

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 2075

(SENATE AUTHORS: SENJEM)

DATE	D-PG	OFFICIAL STATUS
03/15/2021	909	Introduction and first reading
		Referred to Energy and Utilities Finance and Policy
04/07/2021	1271a	Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to energy; establishing a revolving loan fund for energy conservation

1.3 improvements in state buildings; establishing the Minnesota efficient technology

1.4 accelerator; authorizing a power purchase agreement for certain electric

1.5 cogeneration activities; encouraging natural gas utilities to develop innovative

1.6 resources; establishing a program to provide financial incentives for the production

1.7 of wood pellets; abolishing prohibition on issuing certificate of need for new

1.8 nuclear power plant; establishing a program to promote the use of solar energy on

1.9 school buildings; establishing a process to compensate businesses for loss of

1.10 business opportunity resulting from sale and closure of a biomass energy plant;

1.11 authorizing a local exchange carrier to elect competitive market regulation under

1.12 certain conditions; appropriating money; amending Minnesota Statutes 2020,

1.13 sections 16B.86; 16B.87; 116C.779, subdivision 1; 116C.7792; 216B.1691,

1.14 subdivision 2f; 216B.241, by adding a subdivision; 216B.2422, by adding a

1.15 subdivision; 216B.2424, by adding subdivisions; 216B.243, subdivision 3b;

1.16 237.025, subdivisions 6, 9; proposing coding for new law in Minnesota Statutes,

1.17 chapters 216B; 216C; repealing Minnesota Statutes 2020, sections 115C.13;

1.18 216C.417; Laws 2005, chapter 97, article 10, section 3, as amended.

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

1.20 **ARTICLE 1**

1.21 **APPROPRIATIONS**

1.22 Section 1. **ENERGY AND UTILITIES FINANCE.**

1.23 (a) The sums shown in the columns marked "Appropriations" are appropriated to the

1.24 agencies and for the purposes specified in this article. The appropriations are from the

1.25 general fund, or another named fund, and are available for the fiscal years indicated for

1.26 each purpose. The figures "2022" and "2023" used in this article mean that the appropriations

1.27 listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023,

1.28 respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The

1.29 biennium" is fiscal years 2022 and 2023.

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

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2022</u>	<u>2023</u>
2.7 Sec. 2. <u>DEPARTMENT OF COMMERCE</u>		
2.8 <u>Subdivision 1. Total Appropriation</u>	\$ <u>8,543,000</u>	\$ <u>7,487,000</u>

	<u>Appropriations by Fund</u>	
	<u>2022</u>	<u>2023</u>
2.11 <u>General</u>	<u>5,427,000</u>	<u>5,427,000</u>
2.12 <u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>
2.13 <u>Petroleum Tank</u>	<u>1,056,000</u>	<u>-0-</u>

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

2.17 <u>Subd. 2. Telecommunications</u>	<u>3,107,000</u>	<u>3,107,000</u>
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	<u>Appropriations by Fund</u>	
	<u>2022</u>	<u>2023</u>
2.19 <u>General</u>	<u>1,047,000</u>	<u>1,047,000</u>
2.20 <u>Special Revenue</u>	<u>2,060,000</u>	<u>2,060,000</u>

2.21 \$2,060,000 each year is from the
 2.22 telecommunications access Minnesota fund
 2.23 account in the special revenue fund for the
 2.24 following transfers. This appropriation is
 2.25 added to the department's base:

2.26 (1) \$1,620,000 each year is to the
 2.27 commissioner of human services to
 2.28 supplement the ongoing operational expenses
 2.29 of the Commission of Deaf, DeafBlind, and
 2.30 Hard-of-Hearing Minnesotans. This
 2.31 appropriation is available until June 30, 2023,
 2.32 and any unexpended amount on that date must
 2.33 be returned to the telecommunications access
 2.34 Minnesota fund;

3.1 (2) \$290,000 each year is to the chief
 3.2 information officer for the purpose of
 3.3 coordinating technology accessibility and
 3.4 usability;

3.5 (3) \$100,000 each year is to the Legislative
 3.6 Coordinating Commission for captioning of
 3.7 legislative coverage. This transfer is subject
 3.8 to Minnesota Statutes, section 16A.281; and

3.9 (4) \$50,000 each year is to the Office of
 3.10 MN.IT Services for a consolidated access fund
 3.11 to provide grants or services to other state
 3.12 agencies related to accessibility of their
 3.13 web-based services.

3.14 **Subd. 3. Energy Resources** 4,380,000 4,380,000

3.15 (a) \$150,000 each year is to remediate
 3.16 vermiculate insulation from households that
 3.17 are eligible for weatherization assistance under
 3.18 Minnesota's weatherization assistance program
 3.19 state plan under Minnesota Statutes, section
 3.20 216C.264. Remediation must be done in
 3.21 conjunction with federal weatherization
 3.22 assistance program services.

3.23 (b) \$832,000 each year is for energy regulation
 3.24 and planning unit staff.

3.25 **Subd. 4. Petroleum Tank Release Compensation**
 3.26 **Board** 1,056,000 -0-

3.27 This appropriation is from the petroleum tank
 3.28 fund to account for base adjustments provided
 3.29 in Minnesota Statutes, section 115C.13.

3.30 **Sec. 3. PUBLIC UTILITIES COMMISSION** **\$** 7,793,000 **\$** 7,793,000

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

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

4.3 **ARTICLE 2**

4.4 **RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS**

4.5 Section 1. **RENEWABLE DEVELOPMENT FINANCE.**

4.6 (a) The sums shown in the columns marked "Appropriations" are appropriated to the
 4.7 agencies and for the purposes specified in this article. The appropriations are from the
 4.8 renewable development account in the special revenue fund established in Minnesota
 4.9 Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated
 4.10 for each purpose. The figures "2022" and "2023" used in this article mean that the
 4.11 appropriations listed under them are available for the fiscal year ending June 30, 2022, or
 4.12 June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal
 4.13 year 2023. "The biennium" is fiscal years 2022 and 2023.

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

4.16 **APPROPRIATIONS**

4.17 **Available for the Year**

4.18 **Ending June 30**

4.19 **2022**

2023

4.20 **Sec. 2. DEPARTMENT OF EMPLOYMENT**
 4.21 **AND ECONOMIC DEVELOPMENT**

\$

2,500,000

\$

-0-

4.22 **(a) Clean Energy Career Training Pilot**
 4.23 **Project.** \$2,500,000 the first year is for a grant
 4.24 to Northgate Development, LLC, for a pilot
 4.25 project to provide training pathways into
 4.26 careers in the clean energy sector for students
 4.27 and young adults in underserved communities.
 4.28 Training must be provided at a location that
 4.29 is accessible by public transportation and must
 4.30 prioritize the inclusion of communities of
 4.31 color, indigenous people, and individuals with
 4.32 low incomes.

