 (2) provide consumers with tools to manage personal energy use automatically, remotely,  
74.18 and electronically;

74.19 (3) present consumers with financial incentives to shift energy use to periods when  
74.20 systemwide demand and the cost of generation are low;

74.21 (4) work toward electrifying all sectors of the economy currently powered by fossil  
74.22 fuels;

74.23 (5) increase carbon sequestration in Minnesota lands and wetlands;

74.24 (6) incentivize the adoption of energy storage systems to accelerate the use of wind and  
74.25 solar resources; and

74.26 (7) modernize the electric grid and promote the use of distributed energy resources.

74.27 (b) By November 30, 2019, the commissioner must submit a report containing the  
74.28 benchmarks and strategies to the chairs and ranking minority members of the senate and  
74.29 house of representatives committees with primary jurisdiction over energy policy.

75.1       Sec. 59. **PRAIRIE ISLAND RENEWABLE ENERGY.**

75.2           Subdivision 1. **Program established.** The Prairie Island Renewable Energy Project is  
75.3 established to enable the Prairie Island Indian Community to develop renewable energy  
75.4 systems.

75.5           Subd. 2. **Grant.** The commissioner of employment and economic development must  
75.6 enter into a grant contract with the Prairie Island Indian Community to provide funding to  
75.7 stimulate implementation of renewable energy projects benefiting the Prairie Island Indian  
75.8 Community or its members. Renewable energy projects under this section include but are  
75.9 not limited to geothermal energy and on-site community solar gardens at Prairie Island,  
75.10 Upper Island, Mount Frontenac, the assisted living center located near the intersection of  
75.11 Highway 361 and signed U.S. Highway 61, and any residential development on land owned  
75.12 by the Prairie Island Indian Community in West Lakeland Township. Any examination  
75.13 conducted by the commissioner of employment and economic development to determine  
75.14 the sufficiency of the financial stability and capacity of the Prairie Island Indian Community  
75.15 to carry out the purposes of this grant is limited to the Community Services Department of  
75.16 the Prairie Island Indian Community.

75.17           Subd. 3. **Report.** The Prairie Island Indian Community must file a report on July 1,  
75.18 2020, and each July 1 thereafter until the project is complete, describing the progress made  
75.19 in implementing the project and the uses of expended funds. A final report must be completed  
75.20 within 90 days of the date the project is complete.

75.21           **EFFECTIVE DATE.** This section is effective June 1, 2019.

75.22       Sec. 60. **COORDINATED ELECTRIC TRANSMISSION STUDY.**

75.23           (a) Each entity subject to Minnesota Statutes, section 216B.2425, must participate in a  
75.24 coordinated engineering study to identify transmission network enhancements necessary to  
75.25 maintain system reliability in the event large generation resources are retired. Specifically,  
75.26 the study must evaluate what enhancements are necessary in the event large generation  
75.27 resources that reach the end of the large generation resource's depreciation term or operating  
75.28 license term within 20 years of the effective date of this section are retired. The study must  
75.29 also evaluate the transmission enhancements that may be necessary to interconnect  
75.30 replacement generation, including but not limited to:

75.31           (1) 7,000 megawatts of generation from eligible energy technologies, as defined in  
75.32 Minnesota Statutes, section 216B.1691, subdivision 1, by 2025; and

(2) any replacement generation and renewable resource additions, including generation tie lines, anticipated to occur by 2035 in any utility's integrated resource plan filed with or approved by the Public Utilities Commission.

(b) When setting the scope for the study and as needed while the study is being conducted, utilities must consult with the commissioner of commerce, technical representatives of renewable energy resource developers, and other interested entities to discuss and identify needed generation tie lines to support the continued orderly development of renewable resources in Minnesota. The study must include any analysis performed by the Midcontinent Independent System Operator.

