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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2081

03/23/2015 Authored by Garofalo and Hortman

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act  
1.2 relating to electric and compressed natural gas vehicles; requiring certain public  
1.3 utilities to file plans with the Public Utilities Commission promoting electric  
1.4 and compressed natural gas vehicles and to recover costs of such promotion;  
1.5 providing rebates and incentives to electric and compressed natural gas vehicle  
1.6 purchasers and salespersons; appropriating money; amending Minnesota Statutes  
1.7 2014, section 216B.16, by adding a subdivision; proposing coding for new law  
1.8 in Minnesota Statutes, chapter 216B.

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

1.10 Section 1. Minnesota Statutes 2014, section 216B.16, is amended by adding a  
1.11 subdivision to read:

1.12 Subd. 6e. Incentive plan for electric and compressed natural gas vehicles. (a)

1.13 The commission shall order public utilities that are required to develop an electric and  
1.14 compressed natural gas vehicle promotion program under section 216B.1615 to develop  
1.15 and submit for commission approval, by February 1, 2016, incentive plans that describe  
1.16 (1) the method of recovery and accounting for utility expenditures related to the promotion  
1.17 of electric and compressed natural gas vehicles, and (2) the savings that result from the  
1.18 purchase of electric and compressed natural gas vehicles by its customers. In developing  
1.19 the incentive plans, the commission shall ensure the effective involvement of interested  
1.20 parties.

1.21 (b) In approving incentive plans, the commission shall consider:

1.22 (1) whether the plan is likely to increase utility investment in electric and compressed  
1.23 natural gas vehicle promotion;

1.24 (2) whether the plan is compatible with the interests of utility ratepayers and other  
1.25 interested parties;

2.1 (3) whether the plan links the incentive to the utility's performance in increasing the  
 2.2 number of electric and compressed natural gas vehicles purchased by its customers; and

2.3 (4) whether the plan conflicts with other provisions of this chapter.

2.4 (c) The commission may set rates to encourage the vigorous and effective  
 2.5 implementation of a utility's electric and compressed natural gas vehicle promotion  
 2.6 program under section 216B.1615. The commission may:

2.7 (1) increase or decrease any otherwise allowed rate of return on net investment  
 2.8 based upon the utility's skill, efforts, and success in increasing the number of electric and  
 2.9 compressed natural gas vehicles purchased by its customers;

2.10 (2) share between ratepayers and utilities the net savings resulting from increasing  
 2.11 the number of utility customers purchasing electric and compressed natural gas vehicles to  
 2.12 the extent justified by the utility's skill, efforts, and success in increasing the number of  
 2.13 electric and compressed natural gas vehicles purchased by its customers; and

2.14 (3) adopt any mechanism that satisfies the criteria of this subdivision, such that an  
 2.15 increase in the number of electric and compressed natural gas vehicles purchased by a  
 2.16 utility's customers is a preferred outcome for the public utility considering the impact of  
 2.17 electric and compressed natural gas vehicles on the earnings of the public utility.

2.18 (d) A utility subject to this subdivision that does not provide natural gas service is  
 2.19 not required to develop an incentive plan to promote the purchase of compressed natural  
 2.20 gas vehicles.

2.21 (e) For the purposes of this subdivision:

2.22 (1) "electric vehicle" has the meaning given in section 169.011, subdivision 26a,  
 2.23 paragraph (a); and

2.24 (2) "compressed natural gas vehicle" has the meaning given in section 216B.1615,  
 2.25 subdivision 1.

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

2.27 **Sec. 2. [216B.1615] ELECTRIC AND COMPRESSED NATURAL GAS**  
 2.28 **VEHICLE PROMOTION PROGRAM.**

2.29 **Subdivision 1. Definitions.** (a) For the purposes of this section and section  
 2.30 216B.1616, the terms defined in this subdivision have the meanings given them.

2.31 (b) "Compressed natural gas vehicle" means a passenger car, bus, school bus, or  
 2.32 truck that is fueled entirely by natural gas compressed to less than one percent of the  
 2.33 volume it occupies at standard atmospheric pressure.

2.34 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a,  
 2.35 paragraph (a).

3.1 (d) "Electric vehicle charging station" means a public or private parking space  
3.2 that is served by battery charging station equipment that has as its primary purpose the  
3.3 transfer of electric energy by conductive or inductive means to a battery or other energy  
3.4 storage device in an electric vehicle.

3.5 (e) "Electric vehicle infrastructure" means structures, machinery, and equipment  
3.6 necessary and integral to support an electric vehicle, including electric vehicle charging  
3.7 stations and battery exchange stations.

3.8 (f) "Public utility" has the meaning given in section 216B.02, subdivision 4.

3.9 (g) "Vehicle-to-grid technology" means technology that allows electricity to flow  
3.10 from electric vehicle batteries to the electrical grid, and to be aggregated and dispatched in  
3.11 order to assist the balancing of electricity supply and demand.

3.12 Subd. 2. **Goal.** It is a state goal that, by the end of 2020, there be at least 30,000  
3.13 electric and compressed natural gas vehicles registered in Minnesota.

3.14 Subd. 3. **Program.** (a) By February 1, 2016, each public utility serving a city of the  
3.15 first class must file with the commission a program to promote (1) the purchase of electric  
3.16 and compressed natural gas vehicles by residential, commercial, and industrial customers,  
3.17 nonprofit organizations, and political subdivisions, and (2) the construction of electric and  
3.18 compressed natural gas vehicle infrastructure.