- 5.1 (b) The pilot project must provide skills
5.2 training relevant to the design, construction,
5.3 operation, or maintenance of:
- 5.4 (1) systems producing renewable solar or wind
5.5 energy;
- 5.6 (2) systems resulting in improvements in
5.7 energy efficiency as defined in Minnesota
5.8 Statutes, section 216B.241, subdivision 1;
- 5.9 (3) systems of energy storage for renewable
5.10 energy systems, including battery technology;
- 5.11 (4) infrastructure for charging all-electric or
5.12 electric hybrid vehicles; or
- 5.13 (5) grid technologies that manage load and
5.14 provide services to the distribution grid that
5.15 reduce usage or shift demand to off-peak
5.16 periods.
- 5.17 (c) Training must be designed to create
5.18 pathways to a postsecondary degree or
5.19 industry certification related to the fields in
5.20 paragraph (b) and then to stable career
5.21 employment at a living wage.
- 5.22 (d) Grant funds may be used for all expenses
5.23 related to the training program, including
5.24 curriculum, instructors, equipment, materials,
5.25 and leasing and improving space for use by
5.26 the program.
- 5.27 (e) By January 15, 2023, the commissioner
5.28 must report to the chairs and ranking minority
5.29 members of the legislative committees with
5.30 jurisdiction over economic development on
5.31 the results of the pilot program, including but
5.32 not limited to information on use of grant
5.33 funds and program outcomes.

7.1 June 30, 2023, is canceled to the renewable
 7.2 development account.

7.3 **Sec. 4. UNIVERSITY OF MINNESOTA** **\$ 10,000,000 \$ -0-**

7.4 Notwithstanding Minnesota Statutes, section
 7.5 116C.779, subdivision 1, paragraph (j),
 7.6 \$10,000,000 the first year is to the Board of
 7.7 Regents of the University of Minnesota, West
 7.8 Central Research and Outreach Center, for the
 7.9 purpose of leading research, development, and
 7.10 advancement of energy storage systems that
 7.11 utilize hydrogen and ammonia production
 7.12 from renewables and other sources of clean
 7.13 energy. This is a onetime appropriation and
 7.14 any amount unexpended by June 30, 2025,
 7.15 must be returned to the renewable
 7.16 development account under Minnesota
 7.17 Statutes, section 116C.779, subdivision 1.

7.18 **Sec. 5. DEPARTMENT OF**
 7.19 **ADMINISTRATION** **\$ 5,000,000 \$ -0-**

7.20 Notwithstanding Minnesota Statutes, section
 7.21 116C.779, subdivision 1, paragraph (j),
 7.22 \$5,000,000 the first year is for deposit in the
 7.23 state building energy conservation
 7.24 improvement account established in Minnesota
 7.25 Statutes, section 16B.86, for the purpose of
 7.26 providing loans to state agencies for energy
 7.27 conservation projects under Minnesota
 7.28 Statutes, section 16B.87.

7.29 **Sec. 6. CANCELLATION; FISCAL YEAR 2021.**

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

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

8.1 **ARTICLE 3**

8.2 **ENERGY POLICY**

8.3 Section 1. Minnesota Statutes 2020, section 16B.86, is amended to read:

8.4 **16B.86 ~~PRODUCTIVITY~~ STATE BUILDING ENERGY CONSERVATION**
 8.5 **IMPROVEMENT REVOLVING LOAN ACCOUNT.**

8.6 Subdivision 1. Definitions. (a) For purposes of this section and section 16B.87, the
 8.7 following terms have the meanings given them.

8.8 (b) "Energy conservation" has the meaning given in section 216B.241, subdivision 1,
 8.9 paragraph (d).

8.10 (c) "Energy conservation improvement" has the meaning given in section 216B.241,
 8.11 subdivision 1, paragraph (e).

8.12 (d) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
 8.13 paragraph (f).

8.14 (e) "Project" means the energy conservation improvements financed by a loan made
 8.15 under this section.

8.16 (f) "State building" means an existing building owned by the state of Minnesota.

8.17 Subd. 2. Account established. The ~~productivity~~ state building energy conservation
 8.18 improvement revolving loan account is established as a ~~special~~ separate account in the state
 8.19 treasury. The commissioner shall manage the account and shall credit to the account
 8.20 investment income, repayments of principal and interest, and any other earnings arising
 8.21 from assets of the account. Money in the account is appropriated to the commissioner of
 8.22 administration to make loans to ~~finance agency projects that will result in either reduced~~
 8.23 ~~operating costs or increased revenues, or both, for a state agency.~~ state agencies to implement
 8.24 energy conservation and energy efficiency improvements in state buildings under section
 8.25 16B.87.

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

8.27 Sec. 2. Minnesota Statutes 2020, section 16B.87, is amended to read:

8.28 **16B.87 AWARD AND REPAYMENT OF ~~PRODUCTIVITY~~ STATE BUILDING**
 8.29 **ENERGY IMPROVEMENT CONSERVATION LOANS.**

8.30 Subdivision 1. Committee. The ~~Productivity~~ State Building Energy Conservation
 8.31 Improvement Loan Committee consists of the commissioners of administration, management

9.1 and budget, and ~~revenue~~ commerce. The commissioner of administration serves as chair of
 9.2 the committee. The members serve without compensation or reimbursement for expenses.

9.3 Subd. 2. **Award and terms of loans.** (a) An agency shall apply for a loan on a form
 9.4 ~~provided~~ developed by the commissioner of administration; that requires an applicant to
 9.5 submit the following information:

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

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

9.10 (3) a detailed project budget;

9.11 (4) projections of the proposed project's expected energy and monetary savings;

9.12 (5) information demonstrating the agency's ability to repay the loan; and

9.13 (6) any additional information requested by the commissioner.

9.14 (b) The committee shall review applications for loans and shall award a loan based upon
 9.15 criteria adopted by the committee. ~~The committee shall determine the amount, interest, and~~
 9.16 ~~other terms of the loan. The time for repayment of a loan may not exceed five years.~~ Priority
 9.17 in granting awards shall be given to projects for state buildings located within the retail
 9.18 electric service area of the public utility that is subject to section 116C.779.

9.19 Subd. 3. **Repayment.** An agency receiving a loan under this section shall repay the loan
 9.20 according to the terms of the loan agreement. The principal and interest must be paid to the
 9.21 commissioner of administration, who shall deposit it in the ~~productivity~~ state building energy
 9.22 conservation improvement revolving loan fund account. Payments of loan principal and
 9.23 interest must begin no later than one year after the project is completed.

9.24 Sec. 3. Minnesota Statutes 2020, section 116C.779, subdivision 1, is amended to read:

9.25 Subdivision 1. **Renewable development account.** (a) The renewable development
 9.26 account is established as a separate account in the special revenue fund in the state treasury.
 9.27 Appropriations and transfers to the account shall be credited to the account. Earnings, such
 9.28 as interest, dividends, and any other earnings arising from assets of the account, shall be
 9.29 credited to the account. Funds remaining in the account at the end of a fiscal year are not
 9.30 canceled to the general fund but remain in the account until expended. The account shall
 9.31 be administered by the commissioner of management and budget as provided under this
 9.32 section.

10.1 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
10.2 plant must transfer all funds in the renewable development account previously established
10.3 under this subdivision and managed by the public utility to the renewable development
10.4 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
10.5 that have not yet been expended and unencumbered funds required to be paid in calendar
10.6 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
10.7 to transfer under this paragraph.

10.8 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
10.9 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
10.10 plant must transfer to the renewable development account \$500,000 each year for each dry
10.11 cask containing spent fuel that is located at the Prairie Island power plant for each year the
10.12 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
10.13 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
10.14 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
10.15 part of a year.

10.16 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
10.17 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
10.18 plant must transfer to the renewable development account \$350,000 each year for each dry
10.19 cask containing spent fuel that is located at the Monticello nuclear power plant for each
10.20 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
10.21 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
10.22 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
10.23 any part of a year.

