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State of Minnesota
HOUSE OF REPRESENTATIVES
First Division Engrossment

NINETY-FIRST SESSION

H. F. No. 1986

03/04/2019 Authored by Wagenius
The bill was read for the first time and referred to the Committee on Ways and Means

Division Action

Referred by Chair to the Energy and Climate Finance and Policy Division

04/04/2019 Division action, to adopt as amended and return to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to energy; establishing a budget to finance energy-related activities; creating
1.3 renewable energy grant programs; requiring reports; appropriating money;
1.4 amending Minnesota Statutes 2018, section 216B.62, subdivision 3b; proposing
1.5 coding for new law in Minnesota Statutes, chapter 216C.

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

ARTICLE 1

APPROPRIATIONS

1.9 Section 1. ENERGY APPROPRIATIONS.

1.10 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.11 and for the purposes specified in this article. The appropriations are from the general fund,
1.12 or another named fund, and are available for the fiscal years indicated for each purpose.
1.13 The figures "2020" and "2021" used in this article mean that the appropriations listed under
1.14 them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
1.15 "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
1.16 is fiscal years 2020 and 2021.

APPROPRIATIONS

Available for the Year

Ending June 30

2020

2021

1.21 Sec. 2. DEPARTMENT OF COMMERCE

1.22 Subdivision 1. Total Appropriation \$ 7,258,000 \$ 5,465,000

2.1	<u>Appropriations by Fund</u>		
2.2	<u>General</u>	<u>6,202,000</u>	<u>4,409,000</u>
2.3	<u>Petroleum Tank</u>	<u>1,056,000</u>	<u>1,056,000</u>
2.4	<b>Subd. 2. <u>Energy Resources</u></b>		<u>6,202,000</u> <u>4,409,000</u>
2.5	<u>(a) \$150,000 each year is to remediate</u>		
2.6	<u>vermiculate insulation from households that</u>		
2.7	<u>are eligible for weatherization assistance under</u>		
2.8	<u>Minnesota Statutes, section 216C.264.</u>		
2.9	<u>Remediation must be done in conjunction with</u>		
2.10	<u>federal weatherization assistance program</u>		
2.11	<u>services.</u>		
2.12	<u>(b) \$832,000 each year is for energy regulation</u>		
2.13	<u>and planning unit staff.</u>		
2.14	<u>(c) \$525,000 the first year is for</u>		
2.15	<u>reimbursement of litigation costs resulting</u>		
2.16	<u>from the lawsuit filed by North Dakota over</u>		
2.17	<u>provisions in chapter 216H.</u>		
2.18	<u>(d) \$8,000 the first year is for transfer to the</u>		
2.19	<u>commissioner of natural resources to develop</u>		
2.20	<u>a plan for converting brome and other</u>		
2.21	<u>grasslands on state-owned lands to restored</u>		
2.22	<u>prairie to provide additional carbon</u>		
2.23	<u>sequestration. The plan must:</u>		
2.24	<u>(1) identify lands available for conversion,</u>		
2.25	<u>excluding tax-forfeited lands;</u>		
2.26	<u>(2) require that the prairie restorations meet</u>		
2.27	<u>applicable Board of Water and Soil Resources'</u>		
2.28	<u>native vegetation establishment and</u>		
2.29	<u>enhancement guidelines; and</u>		
2.30	<u>(3) identify the funding and activities</u>		
2.31	<u>necessary to achieve all initial plantings by</u>		
2.32	<u>2030.</u>		

3.1 (e) \$300,000 the first year and \$300,000 the  
3.2 second year are for grants to schools to install  
3.3 solar energy systems on or adjacent to schools  
3.4 located outside the electric retail service  
3.5 territory of the public utility subject to  
3.6 Minnesota Statutes, section 116C.779,  
3.7 subdivision 1. In fiscal year 2022 and beyond,  
3.8 the base amount is \$391,000.

3.9 (f) \$30,000 the first year and \$29,000 the  
3.10 second year are for the development of a  
3.11 financial incentive to encourage utilities to  
3.12 invest in energy conservation measures in  
3.13 residences after achieving their 1.75 percent  
3.14 energy-savings goal.

3.15 (g) \$547,000 the first year is for transfer to the  
3.16 Board of Regents of the University of  
3.17 Minnesota to conduct a study producing  
3.18 climate model projections through the rest of  
3.19 this century for three-square-mile blocks  
3.20 covering the entire state of Minnesota. This is  
3.21 a onetime appropriation.