(c) A report on the study must be completed and submitted to the Public Utilities Commission by November 1, 2020, and include a preliminary plan to build the needed transmission network enhancements. Reasonable and prudent costs for the study are recoverable through the mechanism provided under Minnesota Statutes, section 216B.1645, subdivision 2.

Sec. 61. **ENERGY UTILITY DIVERSITY STAKEHOLDER GROUP; REPORT.**

(a) The Public Utilities Commission must convene a stakeholder group to examine the challenges and opportunities for Minnesota's energy utilities to attract a diverse workforce with the skills needed to advance a 21st century industry and to increase the supplier diversity of energy utilities. The stakeholder group must include but is not limited to stakeholders representative of public utilities as defined in Minnesota Statutes, section 216B.02, subdivision 4, municipal, electric, or gas utilities, and electric or gas cooperative associations. The executive director of the commission must convene the first meeting of the stakeholder group.

(b) The stakeholder group must:

(1) examine current and projected employment in the energy utility sector;

(2) provide information on possible approaches to assist workers and energy utilities to develop a diverse workforce that has the skills to build, maintain, and operate the electricity system of the future;

(3) review key trends that have shaped employment in this sector and the demographics of the sector, including the underrepresentation of women, veterans, and minorities in employment and leadership;

(4) identify the challenges to replacing retiring workers;

77.1 (5) examine the imbalance of available worker skills to utility workforce needs; and

77.2 (6) identify the challenges and possible approaches to increasing supplier diversity.

77.3 (c) The stakeholder group must also consider whether information regarding workforce  
77.4 and supplier diversity should be included and considered as part of any resource plan filed  
77.5 by a utility with the commission.

77.6 (d) By January 15, 2020, the stakeholder group must issue a report to the chairs and  
77.7 ranking minority members of the house of representatives and senate committees with  
77.8 jurisdiction over energy policy and finance identifying its findings and recommendations  
77.9 for establishing a more diverse workforce and increasing supplier diversity within the electric  
77.10 energy sector.

77.11 Sec. 62. **APPROPRIATION.**

77.12 Subdivision 1. **University of Minnesota renewable energy transition.** (a)  
77.13 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),  
77.14 \$6,000,000 in fiscal year 2020 is appropriated from the renewable development account  
77.15 established under Minnesota Statutes, section 116C.779, subdivision 1, to the Board of  
77.16 Regents of the University of Minnesota to establish goals and benchmarks and implement  
77.17 a rapid transition toward the use of renewable fuels for electricity and thermal energy in  
77.18 campus buildings by 2030. This appropriation may only be expended on activities located  
77.19 within the electric service area of the public utility subject to Minnesota Statutes, section  
77.20 116C.779, subdivision 1. This appropriation is available until December 31, 2024.

77.21 (b) As a condition of receiving the appropriation under paragraph (a), the Board of  
77.22 Regents of the University of Minnesota must submit a report by January 15, 2020, and  
77.23 biennially thereafter until January 15, 2030, on the progress made toward the goals and  
77.24 benchmarks established under paragraph (a) to the chairs and ranking minority members  
77.25 of the senate and house of representatives committees and divisions with jurisdiction over  
77.26 energy, climate, the environment, and natural resources.

77.27 Subd. 2. **Minnesota State Colleges and Universities renewable energy transition.** (a)  
77.28 Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),  
77.29 \$6,000,000 in fiscal year 2020 is appropriated from the renewable development account  
77.30 established in Minnesota Statutes, section 116C.779, subdivision 1, to the Board of Trustees  
77.31 of the Minnesota State Colleges and Universities to establish goals and benchmarks and  
77.32 implement a rapid transition toward the use of renewable fuels for electricity and thermal  
77.33 energy in campus buildings by 2030. This appropriation may only be expended on activities

located within the electric service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This appropriation is available until December 31, 2024.

(b) As a condition of receiving the appropriation provided under paragraph (a), the Board of Trustees of the Minnesota State Colleges and Universities must submit a report by January 15, 2020, and biennially thereafter until January 15, 2030, on the steps taken and progress made toward achieving the goals and benchmarks established under paragraph (a) to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over energy, climate, the environment, and natural resources.