10.24 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
10.25 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
10.26 under paragraphs (f) ~~and~~, (g), and (m), and sections 116C.7792 and 216C.41, for that calendar
10.27 year.

10.28 (f) If the commission approves a new or amended power purchase agreement, the
10.29 termination of a power purchase agreement, or the purchase and closure of a facility under
10.30 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
10.31 the public utility subject to this section shall enter into a contract with the city in which the
10.32 poultry litter plant is located to provide grants to the city for the purposes of economic
10.33 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
10.34 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid

11.1 by the public utility from funds withheld from the transfer to the renewable development
11.2 account, as provided in paragraphs (b) and (e).

11.3 (g) If the commission approves a new or amended power purchase agreement, or the
11.4 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
11.5 an entity owned or controlled, directly or indirectly, by two municipal utilities located north
11.6 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
11.7 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
11.8 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
11.9 30 days after the commission approves the new or amended power purchase agreement, or
11.10 the termination of the power purchase agreement, and on each June 1 thereafter through
11.11 2021, to assist the transition required by the new, amended, or terminated power purchase
11.12 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
11.13 to the renewable development account as provided in paragraphs (b) and (e).

11.14 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
11.15 and (g) is limited to the amount deposited into the renewable development account, and its
11.16 predecessor, the renewable development account, established under this section, that was
11.17 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
11.18 10.

11.19 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
11.20 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
11.21 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
11.22 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
11.23 in which the commission finds, by the preponderance of the evidence, that the public utility
11.24 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
11.25 permanent or interim storage site out of the state. This determination shall be made at least
11.26 every two years.

11.27 (j) Funds in the account may be expended only for any of the following purposes:

11.28 (1) to stimulate research and development of renewable electric energy technologies;

11.29 (2) to encourage grid modernization, including, but not limited to, projects that implement
11.30 electricity storage, load control, and smart meter technology; and

11.31 (3) to stimulate other innovative energy projects that reduce demand and increase system
11.32 efficiency and flexibility.

12.1 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
12.2 from the utility that owns a nuclear-powered electric generating plant in this state or the
12.3 Prairie Island Indian community or its members.

12.4 The utility that owns a nuclear generating plant is eligible to apply for grants under this
12.5 subdivision.

12.6 (k) For the purposes of paragraph (j), the following terms have the meanings given:

12.7 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
12.8 (c), clauses (1), (2), (4), and (5); and

12.9 (2) "grid modernization" means:

12.10 (i) enhancing the reliability of the electrical grid;

12.11 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
12.12 and

12.13 (iii) increasing energy conservation opportunities by facilitating communication between
12.14 the utility and its customers through the use of two-way meters, control technologies, energy
12.15 storage and microgrids, technologies to enable demand response, and other innovative
12.16 technologies.

12.17 (l) A renewable development account advisory group that includes, among others,
12.18 representatives of the public utility and its ratepayers, and includes at least one representative
12.19 of the Prairie Island Indian community appointed by that community's tribal council, shall
12.20 develop recommendations on account expenditures. Except as otherwise provided herein,
12.21 members of the advisory group shall be chosen by the public utility. The public utility may
12.22 design a request for proposal in conjunction with the advisory group. The advisory group
12.23 must design a request for proposal and evaluate projects submitted in response to a request
12.24 for proposals. The advisory group must utilize an independent third-party expert to evaluate
12.25 proposals submitted in response to a request for proposal, including all proposals made by
12.26 the public utility. A request for proposal for research and development under paragraph (j),
12.27 clause (1), may be limited to or include a request to higher education institutions located in
12.28 Minnesota for multiple projects authorized under paragraph (j), clause (1). The request for
12.29 multiple projects may include a provision that exempts the projects from the third-party
12.30 expert review and instead provides for project evaluation and selection by a merit peer
12.31 review grant system. In the process of determining request for proposal scope and subject
12.32 and in evaluating responses to request for proposals, the advisory group must strongly

13.1 consider, where reasonable, potential benefit to Minnesota citizens and businesses and the
 13.2 utility's ratepayers.

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

13.7 ~~(m)~~ (n) The advisory group shall submit funding recommendations to the public utility,
 13.8 which has full and sole authority to determine which expenditures shall be submitted by
 13.9 ~~the advisory group~~ to the legislature commission. The commission may approve proposed
 13.10 expenditures, may disapprove proposed expenditures that it finds not to be in compliance
 13.11 with this subdivision or otherwise not in the public interest, and may, if agreed to by the
 13.12 public utility, modify proposed expenditures. The commission shall, by order, submit its
 13.13 funding recommendations to the legislature as provided under paragraph ~~(n)~~ (o).

13.14 ~~(n)~~ (o) The commission shall present its recommended appropriations from the account
 13.15 to the senate and house of representatives committees with jurisdiction over energy policy
 13.16 and finance annually by February 15. Expenditures from the account must be appropriated
 13.17 by law. In enacting appropriations from the account, the legislature:

13.18 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
 13.19 a project recommended by the commission; and

13.20 (2) may not appropriate money for a project the commission has not recommended
 13.21 funding.

13.22 ~~(o)~~ (q) A request for proposal for renewable energy generation projects must, when
 13.23 feasible and reasonable, give preference to projects that are most cost-effective for a particular
 13.24 energy source.

13.25 ~~(p)~~ (r) The ~~advisory group~~ public utility must annually, by February 15, report to the
 13.26 chairs and ranking minority members of the legislative committees with jurisdiction over
 13.27 energy policy on projects funded by the account for the prior year and all previous years.
 13.28 The report must, to the extent possible and reasonable, itemize the actual and projected
 13.29 financial benefit to the public utility's ratepayers of each project.

13.30 ~~(q)~~ (s) By February 1, 2018, and each February 1 thereafter, the commissioner of
 13.31 management and budget shall submit a written report regarding the availability of funds in
 13.32 and obligations of the account to the chairs and ranking minority members of the senate

14.1 and house committees with jurisdiction over energy policy and finance, the public utility,
14.2 and the advisory group.

14.3 ~~(t)~~ (t) A project receiving funds from the account must produce a written final report
14.4 that includes sufficient detail for technical readers and a clearly written summary for
14.5 nontechnical readers. The report must include an evaluation of the project's financial,
14.6 environmental, and other benefits to the state and the public utility's ratepayers.

14.7 ~~(s)~~ (u) Final reports, any mid-project status reports, and renewable development account
14.8 financial reports must be posted online on a public website designated by the commissioner
14.9 of commerce.

14.10 ~~(t)~~ (v) All final reports must acknowledge that the project was made possible in whole
14.11 or part by the Minnesota renewable development account, noting that the account is financed
14.12 by the public utility's ratepayers.

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

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

14.16 **116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.**

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

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

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

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

14.31 (1) \$10,000,000 in 2021; ~~and~~

14.32 (2) \$10,000,000 in 2022;

15.1 (3) \$5,000,000 in 2023; and

15.2 (4) \$5,000,000 in 2024.

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

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

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

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

15.20 Sec. 5. Minnesota Statutes 2020, section 216B.1691, subdivision 2f, is amended to read:

15.21 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
15.22 and 2b, each public utility shall generate or procure sufficient electricity generated by solar
15.23 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
15.24 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
15.25 generated by solar energy.

15.26 (b) For a public utility with more than 200,000 retail electric customers, at least ten
15.27 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
15.28 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

15.29 (c) A public utility with between 50,000 and 200,000 retail electric customers:

15.30 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
15.31 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
15.32 less; and

16.1 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
 16.2 of 40 kilowatts or less to a community solar garden program operated by the public utility
 16.3 that has been approved by the commission.