3.22 (h) \$100,000 the first year is for a study by an  
3.23 independent consultant selected through a  
3.24 request for proposal process to produce a  
3.25 report analyzing the potential costs and  
3.26 benefits of energy storage systems, as defined  
3.27 in Minnesota Statutes, section 216B.2422,  
3.28 subdivision 1, in Minnesota. The study may  
3.29 also include scenarios examining energy  
3.30 storage systems that are not capable of being  
3.31 controlled by a utility. The commissioner must  
3.32 engage a broad group of Minnesota  
3.33 stakeholders, including electric utilities and  
3.34 others, to develop and provide information for  
3.35 the report. The study must:

- 4.1 (1) identify and measure the different potential  
4.2 costs and savings produced by energy storage  
4.3 system deployment, including but not limited  
4.4 to:
- 4.5 (i) generation, transmission, and distribution  
4.6 facilities asset deferral or substitution;
- 4.7 (ii) impacts on ancillary services costs;
- 4.8 (iii) impacts on transmission and distribution  
4.9 congestion;
- 4.10 (iv) impacts on peak power costs;
- 4.11 (v) impacts on emergency power supplies  
4.12 during outages;
- 4.13 (vi) impacts on curtailment of renewable  
4.14 energy generators; and
- 4.15 (vii) reduced greenhouse gas emissions;
- 4.16 (2) analyze and estimate the:
- 4.17 (i) costs and savings to customers that deploy  
4.18 energy storage systems;
- 4.19 (ii) impact on the utility's ability to integrate  
4.20 renewable resources;
- 4.21 (iii) impact on grid reliability and power  
4.22 quality; and
- 4.23 (iv) effect on retail electric rates over the  
4.24 useful life of a given energy storage system  
4.25 compared to providing the same services using  
4.26 other facilities or resources;
- 4.27 (3) consider the findings of the analysis  
4.28 conducted by the Midcontinent Independent  
4.29 System Operator on energy storage capacity  
4.30 accreditation and participation in regional  
4.31 energy markets, including updates of the  
4.32 analysis; and

5.1 (4) include case studies of existing energy  
5.2 storage applications currently providing the  
5.3 benefits described in clauses (1) and (2).

5.4 The commissioner of commerce must submit  
5.5 the study to the chairs and ranking minority  
5.6 members of the senate and house of  
5.7 representatives committees with jurisdiction  
5.8 over energy policy and finance by December  
5.9 31, 2019.

5.10 (i) \$31,000 the first year and \$31,000 the  
5.11 second year are for grants for electric vehicle  
5.12 charging stations under Minnesota Statutes,  
5.13 section 216C.403. In fiscal year 2022 and  
5.14 beyond, the base amount is \$30,000.

5.15 Subd. 3. **Petroleum Tank Release Compensation**  
5.16 **Board**

1,056,000

1,056,000

5.17 This appropriation is from the petroleum tank  
5.18 fund.

5.19 Sec. 3. **PUBLIC UTILITIES COMMISSION** \$

7,793,000 \$

7,793,000

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

5.23 (b) \$300,000 each year is to enhance the  
5.24 commission's decision-making capability.

5.25 **ARTICLE 2**

5.26 **ENERGY PROGRAMS**

5.27 Section 1. Minnesota Statutes 2018, section 216B.62, subdivision 3b, is amended to read:

5.28 Subd. 3b. **Assessment for department regional and national duties.** In addition to  
5.29 other assessments in subdivision 3, the department may assess up to \$500,000 per fiscal  
5.30 year for performing its duties under section 216A.07, subdivision 3a. The amount in this  
5.31 subdivision shall be assessed to energy utilities in proportion to their respective gross  
5.32 operating revenues from retail sales of gas or electric service within the state during the last  
5.33 calendar year and shall be deposited into an account in the special revenue fund and is

6.1 appropriated to the commissioner of commerce for the purposes of section 216A.07,  
6.2 subdivision 3a. An assessment made under this subdivision is not subject to the cap on  
6.3 assessments provided in subdivision 3 or any other law. For the purpose of this subdivision,  
6.4 an "energy utility" means public utilities, generation and transmission cooperative electric  
6.5 associations, and municipal power agencies providing natural gas or electric service in the  
6.6 state. ~~This subdivision expires June 30, 2018.~~

6.7 **EFFECTIVE DATE.** This section is revived and reenacted retroactively from June 29,  
6.8 2018, except that the department is prohibited from making an assessment under this  
6.9 subdivision to finance the performance of any duties that occurred between June 30, 2018,  
6.10 and the date this section is enacted.

6.11 **Sec. 2. [216C.375] SOLAR FOR SCHOOLS PROGRAM.**

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

6.14 (b) "Developer" means an entity that installs a solar energy system on a school building  
6.15 awarded a grant under this section.

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

6.17 (1) absorbing and storing electrical energy; and

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

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

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

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

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

6.25 Subd. 2. **Establishment; purpose.** A solar for schools program is established in the  
6.26 Department of Commerce. The purpose of the program is to provide grants to (1) stimulate  
6.27 the installation of solar energy systems on or adjacent to school buildings by reducing the  
6.28 cost of solar energy systems, and (2) enable schools to use the solar energy system as a  
6.29 teaching tool that is integrated into the school's curriculum.

6.30 Subd. 3. **Establishment of account.** (a) A solar for schools program account is  
6.31 established in the special revenue fund. Money received from the general fund must be

7.1 transferred to the commissioner of commerce and credited to the account. Money deposited  
7.2 in the account remains in the account until expended and does not cancel to the general  
7.3 fund.

