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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2836

04/11/2019 Authored by Hornstein, Davnie, Mariani, Long, Gomez and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to climate change; establishing a Minnesota Green New Deal; requiring
1.3 reports; amending Minnesota Statutes 2018, sections 216B.1691, subdivisions 1,
1.4 9, by adding a subdivision; 216B.243, by adding a subdivision; 216C.18; proposing
1.5 coding for new law in Minnesota Statutes, chapters 116; 175; 216B.

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

1.7 Section 1. TITLE.

1.8 Sections 2 to 16 may be referred to as the "Minnesota Green New Deal Act."

1.9 Sec. 2. FINDINGS; CLIMATE CHANGE; GREENHOUSE GAS EMISSIONS.

1.10 The legislature finds:

1.11 (1) Minnesota is already experiencing the impacts of climate change, as evidenced by
1.12 changes in climate and weather patterns, temperature, rain and snowfall events, water
1.13 availability, and alteration of the variety of plant and animal species present in the state;

1.14 (2) climate change is the result of increased levels of greenhouse gases entering the
1.15 atmosphere, largely as a result of human activity;

1.16 (3) the Special Report of the Intergovernmental Panel on Climate Change issued in
1.17 October 2018 found that greenhouse gas emissions must be reduced from 2010 levels by
1.18 45 percent by 2030 and to net zero by 2050 in order to limit the rise in atmospheric
1.19 temperature to 1.5 degrees Celsius, a level that results in severe ecological, health, and
1.20 economic impacts;

1.21 (4) the impacts of burning fossil fuels are spread unequally, reinforcing economic
1.22 disparities that reduce the capacity of some Minnesotans to cope with the impacts; and

2.1 (5) the urgency to address the challenge of climate change compels the state to accelerate
 2.2 the greenhouse gas emissions-reduction goal established under Minnesota Statutes, section
 2.3 216H.02, subdivision 1, by establishing a goal of net zero greenhouse gas emissions by
 2.4 2030.

2.5 **Sec. 3. [116.911] CLIMATE CHANGE ADVISORY COUNCIL.**

2.6 (a) The Climate Change Advisory Council is established to provide recommendations
 2.7 to improve Minnesota state government operations, functions, and policies to identify groups
 2.8 and individuals in need of assistance in adapting to climate change and develop programs
 2.9 to assist those groups and individuals.

2.10 (b) The Climate Change Advisory Council must advise the commissioner. The
 2.11 commissioner must appoint the members of the council. The members must represent a
 2.12 cross section of organizations and populations facing the challenges of adapting to climate
 2.13 change and organizations providing assistance to those impacted by climate change, including
 2.14 counties, cities, businesses, labor unions, universities, nonprofit organizations, tribal
 2.15 governments, state agencies, scientists, low-income communities, people of color, indigenous
 2.16 people, and residents in urban and rural parts of the state. The agency must provide
 2.17 administrative support to the Climate Change Advisory Council.

2.18 (c) Members of the Climate Change Advisory Council serve for a term of two years and
 2.19 may be reappointed. A member serves until a successor is appointed.

2.20 (d) Members of the Climate Change Advisory Council must be compensated for time
 2.21 spent on council activities, as provided in section 15.059, subdivision 3.

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

2.23 **Sec. 4. [175.47] JOB TRAINING PROGRAMS; GREEN PRODUCTS AND**
 2.24 **SERVICES.**

2.25 (a) The commissioner must approve job training programs in occupations that are heavily
 2.26 represented in industries that produce green products and services, and must target the
 2.27 programs to youth, communities of color, indigenous people, individuals with low incomes,
 2.28 workers in fossil fuel industries, and released prisoners.

2.29 (b) For the purposes of this section, "green products and services" means:

2.30 (1) the manufacture, production, installation, repair, and maintenance of products and
 2.31 services that:

- 3.1 (i) produce energy from wind, solar, or hydropower, or are energy storage devices;
 3.2 (ii) improve energy efficiency, as defined in section 216B.241, subdivision 1;
 3.3 (iii) reduce and remove pollution, including but not limited to greenhouse gas emissions,
 3.4 and recycle and reuse goods;
 3.5 (iv) conserve natural resources, including but not limited to organic agriculture,
 3.6 sustainable forestry, soil, water, and wildlife conservation, and storm water management;
 3.7 and
 3.8 (v) enforce compliance with environmental laws and standards, and promote
 3.9 environmental education; and
 3.10 (2) occupations in which workers research, develop, maintain, or use technologies and
 3.11 practices to lessen the environmental impact of the workplace by deploying the products
 3.12 and services described in clause (1).