16.4 (d) The solar energy standard established in this subdivision is subject to all the provisions
 16.5 of this section governing a utility's standard obligation under subdivision 2a.

16.6 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
 16.7 electric sales in Minnesota be generated by solar energy.

16.8 (f) For the purposes of calculating the total retail electric sales of a public utility under
 16.9 this subdivision, there shall be excluded retail electric sales to customers that are:

16.10 (1) an iron mining extraction and processing facility, including a scam mining facility
 16.11 as defined in Minnesota Rules, part 6130.0100, subpart 16; or

16.12 (2) a paper mill, wood products manufacturer, sawmill, or oriented strand board
 16.13 manufacturer.

16.14 Those customers may not have included in the rates charged to them by the public utility
 16.15 any costs of satisfying the solar standard specified by this subdivision.

16.16 (g) A public utility may not use energy used to satisfy the solar energy standard under
 16.17 this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may
 16.18 not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the
 16.19 solar standard under this subdivision.

16.20 (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated
 16.21 with a solar photovoltaic device installed and generating electricity in Minnesota after
 16.22 August 1, 2013, but before 2020 may be used to meet the solar energy standard established
 16.23 under this subdivision.

16.24 (i) ~~Beginning July 1, 2014, and each~~ By July 1 through 2020, each, 2021, a public utility
 16.25 ~~shall~~ must file a final report with the commission ~~reporting its~~ detailing the utility's progress
 16.26 ~~in toward~~ achieving the solar energy standard established under this subdivision.

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

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

16.30 Subd. 11. Minnesota efficient technology accelerator. (a) A nonprofit organization
 16.31 with extensive experience implementing energy efficiency programs in Minnesota and
 16.32 conducting efficient technology research in the state may file a proposal with the

17.1 commissioner of commerce for a program to accelerate deployment and reduce the cost of
17.2 emerging and innovative efficient technologies and approaches and lead to lower energy
17.3 costs for Minnesota consumers. Activities of the accelerator shall include strategic initiatives
17.4 with technology manufacturers to improve the efficiency and performance of their products,
17.5 as well as with equipment installers and other key actors in the technology supply chain.
17.6 Benefits of activities expected from the accelerator include cost effective energy savings
17.7 for Minnesota utilities, bill savings for Minnesota utility consumers, enhanced employment
17.8 opportunities in the state, and avoidance of greenhouse gas emissions.

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

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

17.18 (1) a proposed budget and operational guidelines for the accelerator;

17.19 (2) a proposed energy savings attribution, evaluation, and allocation methodology that
17.20 includes a method for calculating net benefits from activities under the program. Energy
17.21 savings and net benefits from activities under the program must be allocated to participating
17.22 utilities and be considered when determining cost-effectiveness of achieved energy savings
17.23 and related incentives;

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

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

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

18.1 recommendations and concerns identified in the stakeholder engagement process required
18.2 under paragraph (c).

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

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

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

18.19 (h) Upon approval, each public utility with over 30,000 customers shall participate in
18.20 the program and contribute to the approved budget of the program in proportion to its gross
18.21 operating revenue from sales of gas or electric service in the state, excluding revenues from
18.22 large customer facilities exempted under subdivision 1a. No participating utility may be
18.23 required to contribute more than the following percentages of the utility's spending approved
18.24 by the commission in the plan filed under subdivision 2: (1) two percent in the program's
18.25 initial two years; (2) 3.5 percent in the program's third and fourth years; and (3) five percent
18.26 thereafter. Other utilities may elect to participate in the accelerator program. Costs incurred
18.27 by a public utility under this subdivision are recoverable under subdivision 2b as an
18.28 assessment to the energy and conservation account. Amounts provided to the account under
18.29 this subdivision are not subject to the cap on assessments in section 216B.62. The
18.30 commissioner may make expenditures from the account for the purposes of this subdivision,
18.31 including amounts necessary to cover administrative costs incurred by the department under
18.32 this subdivision. Costs for research projects under this subdivision that the commissioner
18.33 determines may be duplicative to projects that would be eligible for funding under subdivision
18.34 1e, paragraph (a), may be deducted from the assessment under subdivision 1e for utilities
18.35 participating in the accelerator.

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

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

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

19.16 Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision
 19.17 to read:

19.18 **Subd. 2d. Plan to minimize impacts to workers due to facility retirement.** As a part
 19.19 of a resource plan filing, a utility that has scheduled the retirement of an electric generating
 19.20 facility located in Minnesota must include in the filing a narrative identifying and describing
 19.21 the utility's plan and efforts made to date to work with the utility's workers represented by
 19.22 an exclusive representative to:

19.23 (1) minimize financial losses to workers;

19.24 (2) provide a transition timeline to ensure certainty for workers;

19.25 (3) protect pension benefits;

19.26 (4) extend or replace health insurance, life insurance, and other benefits;

19.27 (5) identify and maximize opportunities within the utility for dislocated workers, including
 19.28 providing incentives for the utility to retain as many workers as possible;

19.29 (6) provide training and skill development for workers who must or choose to leave the
 19.30 utility;

19.31 (7) create targeted transition plans for workers at all locations impacted by the facility
 19.32 retirement; and

20.1 (8) quantify any additional costs the utility would incur and specifying what costs, if
20.2 any, the utility would request be recovered in its rates as a result of efforts made under this
20.3 subdivision to minimize impacts to workers.

20.4 Sec. 8. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
20.5 to read:

20.6 Subd. 5b. **Definitions.** (a) For the purposes of subdivision 5c, the following terms have
20.7 the meanings given.

20.8 (b) "Agreement period" means the period beginning on January 1, 2023, and ending on
20.9 December 31, 2024.

20.10 (c) "Ash" means all species of the genus *Fraxinus*.

20.11 (d) "Cogeneration facility" means the St. Paul district heating and cooling system
20.12 cogeneration facility that uses waste wood as the facility's primary fuel source, provides
20.13 thermal energy to St. Paul, and sells electricity to a public utility through a power purchase
20.14 agreement approved by the Public Utilities Commission.

20.15 (e) "Department" means the Department of Agriculture.

20.16 (f) "Emerald ash borer" means the insect known as emerald ash borer, *Agrius planipennis*
20.17 Fairmaire, in any stage of development.

20.18 (g) "Renewable energy technology" has the meaning given to "eligible energy technology"
20.19 in section 216B.1691, subdivision 1.

20.20 (h) "St. Paul district heating and cooling system" means a system of boilers, distribution
20.21 pipes, and other equipment that provides energy for heating and cooling in St. Paul, and
20.22 includes the cogeneration facility.

20.23 (i) "Waste wood from ash trees" means ash logs and lumber, ash tree waste, and ash
20.24 chips and mulch.

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

20.26 Sec. 9. Minnesota Statutes 2020, section 216B.2424, is amended by adding a subdivision
20.27 to read:

20.28 Subd. 5c. **New power purchase agreement.** (a) No later than August 1, 2021, a public
20.29 utility subject to subdivision 5 and the cogeneration facility may file a proposal with the
20.30 commission to enter into a power purchase agreement that governs the public utility's
20.31 purchase of electricity generated by the cogeneration facility. The power purchase agreement

21.1 may extend no later than December 21, 2024, and must not be extended beyond that date
21.2 except as provided in paragraph (f).