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

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

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

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

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

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

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

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

7.20 (b) A school district that receives a rebate or other financial incentive under section  
7.21 216B.241 for a solar energy system and that demonstrates considerable need for financial  
7.22 assistance, as determined by the commissioner, is eligible for a grant under this section for  
7.23 the same solar energy system.

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

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

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

8.1 (2) the current energy demand of the school building where the solar energy generating  
8.2 system is to be installed and information regarding any distributed energy resource, including  
8.3 subscription to a community solar garden, that currently provides electricity to the school  
8.4 building;

8.5 (3) the size of any energy storage system that is proposed to be installed as part of a  
8.6 solar energy system;

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

8.8 (5) the total cost to purchase and install the solar energy system and its life-cycle cost,  
8.9 including the cost to remove and dispose the system at the end of its life;

8.10 (6) a copy of the proposed contract agreement between the school and the public utility  
8.11 or developer, including provisions addressing responsibility for maintenance of the solar  
8.12 energy system;

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

9.24 Sec. 3. **[216C.403] ELECTRIC VEHICLE PUBLIC CHARGING STATION GRANT**  
9.25 **PROGRAM.**

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

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

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

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

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

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

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

10.6 Subd. 2. **Program.** (a) The commissioner must award grants to help fund the installation  
10.7 of a network of public electric vehicle charging stations in areas located outside the retail  
10.8 electric service area of the public utility subject to section 116C.779, subdivision 1, including  
10.9 locations in state and regional parks, trailheads, and park-and-ride facilities. The  
10.10 commissioner must issue a request for proposals to entities that have experience installing,  
10.11 owning, operating, and maintaining electric vehicle charging stations. The request for  
10.12 proposal must establish technical specifications that electric vehicle charging stations are  
10.13 required to meet.

10.14 (b) The commissioner must consult with (1) the commissioner of natural resources to  
10.15 develop optimal locations for electric vehicle charging stations in state and regional parks,  
10.16 and (2) the commissioner of transportation to develop optimal locations for electric vehicle  
10.17 charging stations at park-and-ride facilities.

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

10.19 Sec. 4. **RESIDENTIAL ENERGY CONSERVATION FINANCIAL INCENTIVE.**

10.20 (a) In addition to any financial incentive approved under Minnesota Statutes, section  
10.21 216B.16, subdivision 6c, the Public Utilities Commission must approve a financial incentive  
10.22 designed to encourage a public utility to continue investing in cost-effective conservation  
10.23 measures that result in energy savings to residential customers after the public utility has  
10.24 achieved annual energy savings for all customers equivalent to 1.75 percent of gross retail  
10.25 electric energy sales or 1.2 percent of gross annual retail natural gas sales. A public utility  
10.26 is eligible to receive the new incentive developed under this section if the amount of energy  
10.27 savings by residential customers contributing to the 1.75 or 1.2 percent level, as applicable,  
10.28 equals or exceeds the average amount residential customers saved over the most recent  
10.29 three-year period, not counting any savings resulting from the new incentive developed  
10.30 under this section. When reviewing and approving the incentive, the Public Utilities  
10.31 Commission must ensure the effective involvement of interested parties and must apply the  
10.32 criteria established in Minnesota Statutes, section 216B.16, subdivision 6c, paragraph (b).

11.1 (b) By November 1, 2019, the commissioner of commerce must develop and submit to  
11.2 the Public Utilities Commission for approval a financial incentive that meets the requirements  
11.3 under paragraph (a). The Public Utilities Commission may modify the financial incentive  
11.4 submitted under this paragraph.

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

11.6 **Sec. 5. SMALL-AREA CLIMATE MODEL PROJECTIONS FOR MINNESOTA**

11.7 (a) The Board of Regents of the University of Minnesota must conduct a study that  
11.8 produces climate model projections for the entire state of Minnesota, in blocks as small as  
11.9 three square miles in area.

11.10 (b) At a minimum, the study must:

11.11 (1) use resources at the Minnesota Supercomputing Institute to analyze high-performing  
11.12 climate models under moderate and high greenhouse gas emissions scenarios and develop  
11.13 a series of projections of temperature, precipitation, snow cover, and a variety of other  
11.14 climate parameters over the rest of this century;

11.15 (2) downscale the climate impact results under clause (1) to areas as small as three square  
11.16 miles;

11.17 (3) develop a publicly accessible data portal website to (i) allow other universities,  
11.18 nonprofit organizations, businesses, and government agencies to use the model projections,  
11.19 and (ii) educate and train users how to make best use of the data;

11.20 (4) incorporate information on how to use the model results in the University of  
11.21 Minnesota Extension existing online climate adaptation training; and

11.22 (5) hold at least two "train the trainer" workshops for state agencies, municipalities, and  
11.23 others to educate colleagues how to use and interpret the data for climate adaptation efforts.

11.24 (c) Beginning July 1, 2020, and continuing each July 1 through 2022, the University of  
11.25 Minnesota must provide a written report to the chairs and ranking minority members of the  
11.26 senate and house of representatives committees with primary jurisdiction over agriculture,  
11.27 energy, and environment. The report must document the progress made on the study and  
11.28 study results, and must note any obstacles encountered that could prevent successful  
11.29 completion of the study.

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