

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 3386

(SENATE AUTHORS: DIBBLE and Osmek)

DATE	D-PG	OFFICIAL STATUS
02/20/2020	4842	Introduction and first reading
		Referred to Energy and Utilities Finance and Policy
03/09/2020	5327a	Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to energy; modifying conservation improvement programs for low-income

1.3 households; amending Minnesota Statutes 2018, section 216B.241, subdivisions

1.4 3, 7.

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

1.6 Section 1. Minnesota Statutes 2018, section 216B.241, subdivision 3, is amended to read:

1.7 Subd. 3. **Ownership of energy conservation improvement.** ~~An~~ A preweatherization

1.8 measure or energy conservation improvement made to or installed in a building in accordance

1.9 with this section, except systems owned by the utility and designed to turn off, limit, or vary

1.10 the delivery of energy, are the exclusive property of the owner of the building except to the

1.11 extent that the improvement is subjected to a security interest in favor of the utility in case

1.12 of a loan to the building owner. The utility has no liability for loss, damage or injury caused

1.13 directly or indirectly by an energy conservation improvement except for negligence by the

1.14 utility in purchase, installation, or modification of the product.

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

1.16 Sec. 2. Minnesota Statutes 2018, section 216B.241, subdivision 7, is amended to read:

1.17 Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility

1.18 and association subject to subdivision 1c provides ~~low-income~~ energy conservation programs

1.19 to low-income households. For purposes of this section, "low-income" means a household

1.20 income that is at or below 60 percent of state median income. When approving spending

1.21 and energy-savings goals for low-income programs, the commissioner shall consider historic

1.22 spending and participation levels, energy savings for low-income programs, and the number

2.1 of low-income persons residing in the utility's service territory. A municipal utility that
2.2 furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas
2.3 service must spend at least ~~0.4~~ 0.8 percent, of its most recent three-year average gross
2.4 operating revenue from residential customers in the state on low-income programs. A utility
2.5 or association that furnishes electric service must spend at least 0.1 percent of its gross
2.6 operating revenue from residential customers in the state on low-income programs. For a
2.7 generation and transmission cooperative association, this requirement shall apply to each
2.8 association's members' aggregate gross operating revenue from sale of electricity to residential
2.9 customers in the state. Beginning in 2010, a utility or association that furnishes electric
2.10 service must spend 0.2 percent of its gross operating revenue from residential customers in
2.11 the state on low-income programs.

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

2.17 (c) The commissioner shall establish low-income programs to utilize money contributed
2.18 to the energy and conservation account under paragraph (b). In establishing low-income
2.19 programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and
2.20 community organizations, especially organizations engaged in providing energy and
2.21 weatherization assistance to low-income ~~persons~~ households. Money contributed to the
2.22 energy and conservation account under paragraph (b) must provide programs for low-income
2.23 ~~persons~~ households, including low-income renters, in the service territory of the utility or
2.24 association providing the money. The commissioner shall record and report expenditures
2.25 and energy savings achieved as a result of low-income programs funded through the energy
2.26 and conservation account in the report required under subdivision 1c, paragraph (g). The
2.27 commissioner may contract with a political subdivision, nonprofit or community organization,
2.28 public utility, municipality, or cooperative electric association to implement low-income
2.29 programs funded through the energy and conservation account.

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

2.33 (e) The costs and benefits associated with any approved low-income gas or electric
2.34 conservation improvement program that is not cost-effective when considering the costs
2.35 and benefits to the utility may, at the discretion of the utility, be excluded from the calculation

3.1 of net economic benefits for purposes of calculating the financial incentive to the utility.
3.2 The energy and demand savings may, at the discretion of the utility, be applied toward the
3.3 calculation of overall portfolio energy and demand savings for purposes of determining
3.4 progress toward annual goals and in the financial incentive mechanism.

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

3.9 (g) The commissioner must, by order, establish a list of qualifying preweatherization
3.10 measures eligible for low-income energy conservation programs no later than July 15 of
3.11 the year following enactment of this section. The list of qualifying measures may be reviewed
3.12 and modified on an annual basis.

3.13 (h) A Healthy AIR (Asbestos Insulation Remediation) account is established as a separate
3.14 account in the special revenue fund in the state treasury. A public utility may elect to
3.15 contribute money to the Healthy AIR account to assist the department with administration
3.16 of the program. Amounts contributed to the account must be credited to the account. Money
3.17 contributed to the account counts toward: (1) the minimum low-income spending requirement
3.18 under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f).
3.19 Money in the account is annually appropriated to the commissioner of commerce to fund
3.20 Healthy AIR related activities.

3.21 (i) By July 1, 2021, and at least once every five years thereafter, the commissioner must
3.22 convene a stakeholder group to review and update guidelines for eligibility of multifamily
3.23 buildings in low-income programs. The stakeholder group must include but is not limited
3.24 to stakeholders that represent: public utilities as defined in section 216B.02, subdivision 4;
3.25 municipal, electric, or gas utilities; electric or gas cooperative associations; multifamily
3.26 housing owners and developers; and low-income advocates. For purposes of this paragraph,
3.27 "multifamily building" is defined as a residential building with five or more dwelling units.
3.28 Notwithstanding the definition of low-income household in this subdivision, a utility or
3.29 association must comply with the most recent guidelines published by the Department of
3.30 Commerce when determining a multifamily building's eligibility for low-income programs.

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