21.3 (b) The commission is prohibited from approving a new power purchase agreement filed
21.4 under this subdivision that does not meet all of the following conditions:

21.5 (1) the cogeneration facility agrees that any waste wood from ash trees removed from
21.6 Minnesota counties that have been designated as quarantined areas in Section IV of the
21.7 Minnesota State Formal Quarantine for Emerald Ash Borer, issued by the commissioner of
21.8 agriculture under section 18G.06, effective November 14, 2019, as amended, for utilization
21.9 as biomass fuel by the cogeneration facility must be accompanied by evidence:

21.10 (i) demonstrating that the transport of biomass fuel from processed waste wood from
21.11 ash trees to the cogeneration facility complies with the department's regulatory requirements
21.12 under the Minnesota State Formal Quarantine for Emerald Ash Borer, which may consist
21.13 of:

21.14 (A) a certificate authorized or prepared by the commissioner of agriculture or an employee
21.15 of the Animal and Plant Health Inspection Service of the United States Department of
21.16 Agriculture verifying compliance; or

21.17 (B) shipping documents demonstrating compliance; or

21.18 (ii) certifying that the waste wood from ash trees has been chipped to one inch or less
21.19 in two dimensions, and was chipped within the county from which the ash trees were
21.20 originally removed;

21.21 (2) the price per megawatt hour of electricity paid by the public utility demonstrates
21.22 significant savings compared to the existing power purchase agreement, with a price that
21.23 does not exceed \$98 per megawatt hour;

21.24 (3) the proposal includes a proposal to the commission for one or more electrification
21.25 projects that result in the St. Paul district heating and cooling system being powered by
21.26 electricity generated from renewable energy technologies. The plan must evaluate
21.27 electrification at three or more levels from ten to 100 percent, including 100 percent of the
21.28 energy used by the St. Paul district heating and cooling system to be accomplished by
21.29 December 31, 2027. The proposal may also evaluate alternative dates for implementation.
21.30 For each level of electrification analyzed, the proposal must contain:

21.31 (i) a description of the alternative electrification technologies evaluated and whose
21.32 implementation is proposed as part of the electrification project;

22.1 (ii) an estimate of the cost of the electrification project to the public utility, the impact
22.2 on the monthly energy bills of the public utility's Minnesota customers, and the impact on
22.3 the monthly energy bills of St. Paul district heating and cooling system customers;

22.4 (iii) an estimate of the reduction in greenhouse gas emissions resulting from the
22.5 electrification project, including greenhouse gas emissions associated with the transportation
22.6 of waste wood;

22.7 (iv) estimated impacts on the operations of the St. Paul district heating and cooling
22.8 system; and

22.9 (v) a timeline for the electrification project; and

22.10 (4) the power purchase agreement provides a net benefit to the utility customers or the
22.11 state.

22.12 (c) The commission may approve, modify, or reject a proposed electrification project
22.13 that meets the requirements of this subdivision if it finds the electrification project is in the
22.14 public interest. When determining whether an electrification project is in the public interest,
22.15 the commission may consider the effects of the electrification project on air emissions from
22.16 the St. Paul district heating and cooling system and how the emissions impact the
22.17 environment and residents of affected neighborhoods.

22.18 (d) During the agreement period, the cogeneration facility must attempt to obtain funding
22.19 sources to reduce the cost of generating electricity and enable the facility to continue to
22.20 operate beyond the agreement period to address the removal of ash trees, as described in
22.21 paragraph (b), clause (1), without any subsidy or contribution through any power purchase
22.22 agreement after December 31, 2024. The cogeneration facility must submit periodic reports
22.23 to the commission regarding the efforts made under this paragraph.

22.24 (e) Upon approval of the new power purchase agreement, the commission must require
22.25 periodic reporting regarding progress toward development of a proposal for an electrification
22.26 project.

22.27 (f) Except as provided in paragraph (a), the commission is prohibited from approving a
22.28 power purchase agreement after the agreement period unless it approves an electrification
22.29 project. Nothing in this section shall require any utility to enter into a power purchase
22.30 agreement with the cogeneration facility after December 31, 2024.

22.31 (g) Upon approval of an electrification project, the commission must require periodic
22.32 reporting regarding the progress toward implementation of the electrification project.

23.1 (h) If the commission approves the proposal submitted under paragraph (b), clause (3),
 23.2 the commission may allow the public utility to recover prudently incurred costs net of
 23.3 revenues resulting from the electrification project through an automatic cost recovery
 23.4 mechanism that allows for cost recovery outside of a general rate case. The cost recovery
 23.5 mechanism approved by the commission must:

23.6 (1) allow a reasonable return on the capital invested in the electrification project by the
 23.7 public utility, as determined by the commission; and

23.8 (2) recover costs only from the public utility's Minnesota electric service customers.

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

23.10 Sec. 10. **[216B.2427] NATURAL GAS UTILITY INNOVATION PLANS.**

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

23.14 (b) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen,
 23.15 power-to-ammonia, carbon capture and utilization, strategic electrification, district energy,
 23.16 and energy efficiency.

23.17 (c) "Biogas" means gas created by the anaerobic digestion of biomass, gasification of
 23.18 biomass, or other effective conversion processes.

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

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

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

23.27 (g) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1,
 23.28 paragraph (f), but does not include energy conservation investments that the commissioner
 23.29 determines could reasonably be included in the natural gas utility's conservation improvement
 23.30 program.

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

24.4 (i) "Natural gas utility" means a public utility as defined in section 216B.02, subdivision
24.5 4, that provides natural gas sales or transportation services to customers in Minnesota.

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

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

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

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

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

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

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

24.32 (3) the incremental cost to procure innovative resources from third parties;

25.1 (4) the incremental costs to develop and administer programs included in a utility
25.2 innovation plan; and

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

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

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

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

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

25.17 (1) the recommended innovative resource or resources the utility plans to implement to
25.18 advance the state's goals established in section 216C.05, subdivision 2, clause (3), and
25.19 section 216H.02, subdivision 1, within the requirements and limitations set forth in this
25.20 section;

25.21 (2) any recommended research and development investments related to innovative
25.22 resources the utility plans to undertake as part of the plan;

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

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

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

25.30 (6) the cost effectiveness of innovative resources proposed from the perspective of the
25.31 natural gas utility, society, the utility's nonparticipating customers, and participating

26.1 customers as compared to other innovative resources that could be deployed to reduce or
26.2 avoid the same greenhouse gas emissions targeted by the utility's proposed resource;

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

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

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

26.13 (10) whether the recommended plan supports the development and use of alternative
26.14 agricultural products, waste reduction, reuse, or anaerobic digestion of organic waste, and
26.15 the recovery of energy from wastewater and, if so, a description of where those benefits
26.16 will be realized;

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

26.18 (i) track the proposed innovative resources included in the plan so that environmental
26.19 benefits are used only for this plan and not claimed for any other program; and

26.20 (ii) verify the environmental attributes and greenhouse gas intensity of proposed
26.21 innovative resources included in the plan;

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

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

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

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

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

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

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

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

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

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

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

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

27.17 (3) the plan will promote local economic development;

27.18 (4) the innovative resources included in the plan have a lower lifecycle greenhouse gas
27.19 intensity than conventional geologic natural gas;

27.20 (5) reasonable systems will be used to track and verify the environmental attributes of
27.21 the innovative resources included in the plan, taking into account any third-party tracking
27.22 or verification systems available;

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

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

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

28.6 (9) 50 percent or more of estimated costs included for recovery in the plan are for the
28.7 procurement and distribution of renewable natural gas, biogas, hydrogen produced via
28.8 power-to-hydrogen, or ammonia produced via power-to-ammonia.