3.19 (b) The program may include, but is not limited to, the following elements:

3.20 (1) educational resources for individuals, electric and compressed natural gas  
3.21 vehicle dealers, multifamily housing developers and property management companies,  
3.22 and vehicle fleet managers, including printed materials, a Web site, and employees who  
3.23 conduct on-site education;

3.24 (2) advertising and promotional materials, including software;

3.25 (3) a onetime bill credit of \$30 or more for electric vehicle owners who purchase  
3.26 electricity under the public utility's time-of-day or off-peak rate for electric vehicle  
3.27 recharging;

3.28 (4) rebates for electric and compressed natural gas vehicle purchase or leasing;

3.29 (5) rebates for installing electric vehicle charging stations at residences or  
3.30 workplaces; and

3.31 (6) a pilot program for implementing vehicle-to-grid technology.

3.32 Subd. 4. **Commission review.** The commission shall review the plans submitted  
3.33 under this section for their effectiveness in promoting electric and compressed natural gas  
3.34 vehicle purchases among utility customers, and for the degree to which they are likely to  
3.35 contribute significantly to achieving the state goal for electric and compressed natural gas  
3.36 vehicle purchases under subdivision 2. The commission may approve, modify, or reject

4.1 a plan filed under this section. If the commission rejects a utility's plan, the utility must  
 4.2 submit a new plan for commission review within 75 days of the notice of rejection.

4.3 Subd. 5. **Implementation.** Within 90 days of commission approval of a utility's  
 4.4 plan filed under this section, the utility shall implement the plan.

4.5 Subd. 6. **Cost recovery.** Notwithstanding section 216B.16, subdivision 8, clause  
 4.6 (3), the commission may approve the portion of any rate which makes a direct or indirect  
 4.7 allowance for expenses incurred by a public utility to provide a public advertisement as  
 4.8 part of a promotion program approved by the commission under this section.

4.9 Subd. 7. **Reporting.** Beginning one year after implementing a program approved  
 4.10 by the commission under this section, each public utility implementing a plan under this  
 4.11 section shall report annually to the chairs and ranking minority members of the senate  
 4.12 and house of representatives committees with primary jurisdiction over energy policy  
 4.13 on its activities to promote electric and compressed natural gas vehicle purchases. The  
 4.14 report shall include expenditures for each element of the plan and the number of electric  
 4.15 and compressed natural gas vehicles purchased by utility customers, reported separately  
 4.16 for individuals and fleets.

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

4.18 Sec. 3. **[216B.1616] ELECTRIC AND COMPRESSED NATURAL GAS**  
 4.19 **VEHICLE REBATES AND INCENTIVES.**

4.20 Subdivision 1. **Definition.** For the purposes of this section:

4.21 (1) "Dealer" has the meaning given in section 80E.03, subdivision 3.

4.22 (2) "Salesperson" means a salesperson who earns a commission or is otherwise the  
 4.23 salesperson of record for the sale of an electric or compressed natural gas vehicle to  
 4.24 a purchaser who the commissioner determines is eligible to receive a rebate under this  
 4.25 section.

4.26 Subd. 2. **Eligibility.** (a) The purchaser of an electric or compressed natural gas  
 4.27 vehicle is eligible for a \$3,000 rebate if:

4.28 (1) the electric or compressed natural gas vehicle:

4.29 (i) has not been previously owned;

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

4.31 (iii) is purchased after the effective date of this act for use by the purchaser and  
 4.32 not for resale;

4.33 (2) the purchaser:

4.34 (i) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph  
 4.35 (a), when the electric and compressed natural gas vehicle is purchased;

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

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

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

5.5 (3) the purchaser:

5.6 (i) has not received a rebate or tax credit for the purchase of the same electric or  
 5.7 compressed natural gas vehicle from another state; and

5.8 (ii) registers the electric or compressed natural gas vehicle in Minnesota.

5.9 (b) A salesperson who conducts business from a valid address in Minnesota is  
 5.10 eligible to receive a cash incentive of \$250 per electric or compressed natural gas vehicle  
 5.11 sold, provided the salesperson files a timely and complete application that is approved  
 5.12 by the commissioner under subdivision 3.

5.13 Subd. 3. **Program administration.** (a) Applications for a rebate and incentive under  
 5.14 this section shall be filed with the commissioner on a form developed by the commissioner.

5.15 (b) The commissioner shall develop administrative procedures governing the  
 5.16 application, rebate, and incentive award process. Applications will be reviewed and  
 5.17 rebates and incentives awarded by the commissioner on a first-come, first-served basis.

5.18 (c) A dealer or salesperson must certify to the commissioner, in a manner specified  
 5.19 by the commissioner, that an electric or compressed natural gas vehicle and its purchaser  
 5.20 meet the eligibility requirements in subdivision 2.

5.21 (d) No single business may receive rebates under this section for more than 20  
 5.22 electric or compressed natural gas vehicles purchased.

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

5.24 Sec. 4. **APPROPRIATION.**

5.25 \$..... in fiscal year 2016 and \$..... in fiscal year 2017 are appropriated from the  
 5.26 general fund to the commissioner of commerce to pay rebates to eligible electric or  
 5.27 compressed natural gas vehicle purchasers and incentives to eligible salespersons under  
 5.28 section 3, and to pay the reasonable costs of the department to administer section 3.

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