3.13 Sec. 5. Minnesota Statutes 2018, section 216B.1691, subdivision 1, is amended to read:

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

3.17 (1) solar;

3.18 (2) wind;

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

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

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

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

3.30 (c) "Total retail electric sales" means the kilowatt-hours of electricity sold in a year by
 3.31 an electric utility to retail customers of the electric utility or to a distribution utility for

4.1 distribution to the retail customers of the distribution utility. "Total retail electric sales"
 4.2 does not include the sale of hydroelectricity supplied by a federal power marketing
 4.3 administration or other federal agency, regardless of whether the sales are directly to a
 4.4 distribution utility or are made to a generation and transmission utility and pooled for further
 4.5 allocation to a distribution utility.

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

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

4.9 Sec. 6. Minnesota Statutes 2018, section 216B.1691, is amended by adding a subdivision
 4.10 to read:

4.11 Subd. 2g. **Carbon-free standard.** By 2030, 100 percent of the electricity each electric
 4.12 utility subject to subdivision 2a provides directly to Minnesota retail customers, or indirectly
 4.13 provides through wholesale sales to a distribution utility serving Minnesota retail customers,
 4.14 must be generated by a technology that is carbon-free.

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

4.16 Sec. 7. Minnesota Statutes 2018, section 216B.1691, subdivision 9, is amended to read:

4.17 Subd. 9. **Local benefits.** (a) The commission shall take all reasonable actions within its
 4.18 statutory authority to ensure this section is implemented to maximize in a manner that
 4.19 maximizes benefits to all Minnesota citizens, balancing throughout Minnesota. Benefits
 4.20 under this subdivision include but are not limited to:

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

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

4.23 (3) ensuring workers have the necessary tools, opportunities, and economic assistance
 4.24 to adapt successfully during the energy transition, particularly in communities that host
 4.25 retiring power plants or that contain historically marginalized and underrepresented
 4.26 populations;

4.27 (4) ensuring all Minnesotans share the benefits of clean and renewable energy and are
 4.28 provided the opportunity to participate fully in the clean energy economy, with special
 4.29 attention paid to communities of color, indigenous people, and individuals with low incomes;

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

5.1 (6) the provision of affordable electric service to Minnesotans, particularly to low-income
 5.2 consumers.

5.3 (b) The commission must also implement this section in a manner that balances factors
 5.4 such as local ownership of or participation in energy production, development and ownership
 5.5 of eligible energy technology facilities by independent power producers, Minnesota utility
 5.6 ownership of eligible energy technology facilities, the costs of energy generation to satisfy
 5.7 the renewable ~~standard~~ and carbon-free standards, and the reliability of electric service to
 5.8 Minnesotans.

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

5.10 Sec. 8. **[216B.2427] FOSSIL FUEL FACILITIES; CONSTRUCTION**
 5.11 **MORATORIUM.**

5.12 A state agency is prohibited from issuing a permit to construct (1) a facility to transport,
 5.13 store, or process coal, crude oil or its derivative products, propane, or natural gas, or (2) a
 5.14 facility defined in section 216B.2421, subdivision 2, clause (9), pending issuance of the
 5.15 report required under section 11.

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

5.17 Sec. 9. Minnesota Statutes 2018, section 216B.243, is amended by adding a subdivision
 5.18 to read:

5.19 Subd. 3c. **Fossil fuel facilities; construction moratorium.** (a) The commission is
 5.20 prohibited from issuing a certificate of need to construct an electric generating plant powered
 5.21 by coal, products refined from crude oil, or natural gas.

5.22 (b) The commission is prohibited from issuing a certificate of need to construct a facility
 5.23 that (1) transports or stores coal, crude oil, or derivative products, or (2) is defined in section
 5.24 216B.2421, subdivision 2, clause (9), pending issuance of the report required under section
 5.25 11.