28.9 (d) The utility bears the burden to prove the actual total incremental costs to implement
28.10 the approved innovation plan were reasonable. Prudently incurred costs incurred pursuant
28.11 to an approved plan and prudently incurred costs for obtaining the third-party analysis
28.12 required in paragraph (a), clauses (6) and (7), are recoverable either:

28.13 (1) under section 216B.16, subdivision 7, clause (2), via the utility's purchased gas
28.14 adjustment;

28.15 (2) in the natural gas utility's next general rate case; or

28.16 (3) via annual adjustments provided that, after notice and comment, the commission
28.17 determines that the costs included for recovery through the rate schedule are prudently
28.18 incurred. Annual adjustments shall include a rate of return, income taxes on the rate of
28.19 return, incremental property taxes, incremental depreciation expense, and incremental
28.20 operation and maintenance expense. The rate of return shall be at the level approved by the
28.21 commission in the natural gas utility's last general rate case, unless the commission
28.22 determines that a different rate of return is in the public interest.

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

28.27 (f) A natural gas utility with an approved plan must provide annual reports to the
28.28 commission regarding the work completed pursuant to the plan, including the costs incurred
28.29 under the plan and lifecycle greenhouse gas reduction or avoidance accomplished under
28.30 the plan; a description of the processes used to track, verify, and retire the innovative
28.31 resources and associated environmental attributes; an update on the lifecycle greenhouse
28.32 gas accounting methodology consistent with current science; an update on the economic
28.33 impact of the plan including job creation; and the utility's progress toward achieving the
28.34 cost-effectiveness objectives established by the commission on approval of the plan. As

29.1 part of the annual status report, the natural gas utility may propose modifications to pilot
 29.2 programs in the plan. In evaluating a utility's annual report, the commission may:

29.3 (1) approve the continuation of a pilot program, with or without modifications;

29.4 (2) require the utility to file a new or modified plan to account for changed circumstances;

29.5 or

29.6 (3) disapprove the continuation of a pilot program.

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

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

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

29.16 (1) avoided or reduced emissions attributable to utility operations;

29.17 (2) avoided or reduced emissions from the production, processing, and transmission of
 29.18 fuels prior to receipt by the utility; and

29.19 (3) avoided or reduced emissions at the point of end use, but in no event shall the analysis
 29.20 count any one unit of greenhouse gas emissions avoidance or reduction more than once.

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

29.26 **Subd. 3. Limitations on utility customer costs.** (a) The first innovation plan submitted
 29.27 to the commission by a natural gas utility may not propose, and the commission may not
 29.28 approve, recovery of annual total incremental costs exceeding the lesser of (1) one and three
 29.29 quarters percent of the natural gas utility's gross operating revenues from service provided
 29.30 in the state at the time of plan filing, or (2) \$20 per nonexempt customer based on the
 29.31 proposed annual total incremental costs for each year of the plan divided by the total number
 29.32 of nonexempt utility customers. Notwithstanding this limitation, the commission may

30.1 approve additional annual recovery of up to the lesser of (1) an additional quarter of one
30.2 percent of the natural gas utility's gross operating revenues from service provided in the
30.3 state at the time of plan filing for recovery, or (2) \$5 per nonexempt customer based on the
30.4 proposed annual total incremental costs for each year of the plan divided by the total number
30.5 of nonexempt utility customers of incremental costs for the purchase of renewable natural
30.6 gas produced from:

30.7 (i) food waste diverted from a landfill;

30.8 (ii) community wastewater treatment; or

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

30.13 (b) Subsequent innovation plans submitted to the commission may not propose and the
30.14 commission may not approve, recovery of annual total incremental costs exceeding the
30.15 limits set forth in paragraph (a) unless the commission determines that the utility has
30.16 successfully achieved the cost-effectiveness objectives established upon approval of a utility
30.17 innovation plan under paragraph (a), in which case the utility may propose, and the
30.18 commission may approve, recovery of annual total incremental costs of up to the lesser of
30.19 (1) two and three quarters percent of the natural gas utility's gross operating revenues from
30.20 service provided in the state at the time of plan filing, or (2) \$35 per nonexempt customer
30.21 based on the proposed annual total incremental costs for each year of the plan divided by
30.22 the total number of nonexempt utility customers. Notwithstanding this limitation, the
30.23 commission may approve additional annual recovery of up to the lesser of (1) an additional
30.24 three quarters of one percent of the natural gas utility's gross operating revenues from service
30.25 provided in the state at the time of plan filing for recovery, or (2) \$10 per nonexempt
30.26 customer based on the proposed annual total incremental costs for each year of the plan
30.27 divided by the total number of nonexempt utility customers of incremental costs for the
30.28 purchase of renewable natural gas produced from:

30.29 (i) food waste diverted from a landfill;

30.30 (ii) community wastewater treatment; or

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

31.1 (c) Subsequent innovation plans submitted to the commission may not propose, and the
31.2 commission may not approve, recovery of total incremental costs exceeding the limits set
31.3 forth in paragraph (b) unless the commission determines that the utility has successfully
31.4 achieved the cost-effectiveness objectives established upon approval of a utility innovation
31.5 plan under paragraph (b), in which case the utility may propose, and the commission may
31.6 approve, recovery of annual total incremental costs of up to the lesser of (1) four percent
31.7 of the natural gas utility's gross operating revenues from service provided in the state at the
31.8 time of plan filing, or (2) \$50 per nonexempt customer based on the proposed annual total
31.9 incremental costs for each year of the plan divided by the total number of nonexempt utility
31.10 customers. Notwithstanding this limitation, the commission may approve additional annual
31.11 recovery of up to the lesser of (1) an additional one and one-half percent of the natural gas
31.12 utility's gross operating revenues from service provided in the state at the time of plan filing
31.13 for recovery, or (2) \$20 per nonexempt customer based on the proposed annual total
31.14 incremental costs for each year of the plan divided by the total number of nonexempt utility
31.15 customers of incremental costs for the purchase of renewable natural gas produced from:

31.16 (i) food waste diverted from a landfill;

31.17 (ii) community wastewater treatment; or

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

31.22 (d) A large customer facility that has been exempted by the commissioner of commerce
31.23 from a utility's conservation improvement program under section 216B.241, subdivision
31.24 1a, paragraph (b), shall be exempt from the utility's innovation plan offerings and shall not
31.25 bear any costs incurred to implement an approved innovation plan unless the large customer
31.26 facility files a request with the commissioner to be included in a utility's innovation plan.
31.27 The commission may prohibit large customer facilities exempted from innovation plan costs
31.28 from participating in innovation plan pilots. For purposes of this subdivision, "gross operating
31.29 revenues" do not include revenues from large customer facilities exempted from innovation
31.30 plan costs.

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

32.1 Subd. 4. **Innovative resources procured outside of an innovation plan.** Without filing
32.2 an innovation plan, a natural gas utility may propose and the commission may approve cost
32.3 recovery for:

32.4 (1) innovative resources acquired to satisfy a commission-approved green tariff program
32.5 that allows customers to choose to meet a portion of the customers' energy needs through
32.6 innovative resources; or

32.7 (2) utility expenditures for innovative resources procured at a cost that is within five
32.8 percent of the average of Ventura and Demarc index prices for conventional natural gas at
32.9 the time of the transaction per unit of fossil natural gas that the innovative resource will
32.10 displace.