Subd. 3. **Solar devices.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2020 is appropriated from the renewable development account established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of natural resources to install and expand solar photovoltaic or solar thermal energy devices in state parks served with electricity by the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. The department owns any renewable energy credits associated with the electricity generated by a solar photovoltaic device funded with this appropriation. This appropriation is available until December 31, 2024.

Subd. 4. **Solar for schools.** (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$16,000,000 in fiscal year 2020 is appropriated from the renewable development account established under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce for transfer to the public utility that is subject to Minnesota Statutes, section 216C.376, to award grants and financial assistance to schools under the solar for schools program under Minnesota Statutes, section 216C.376. This appropriation is available until December 31, 2024.

(b) This appropriation may be used by the commissioner to reimburse the reasonable costs incurred by the department to administer the solar for schools program under Minnesota Statutes, section 216C.375, and to review and approve the public utility's plan, and any proposed modifications to that plan and to provide technical assistance, under Minnesota Statutes, section 216C.376, subdivisions 2 and 8. This appropriation is available until December 31, 2024.

Subd. 5. **Metropolitan Council; electric buses.** Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), \$5,000,000 in fiscal year 2019 is appropriated from the renewable development account under Minnesota Statutes, section 116C.779, subdivision 1, to the Metropolitan Council to defray the cost of purchasing electric buses,

79.1 as described in section 56. Any funds remaining from this appropriation that are insufficient  
79.2 to fully fund the incremental cost of purchasing an electric bus rather than a diesel-operated  
79.3 bus cancel back to the renewable development account. This appropriation is available until  
79.4 December 31, 2020.

79.5 Subd. 6. **Electric school bus grant.** Notwithstanding Minnesota Statutes, section  
79.6 116C.779, subdivision 1, paragraph (j), \$500,000 in fiscal year 2020 is appropriated from  
79.7 the renewable development account under Minnesota Statutes, section 116C.779, subdivision  
79.8 1, to the commissioner of education to award a grant to a school district located within the  
79.9 retail electric service area of the public utility subject to Minnesota Statutes, section  
79.10 116C.779, subdivision 1, to purchase an electric school bus. This appropriation is available  
79.11 until December 31, 2024.

79.12 Subd. 7. **Community solar garden administration.** (a) Notwithstanding Minnesota  
79.13 Statutes, section 116C.779, subdivision 1, paragraph (j), \$750,000 in fiscal year 2020 and  
79.14 \$750,000 in fiscal year 2021 are appropriated from the renewable development account  
79.15 established in Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of  
79.16 commerce for the purpose of funding the Department of Commerce's administrative and  
79.17 enforcement activities under Minnesota Statutes, section 216B.1641, subdivision 4.

79.18 (b) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph  
79.19 (j), \$1,000,000 in fiscal year 2020 and \$1,000,000 in fiscal year 2021 are appropriated from  
79.20 the renewable development account established in Minnesota Statutes, section 116C.779,  
79.21 subdivision 1, to the commissioner of commerce for grants under Minnesota Statutes, section  
79.22 216B.1643.

79.23 (c) Up to three percent of the appropriation made in paragraph (b) is available to the  
79.24 commissioner of commerce for the reasonable costs of administrating the grant program in  
79.25 Minnesota Statutes, section 216B.1643.

79.26 Subd. 8. **Prairie Island Renewable Energy project.** Notwithstanding Minnesota  
79.27 Statutes, section 116C.779, subdivision 1, paragraph (j), \$2,000,000 in fiscal year 2020 and  
79.28 \$3,000,000 in fiscal year 2021 are appropriated from the renewable development account  
79.29 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of  
79.30 employment and economic development for a grant to the Prairie Island Indian Community  
79.31 to implement the Prairie Island Renewable Energy project under section 59. This  
79.32 appropriation is available until December 31, 2024.