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

5.27 Sec. 10. Minnesota Statutes 2018, section 216C.18, is amended to read:

5.28 **216C.18 STATE ENERGY POLICY AND CONSERVATION STRATEGY**
 5.29 **REPORT.**

5.30 Subdivision 1. **Report on trends and issues.** By July 1 of 1988 and every ~~four~~ two
 5.31 years thereafter, the commissioner shall issue a comprehensive report ~~designed to identify~~

6.1 ~~major emerging trends and issues in energy supply, consumption, conservation, and costs~~
 6.2 that measures the state's progress toward achieving the goals regarding energy conservation,
 6.3 reducing greenhouse gas emissions, and eliminating fossil fuel use. The report ~~shall~~ must
 6.4 include the following:

6.5 (1) projections of the level and composition of statewide and individual sector energy
 6.6 consumption under current government policies and an evaluation of the ~~ability of existing~~
 6.7 ~~and anticipated facilities to supply the necessary energy for that consumption~~ likelihood of
 6.8 achieving the state energy goals identified in this subdivision under those policies;

6.9 (2) ~~projections of how the level and the composition of energy consumption would be~~
 6.10 ~~affected by~~ recommendations of new programs or new policies designed to achieve the state
 6.11 energy goals identified in this subdivision;

6.12 (3) projections of energy costs to consumers, businesses, and government resulting from
 6.13 the recommendations made in clause (2);

6.14 (4) identification and discussion of key social, economic, and environmental issues in
 6.15 energy; and

6.16 (5) explanations of the department's current energy programs and studies; ~~and~~

6.17 ~~(6) recommendations.~~

6.18 Subd. 1a. **Rate plan.** The energy policy and conservation report shall include a section
 6.19 prepared by the Public Utilities Commission. The commission's section shall be prepared
 6.20 in consultation with the commissioner and shall include, but not be limited to, all of the
 6.21 following:

6.22 (1) a description and analysis of the commission's rate design policy as it pertains to the
 6.23 goals stated in sections 216B.164, 216B.241, and 216C.05, including a description of all
 6.24 energy conservation improvements ordered by the commission; and

6.25 (2) recommendations to the governor and the legislature for administrative and legislative
 6.26 actions to accomplish the purposes of sections 216B.164, 216B.241, and 216C.05.

6.27 Subd. 2. **Draft report; public meeting.** Prior to the preparation of a final report, the
 6.28 commissioner shall issue a draft report to the Environmental Quality Board, the Climate
 6.29 Change Advisory Council, and any person, upon request, and shall hold a public meeting.
 6.30 Notice of the public meeting shall be provided to each regional development commission.

6.31 Subd. 3. **Final report, distribution.** The commissioner shall distribute the final report
 6.32 to any person upon request.

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

7.2 Sec. 11. **GREENHOUSE GAS EMISSIONS REDUCTION STRATEGY; REPORT.**

7.3 (a) The commissioner of commerce must develop benchmarks and strategies designed
7.4 to significantly accelerate the reduction in greenhouse gas emissions in the state by 2030.

7.5 Benchmarks and strategies developed under this section must include strategies to:

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

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

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

7.11 (4) electrify all sectors of the economy currently powered by fossil fuels;

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

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

7.15 (7) modernize the electric grid and promote the use of distributed energy resources; and

7.16 (8) incentivize the design and production of products with a low environmental impact,
7.17 measured on a life-cycle basis.

7.18 (b) Greenhouse gas emission reduction strategies must recognize the inequitable impacts
7.19 of pollution resulting from fossil fuel use and provide economic opportunities to those most
7.20 affected by climate change and the transition from fossil fuel use.

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

7.24 Sec. 12. **ENERGY TRANSITION ASSISTANCE; GREEN PRODUCT EXPORTS;**
7.25 **REPORTS.**

7.26 (a) By November 30, 2019, the commissioner of employment and economic development
7.27 must prepare a report on:

7.28 (1) options to establish a state program that provides assistance to communities negatively
7.29 impacted by the transition from fossil to renewable fuels; and

7.30 (2) ways to accelerate the export of green products and services produced in Minnesota.

8.1 (b) By November 30, 2019, the commissioner must submit the report to the chairs and
8.2 ranking minority members of the senate and house of representatives committees with
8.3 primary jurisdiction over energy policy.

8.4 Sec. 13. **AGRICULTURE; ENERGY TRANSITION; REPORT.**

8.5 (a) The commissioner of agriculture must prepare a report on strategies to:

8.6 (1) accelerate the transition from fossil to renewable fuels in Minnesota's agricultural
8.7 sector;

8.8 (2) increase the ability of agricultural land to capture and retain atmospheric carbon;
8.9 and

8.10 (3) reduce greenhouse gas emissions from nonenergy agricultural sources.

8.11 (b) By November 30, 2019, the commissioner must submit the report to the chairs and
8.12 ranking minority members of the senate and house of representatives committees with
8.13 primary jurisdiction over energy policy.