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

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

32.22 Subd. 6. **Innovative resources for very high-heat industrial processes.** The first
32.23 innovation plan filed by a natural gas utility with more than 800,000 customers must include
32.24 a pilot program that will provide innovative resources for hard-to-electrify industrial
32.25 processes. A large customer facility exempt from innovation plan offerings under subdivision
32.26 3, paragraph (e), shall not be eligible to participate in this pilot.

32.27 Subd. 7. **Electric cold climate air-source heat pumps.** (a) The first innovation plan
32.28 filed by a natural gas utility with more than 800,000 customers must include a pilot program
32.29 that facilitates deep energy retrofits and the installation of cold climate electric air-source
32.30 heat pumps with natural gas backups in existing residential homes that have natural gas
32.31 heating systems.

32.32 (b) For purposes of this subdivision, "deep energy retrofit" means the installation of any
32.33 measure or combination of measures, including air sealing and addressing thermal bridges,
32.34 that under normal weather and operating conditions can reasonably be expected to reduce

33.1 the building's calculated design load to ten or fewer British Thermal Units per hour per
 33.2 square foot of conditioned floor area. Deep energy retrofit does not include the installation
 33.3 of photovoltaic electric generation equipment, but may include the installation of a qualifying
 33.4 solar thermal project, as defined in section 216B.2411.

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

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

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

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

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

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

33.16 (e) "Wood pellets" means a pellet manufactured from forest and wood mill residuals
 33.17 that is burned to produce heat or electricity.

33.18 Subd. 2. **Eligible facility.** (a) To be eligible for payments under this section, a facility
 33.19 must:

33.20 (1) be located in Minnesota;

33.21 (2) dry and process residual materials from Minnesota forests and sawmills into wood
 33.22 pellets;

33.23 (3) begin construction no later than December 31, 2022;

33.24 (4) produce at least 50,000 metric tons of wood pellets annually; and

33.25 (5) certify that all contractors and subcontractors pay employees constructing the facility
 33.26 no less than the prevailing wage rate, as defined in section 177.42.

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

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

34.1 (d) Payments under this section may be made to no more than two eligible facilities.

34.2 Payments must be made to eligible facilities on a first-come, first-served basis.

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

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

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

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

34.17 (c) A claim submitted under this section must include documentation and verification
34.18 by an independent third party that, with respect to an eligible facility's claim filed under
34.19 this subdivision:

34.20 (1) the conditions of subdivision 3 have been met; and

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

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

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

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

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

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

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

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

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

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

35.12 Sec. 13. [216C.375] SOLAR FOR SCHOOLS PROGRAM.

35.13 Subdivision 1. Definitions. (a) For the purposes of this section and section 216C.376,
 35.14 the following terms have the meanings given them.

35.15 (b) "Developer" means an entity that installs a solar energy system on a school building
 35.16 that has been awarded a grant under this section.

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

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

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

35.21 (f) "Solar energy system" means photovoltaic or solar thermal devices.

35.22 Subd. 2. Establishment; purpose. A solar for schools program is established in the
 35.23 Department of Commerce. The purpose of the program is to provide grants to stimulate the
 35.24 installation of solar energy systems on or adjacent to school buildings by reducing the cost,
 35.25 and to enable schools to use the solar energy system as a teaching tool that can be integrated
 35.26 into the school's curriculum.

35.27 Subd. 3. Establishment of account. (a) A solar for schools program account is
 35.28 established in the special revenue fund. Money received from the general fund must be
 35.29 transferred to the commissioner of commerce and credited to the account. Money deposited

36.1 in the account remains in the account until expended and does not cancel to the general
36.2 fund.

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

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

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

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

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

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

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

36.16 (2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the
36.17 estimated annual electricity consumption of the school building at which the solar energy
36.18 system is installed.

36.19 (b) A school district that receives a rebate or other financial incentive under section
36.20 216B.241 for a solar energy system and that demonstrates considerable need for financial
36.21 assistance, as determined by the commissioner, is eligible for a grant under this section for
36.22 the same solar energy system.

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

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

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

36.31 (2) the current energy demand of the school building on which the solar energy generating
36.32 system is to be installed and information regarding any distributed energy resource, including

- 37.1 subscription to a community solar garden, that currently provides electricity to the school
37.2 building;
- 37.3 (3) a description of any solar thermal devices proposed as part of the solar energy system;
- 37.4 (4) the total cost to purchase and install the solar energy system and the solar energy
37.5 system's life-cycle cost, including removal and disposal at the end of the system's life;
- 37.6 (5) a copy of the proposed contract agreement between the school and the public utility
37.7 or developer that includes provisions addressing responsibility for maintenance of the solar
37.8 energy system;
- 37.9 (6) the school's plan to make the solar energy system serve as a visible learning tool for
37.10 students, teachers, and visitors to the school, including how the solar energy system may
37.11 be integrated into the school's curriculum and provisions for real-time monitoring of the
37.12 solar energy system performance for display in a prominent location within the school or
37.13 on-demand in the classroom;
- 37.14 (7) information that demonstrates the school district's level of need for financial assistance
37.15 available under this section;
- 37.16 (8) information that demonstrates the school's readiness to implement the project,
37.17 including but not limited to the availability of the site on which the solar energy system is
37.18 to be installed and the level of the school's engagement with the utility providing electric
37.19 service to the school building on which the solar energy system is to be installed on issues
37.20 relevant to the implementation of the project, including metering and other issues;
- 37.21 (9) with respect to the installation and operation of the solar energy system, the
37.22 willingness and ability of the developer or the public utility to:
- 37.23 (i) pay employees and contractors a prevailing wage rate, as defined in section 177.42,
37.24 subdivision 6; and
- 37.25 (ii) adhere to the provisions of section 177.43;
- 37.26 (10) how the developer or public utility plans to reduce the school's initial capital expense
37.27 to purchase and install the solar energy system, and to provide financial benefits to the
37.28 school from the utilization of federal and state tax credits, utility incentives, and other
37.29 financial incentives; and
- 37.30 (11) any other information deemed relevant by the commissioner.
- 37.31 (c) The commissioner must administer an open application process under this section
37.32 at least twice annually.

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

38.3 Subd. 7. **Energy conservation review.** At the commissioner's request, a school awarded
38.4 a grant under this section shall provide the commissioner information regarding energy
38.5 conservation measures implemented at the school building at which the solar energy system
38.6 is installed. The commissioner may make recommendations to the school regarding
38.7 cost-effective conservation measures it can implement and may provide technical assistance
38.8 and direct the school to available financial assistance programs.

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

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

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

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

38.18 Sec. 14. **[216C.376] SOLAR FOR SCHOOLS PROGRAM FOR CERTAIN UTILITY**
38.19 **SERVICE TERRITORY.**

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

38.26 Subd. 2. **Required plan.** (a) By October 1, 2021, the public utility must file a plan for
38.27 the solar for schools program with the commissioner. The plan must contain but is not
38.28 limited to the following elements:

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

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

39.3 (3) administrative procedures governing the application and financial benefit award
 39.4 process, and the costs the public utility is projected to incur to administer the program;

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

39.7 (5) any additional information required by the commissioner.

39.8 (b) The public utility may not implement the program until the commissioner approves
 39.9 the public utility's plan submitted under this subdivision. The commissioner must approve
 39.10 a plan under this subdivision that the commissioner determines to be in the public interest
 39.11 no later than December 31, 2021. Any proposed modifications to the plan approved under
 39.12 this subdivision must be approved by the commissioner.