79.33 Subd. 9. **Electric vehicle rebates.** Notwithstanding Minnesota Statutes, section 116C.779,  
79.34 subdivision 1, paragraph (j), \$6,900,000 in fiscal year 2020 is appropriated from the

80.1 renewable development account established in Minnesota Statutes, section 116C.779,  
80.2 subdivision 1, to the commissioner of commerce to award rebates to eligible electric vehicle  
80.3 purchasers under Minnesota Statutes, section 216C.401. Appropriations from this paragraph  
80.4 must be used to award rebates to eligible purchasers who reside within the retail electric  
80.5 service area of the public utility subject to Minnesota Statutes, section 116C.779, subdivision  
80.6 1. This appropriation is available until December 31, 2024.

80.7 Subd. 10. **Electric vehicle charging stations.** Notwithstanding Minnesota Statutes,  
80.8 section 116C.779, subdivision 1, paragraph (j), \$2,500,000 in fiscal year 2020 is appropriated  
80.9 from the renewable development account established in Minnesota Statutes, section  
80.10 116C.779, subdivision 1, to the commissioner of commerce to award grants to install electric  
80.11 vehicle charging stations under Minnesota Statutes, section 216C.402. Appropriations from  
80.12 this paragraph must be used to award grants to install electric vehicle charging stations  
80.13 within the retail electric service area of the public utility subject to Minnesota Statutes,  
80.14 section 116C.779, subdivision 1. Up to \$600,000 of this appropriation may be used to fund  
80.15 electric vehicle charging stations in state and regional parks and up to \$100,000 may be  
80.16 used to fund electric vehicle charging stations in park-and-ride facilities. Unexpended funds  
80.17 from this \$700,000 may be used to fund electric vehicle charging stations in either location.  
80.18 This appropriation is available until December 31, 2024.

80.19 Subd. 11. **Stretch code.** Notwithstanding Minnesota Statutes, section 116C.779,  
80.20 subdivision 1, paragraph (j), \$100,000 in fiscal year 2020 is appropriated from the renewable  
80.21 development account established in Minnesota Statutes, section 116C.779, subdivision 1,  
80.22 to the commissioner of commerce for transfer to the Center for Sustainable Building Research  
80.23 at the University of Minnesota to provide technical assistance to local jurisdictions that  
80.24 adopt a voluntary stretch code under Minnesota Statutes, section 326B.106, subdivision 16.  
80.25 This is a onetime appropriation. This appropriation is available until December 31, 2024.

80.26 Subd. 12. **Coordinated electric transmission study.** Notwithstanding section 116C.779,  
80.27 subdivision 1, paragraph (j), \$1,000,000 in fiscal year 2020 is appropriated from the  
80.28 renewable development account established in Minnesota Statutes, section 116C.779,  
80.29 subdivision 1, to the commissioner of commerce to conduct the transmission study required  
80.30 under section 60.

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

80.32 Sec. 63. **REPEALER.**

80.33 Minnesota Statutes 2018, section 216B.241, subdivisions 1, 2c, and 4, are repealed.

**216B.241 ENERGY CONSERVATION IMPROVEMENT.**

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

(b) "Commissioner" means the commissioner of commerce.

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(2) electric sales to a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

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(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

(n) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

(o) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

Subd. 2c. **Performance incentives.** By December 31, 2008, the commission shall review any incentive plan for energy conservation improvement it has approved under section 216B.16, subdivision 6c, and adjust the utility performance incentives to recognize making progress toward and meeting the energy-savings goals established in subdivision 1c.

Subd. 4. **Federal law prohibitions.** If investments by public utilities in energy conservation improvements are in any manner prohibited or restricted by federal law and there is a provision under which the prohibition or restriction may be waived, then the commission, the governor, or any other necessary state agency or officer shall take all necessary and appropriate steps to secure a waiver with respect to those public utility investments in energy conservation improvements included in this section.