8.14 Sec. 14. **REDUCING GREENHOUSE GAS EMISSIONS IN TRANSPORTATION;**
8.15 **REPORT.**

8.16 (a) The commissioner of transportation must prepare a report that evaluates:

8.17 (1) policies designed to accelerate the adoption of electric vehicles as substitutes for
8.18 motor vehicles powered by fossil fuels, including:

8.19 (i) the effectiveness of using tax credits or rebates to accelerate the adoption of electric
8.20 vehicles and the construction of electric vehicle charging stations by individuals and
8.21 businesses;

8.22 (ii) requiring buses purchased by public and private entities in Minnesota to operate on
8.23 electricity;

8.24 (iii) requiring new multifamily and single-family housing and workplaces construction
8.25 to include electric vehicle charging stations; and

8.26 (iv) providing financial incentives to promote the construction of public electric vehicle
8.27 charging stations;

8.28 (2) options to power off-road vehicles, watercraft, passenger and freight trains, and
8.29 airplanes without fossil fuels, and ways to accelerate the adoption of the options;

9.1 (3) policies designed to reduce vehicle miles traveled by motor vehicles, including
 9.2 expanding opportunities for:

9.3 (i) use of mass transit;

9.4 (ii) carpooling, telecommuting, distance learning, and telemedicine; and

9.5 (iii) biking and walking;

9.6 (4) land use planning policies that reduce the need for transportation;

9.7 (5) policies that ensure low-income Minnesotans have access to carbon-neutral
 9.8 transportation options; and

9.9 (6) emission reduction strategies that target communities exposed to high levels of air
 9.10 pollutants.

9.11 (b) By November 30, 2019, the commissioner must submit the report to the chairs and
 9.12 ranking minority members of the senate and house of representatives committees with
 9.13 primary jurisdiction over energy policy. The report must highlight recommendations that
 9.14 require funding or a change in law.

9.15 **Sec. 15. STATE BOARD OF INVESTMENT; RISKS AND IMPACTS OF**
 9.16 **DIVESTMENT OF FOSSIL FUEL COMPANIES FROM STATE RETIREMENT**
 9.17 **PORTFOLIOS.**

9.18 The executive director of the State Board of Investment must examine the risks and
 9.19 impacts of: (1) divesting the assets of the combined public pension and retirement funds
 9.20 the board manages that currently invest in companies whose business activities are associated
 9.21 with the exploration, drilling, production, development, processing, transportation, or sale
 9.22 of fossil fuels; and (2) reinvesting the assets elsewhere.

9.23 **Sec. 16. MINNESOTA GREEN BANK STUDY.**

9.24 (a) The commissioner of commerce must contract with an independent consultant with
 9.25 experience in financing energy conservation and renewable energy projects to study the
 9.26 prospects, options, benefits, and costs of developing a green bank in Minnesota, in order to
 9.27 meet the carbon-free standard established in Minnesota Statutes, section 216B.1691,
 9.28 subdivision 2g.

9.29 (b) At a minimum, the study must analyze:

9.30 (1) the structure, authorities and duties, and operations of green banks operating in other
 9.31 states, including:

- 10.1 (i) the types of projects green banks finance;
- 10.2 (ii) the process of aggregating multiple small projects into financial instruments that are
10.3 attractive to private lenders, and securitizing and marketing those instruments;
- 10.4 (iii) how green banks can stimulate the demand for and the supply of capital for projects;
- 10.5 (iv) the levels of the initial capital provided to green banks from public funds and the
10.6 length of time before the banks generated sufficient funds to fully pay operating expenses;
10.7 and
- 10.8 (v) how green banks can utilize existing bonding tools;
- 10.9 (2) the implications of developing a green bank as a public, quasi-public, or nonprofit
10.10 entity;
- 10.11 (3) existing energy efficiency and financing programs in Minnesota, and the gaps a
10.12 Minnesota green bank could most effectively fill; and
- 10.13 (4) a business plan and timeline outlining start-up operations and milestones for a
10.14 Minnesota green bank.
- 10.15 (c) By January 1, 2020, the commissioner of commerce must submit the report required
10.16 under this section to the chairs and ranking minority members of the senate and house of
10.17 representatives committees with primary jurisdiction over energy policy.
- 10.18 (d) For the purposes of this section, "green bank" means an institution that finances
10.19 renewable energy and energy efficiency project deployment by aggregating individual
10.20 projects to develop turn-key financial products that leverage capital from private lenders
10.21 and enable broader implementation of projects while preserving public funds through loan
10.22 repayment.
- 10.23 (e) By January 1, 2020, the commissioner of commerce must submit the report to the
10.24 chairs and ranking minority members of the senate and house of representatives committees
10.25 with primary jurisdiction over energy policy.
- 10.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.