39.13 Subd. 3. **System eligibility.** A solar energy system is eligible to receive financial benefits
 39.14 under this section if it meets all of the following conditions:

39.15 (1) the solar energy system must be located on or adjacent to a school building receiving
 39.16 retail electric service from the public utility and completely located within the public utility's
 39.17 electric service territory, provided that any land situated between the school building and
 39.18 the site where the solar energy system is installed is owned by the school district in which
 39.19 the school building operates; and

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

39.24 Subd. 4. **Application process.** (a) A school seeking financial assistance under this section
 39.25 must submit an application to the public utility, including a plan for how the school uses
 39.26 the solar energy system as a visible learning tool for students, teachers, and visitors to the
 39.27 school, and how the solar energy system may be integrated into the school's curriculum.

39.28 (b) The public utility must award financial assistance under this section on a first-come,
 39.29 first-served basis.

39.30 (c) The public utility must discontinue accepting applications under this section after
 39.31 all funds appropriated under subdivision 5 are allocated to program participants, including
 39.32 funds from canceled projects.

40.1 Subd. 5. **Cost recovery; renewable energy credits.** (a) Payments by the public utility
 40.2 to a school receiving financial assistance under this section are fully recoverable by the
 40.3 public utility.

40.4 (b) The renewable energy credits associated with the electricity generated by a solar
 40.5 energy system installed under this section are the property of the public utility that is subject
 40.6 to this section for the life of the system, regardless of the solar on school incentive's duration.

40.7 Subd. 6. **Limitation.** (a) No more than 75 percent of the financial assistance provided
 40.8 by the public utility to schools under this section may be provided to schools where the
 40.9 proportion of students eligible for free and reduced-price lunch under the National School
 40.10 Lunch Program is less than 50 percent.

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

40.14 Subd. 7. **Technical assistance.** The commissioner may provide technical assistance to
 40.15 schools to develop and execute projects under this section.

40.16 Subd. 8. **Application deadline.** No application may be submitted under this section
 40.17 after December 31, 2025.

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

40.19 Sec. 15. **PUBLIC UTILITIES COMMISSION LIFECYCLE CARBON**
 40.20 **ACCOUNTING FRAMEWORK AND COST-BENEFIT TEST FOR INNOVATIVE**
 40.21 **RESOURCES.**

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

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

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

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

41.4 (ii) any important additional economic costs and benefits, programmatic costs and
 41.5 benefits, additional environmental costs and benefits, and other costs or benefits that may
 41.6 be expected under a plan; and

41.7 (iii) baseline cost-effectiveness criteria against which an innovation plan should be
 41.8 compared. In establishing the baseline criteria, the commission shall take into account the
 41.9 options available for reducing lifecycle greenhouse gas emissions from natural gas end uses
 41.10 and the goals in section 216C.05, subdivision 2, clause (3), and section 216H.02, subdivision
 41.11 1. To the maximum reasonable extent, the cost-benefit framework shall be consistent with
 41.12 environmental cost values established pursuant to section 216B.2422, subdivision 3, and
 41.13 other calculation of the social value of greenhouse gas emissions reduction.

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

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

41.16 **Sec. 16. BIOMASS BUSINESS COMPENSATION.**

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

41.19 (b) "Biomass plant" means the biomass plant identified under Minnesota Statutes, section
 41.20 116C.779, subdivision 1, paragraph (f).

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

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

41.25 Subd. 2. **Office of Administrative Hearings; claims process.** (a) The chief
 41.26 administrative law judge of the Office of Administrative Hearings must assign an
 41.27 administrative law judge to administer a claims award process to compensate businesses
 41.28 negatively affected by the early termination. The chief administrative law judge may develop
 41.29 a process, prescribe forms, identify documentation affected businesses must submit with
 41.30 claims, and issue awards to eligible businesses consistent with this section. The process
 41.31 must allow, but not require, an authorized representative from each business that applies

42.1 for compensation to appear in person before the assigned administrative law judge to provide
42.2 evidence in support of the business's claim.

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

42.6 (c) Records submitted to the Office of Administrative Hearings as part of the claims
42.7 process constitute business data under Minnesota Statutes, section 13.591.

42.8 (d) An award made under this section is final and is not subject to judicial review.

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

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

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

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

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

42.21 (i) decreased operating income; or

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

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

42.26 (1) decreased operating income; or

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

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

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

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

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

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

43.12 (1) the essential nature of the investment made in the property to fulfill the contract with
43.13 the biomass plant;

43.14 (2) the extent to which the eligible business is able to repurpose the property for another
43.15 productive use after the early termination, including but not limited to the use, sales, salvage,
43.16 or scrap value of the property for which the loss is claimed; and

43.17 (3) the value of the eligible business's nondepreciated investment in the property.

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

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

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

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

43.31 Subd. 7. **Awarding claims.** If the amount provided for compensation in the biomass
43.32 business compensation account established under section 17 is insufficient to fully award

44.1 all claims eligible for an award, all awards must be adjusted proportionally based on the
 44.2 value of the claim.

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

44.14 Subd. 9. **Expiration.** This section expires June 30, 2023.

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

44.16 Sec. 17. **BIOMASS BUSINESS COMPENSATION ACCOUNT.**

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

44.23 Subd. 2. **Funding for the special account.** Notwithstanding Minnesota Statutes, section
 44.24 116C.779, subdivision 1, paragraph (j), on July 1, 2021, \$20,000,000, and on July 1, 2022,
 44.25 \$20,000,000 must be transferred from the renewable development account under Minnesota
 44.26 Statutes, section 116C.779, to the biomass business compensation account established under
 44.27 subdivision 1. The transferred funds are appropriated to pay eligible obligations under the
 44.28 biomass business compensation program established under section 16.

44.29 Subd. 3. **Payment of expenses.** The chief administrative law judge must certify to the
 44.30 commissioner of management and budget the total costs incurred to administer the biomass
 44.31 business compensation claims process. The commissioner of management and budget must
 44.32 transfer an amount equal to the certified costs incurred for biomass business compensation
 44.33 claim activities from the renewable development account under Minnesota Statutes, section

45.1 116C.779, and deposit it in the administrative hearings account under Minnesota Statutes,
45.2 section 14.54. Transfers may occur quarterly throughout the fiscal year and must be based
45.3 on quarterly cost and revenue reports, with final certification and reconciliation after each
45.4 fiscal year. The total amount transferred under this subdivision must not exceed \$200,000.

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

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

45.7 Sec. 18. **REMAINING "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION**
45.8 **PROGRAM INCENTIVE OBLIGATION.**

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

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

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

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

45.26 Sec. 19. **REPEALER.**

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

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

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

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

46.3 **ARTICLE 4**

46.4 **TELECOMMUNICATIONS**

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

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

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

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

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

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

APPENDIX
Repealed Minnesota Statutes: S2075-1

115C.13 REPEALER.

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, 2022.

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

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

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

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

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

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

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

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

(d) No payment may be made under this section for electricity generated after October 31, 2028.

APPENDIX
Repealed Minnesota Session Laws: S2075-1

Laws 2005, chapter 97, article 10, section 3, as amended by Laws 2013, chapter 85, article 7, section 9

Sec. 9. Laws 2005, chapter 97, article 10, section 3, is amended to read:

Sec. 3. **SUNSET.**

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